

## Annual Financial Statements

### Report of the independent auditor

#### To the members of The Southern African Institute of Mining and Metallurgy

I have audited the annual financial statements of The Southern African Institute of Mining and Metallurgy set out on pages 543 to 558, which comprise the balance sheet as at 30 June 2009, income statement, statement of changes in reserves, cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

#### Council members' responsibility

The council members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the accounting policies of the Institute. 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 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. These 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 2009 and the results of its operations and cash flows for the year then ended in accordance with accounting policies appropriate to the Institute.

#### Supplementary information

The supplementary schedule does not form part of the annual financial statements and is presented as additional information. I have not audited this schedule and accordingly do not express an opinion on it.

**AUDITOR: R.H. Kitching**  
*Chartered Accountant (S.A.)*  
*Registered Accountant and Auditor*

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### **Annual Financial Statements** *for the year ended 30 June 2009*

#### **Council members' responsibilities and approval**

---

The council members are required 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 adequate 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 543–558, which have been prepared on the going concern basis, were approved and signed by:

Signed A.M. Garbers-Craig  
President

Date: 4/8/08

Signed J.A. Cruise  
Treasurer

Date: 4/8/08

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

Balance sheet  
at 30 June 2009

	<i>Note</i>	2009 R	2008 R
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	216 265	258 059
Loans to group companies	4	296 201	-
Investments	5	8 525 542	11 110 707
		<b>9 038 008</b>	<b>11 368 766</b>
<b>Current assets</b>			
Inventories	3	62 993	119 991
Accounts receivable	6	2 367 721	2 682 691
Cash and cash equivalents	7	5 277 771	3 696 463
		<b>7 708 485</b>	<b>6 499 145</b>
<b>Total assets</b>		<b>16 746 493</b>	<b>17 867 911</b>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Funds	8	4 011 416	3 998 901
Accumulated surplus		12 421 025	13 220 672
		<b>16 432 441</b>	<b>17 219 573</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans payable	4	-	51 611
<b>Current liabilities</b>			
Accounts payable		158 731	281 846
Provisions		155 321	314 881
		<b>314 052</b>	<b>596 727</b>
<b>Total liabilities</b>		<b>314 052</b>	<b>648 338</b>
<b>Total reserves and liabilities</b>		<b>16 746 493</b>	<b>17 867 911</b>

## Annual Financial Statements

**The Southern African Institute of Mining and Metallurgy****Income Statement***for the year ended 30 June 2009*

	<i>Note</i>	2009 R	2008 R
Revenue		12 617 408	5 063 861
Other income		-	808
Operating expenses		(12 104 395)	(4 972 725)
<b>Operating surplus</b>	<i>9</i>	<b>513 013</b>	<b>91 944</b>
Investment income		742 482	650 149
Fair value adjustments		(1 806 398)	744 301
Gains on non-current assets held for sale or disposal		(248 744)	83 656
Finance costs		-	(1 351)
<b>Surplus for the year</b>		<b>(799 647)</b>	<b>1 568 699</b>

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

## Statement of changes in reserves

*for the year ended 30 June 2009*

	Funds R	Accumulated surplus R	Total reserves R
<b>Balance at 1 July 2007</b>	<b>4 040 782</b>	<b>11 651 973</b>	<b>15 692 755</b>
Changes			
Surplus for the year		1 568 699	1 568 699
Awards and expenses	(41 881)		(41 881)
Total changes	(41 881)	1 568 699	1 526 818
<b>Balance at 1 July 2008</b>	<b>3 998 901</b>	<b>13 220 672</b>	<b>17 219 573</b>
Changes			
Surplus for the year		(799 647)	(799 647)
Awards and expenses	(60 385)		(60 385)
Donations and contributions	72 900		72 900
Total changes	12 515	(799 647)	(787 132)
<b>Balance at 30 June 2009</b>	<b>4 011 416</b>	<b>12 421 025</b>	<b>16 432 441</b>

## Annual Financial Statements

**The Southern African Institute of Mining and Metallurgy****Cash flow statement**  
*for the year ended 30 June 2009*

	<i>Note</i>	2009 R	2008 R
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	11	723 505	(1 064 167)
Interest income		460 626	328 447
Dividends received		281 856	321 702
Finance costs		-	(1 351)
<b>Net cash from operating activities</b>		<b>1 465 987</b>	<b>(415 369)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(79 405)	(196 165)
Decrease in loans payable		(347 812)	(136 001)
Purchase/sale of investments		499 498	1 206 235
<b>Net cash from investing activities</b>		<b>72 281</b>	<b>874 069</b>
<b>Cash flows from financing activities</b>			
Donations and contributions		43 040	-
<b>Total cash movement for the period</b>		<b>1 581 308</b>	<b>458 700</b>
Cash at the beginning of the period		3 696 463	3 237 763
<b>Total cash at end of the period</b>	7	<b>5 277 771</b>	<b>3 696 463</b>

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### Notes to the annual financial statements for the year ended 30 June 2009

##### Accounting policies

##### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with accounting policies appropriate to the Institute. 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.

These accounting policies are consistent with the previous year.

##### 1.1 Sources of estimation uncertainty

No key assumptions concerning the future, or other key sources of estimation uncertainty, have been made at the balance sheet date, that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than those disclosed below.

##### Provisions

Provisions were raised and management determined an estimate based on the information available.

##### Inventories

The inventories of publications are 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 values. The inventory of authors' gifts and stock held from conferences, are carried at cost. Provision is made for impairment.

##### 1.2 Significant judgements

No material judgements have been made by management in applying the accounting policies that could have a significant effect on amounts recognized in the financial statements.

##### 1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Institute; and
- the cost of the item can be measured reliably.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is charged so as to write off the depreciable amount of items other than land, over their estimated useful lives, using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the organization. Depreciation is provided on leasehold improvements over the remaining period of the lease.

Item	Method	Useful life
Furniture and fixtures	straight line	5
IT equipment	straight line	3

The depreciation charge for each period is recognized in surplus or deficit. Medals, plaques, dies and banners are recorded at nominal values.

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### Notes to the annual financial statements

for the year ended 30 June 2009

#### Accounting policies

##### 1.4 Impairment of assets

The Institute assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Institute estimates the recoverable amount of the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

##### 1.5 Financial instruments

###### Initial recognition

The Institute 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 Institute's balance sheet when the Institute becomes party to the contractual provisions of the instrument.

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

###### Subsequent measurement

After initial recognition, financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortized cost less any impairment losses recognized to reflect irrecoverable amounts.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through surplus or deficit, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities are measured at amortized cost using the effective interest method.

###### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognized as follows:

- Where financial assets and financial liabilities are carried at amortized cost, a gain or loss is recognized in surplus or deficit through the amortization process and when the financial asset or financial liability is derecognized or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognized in surplus or deficit.

The particular recognition methods adopted are disclosed in the individual policies stated below:

###### Accounts receivable

Accounts receivable are classified as loans and receivables and are carried at amortized cost less any impairments.

Impairment is determined on a specific basis, whereby each is individually evaluated for impairment indicators. Write-downs of these are expensed in surplus or deficit.



## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### Notes to the annual financial statements for the year ended 30 June 2009

##### Accounting policies

###### Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

###### Accounts payable

Accounts payable are classified as other financial liabilities.

##### 1.6 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### 1.7 Provisions

Provisions are recognized when:

- the Institute has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the Institute settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions shall not be recognized for future operating losses.

##### 1.8 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured.

Interests is recognized, in profit or loss, using the effective interest rate method.

Donations are recognized as and when received. Revenue is shown exclusive of Value Added Taxation.

Dividends are recognized as revenue when the right to receive payment is established.

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements  
for the year ended 30 June 2009 (Continued)

## 2. Property, plant and equipment

	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	344 658	(268 015)	76 643	294 420	(251 710)	42 710
Office equipment	1	-	1	1	-	1
IT equipment	876 488	(736 867)	139 621	847 321	(631 973)	215 348
<b>Total</b>	<b>1 221 147</b>	<b>(1 004 882)</b>	<b>216 265</b>	<b>1 141 742</b>	<b>(883 683)</b>	<b>258 059</b>

2009	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	42 710	50 238	(16 305)	76 643
Office equipment	1	-	-	1
IT equipment	215 348	29 167	(104 894)	139 621
	<b>258 059</b>	<b>79 405</b>	<b>(121 199)</b>	<b>216 265</b>

2008	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	64 875	8 939	(31 104)	42 710
Office equipment	1	-	-	1
IT equipment	104 833	187 226	(76 711)	215 348
	<b>169 709</b>	<b>196 165</b>	<b>(107 815)</b>	<b>258 059</b>

## 3. Inventories

Finished goods	62 993	119 991
----------------	--------	---------

## 4. Loan payable

The SAIMM Scholarship Fund	296 201	(51 611)
The loan is unsecured, interest free with no fixed terms of repayment		
Non-current assets	296 201	-
Non-current liabilities	-	(51 611)
	<b>296 201</b>	<b>(51 611)</b>

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements  
for the year ended 30 June 2009 (Continued)

	2009 R	2008 R
<b>5. Investments</b>		
<b>Listed investments</b>		
Listed investments	8 525 542	11 110 707
<b>Total listed investments</b>	<b>8 525 542</b>	<b>11 110 707</b>
<b>Non-current assets</b>		
Listed investments	8 525 542	11 110 707
<b>Investments at market value</b>		
<b>Listed—at market value</b>		
Listed investments at market value	8 525 542	11 110 707
<b>6. Accounts receivable</b>		
Accounts receivable	2 299 916	2 682 691
Value Added Taxation	67 805	-
	<b>2 367 721</b>	<b>2 682 691</b>
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	2 695	266
Bank balances	506 833	846 260
Short-term deposits	4 744 693	2 843 577
Investment settlement account	23 550	6 360
	<b>5 277 771</b>	<b>3 696 463</b>
Current assets	<b>5 277 771</b>	<b>3 696 463</b>

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements  
for the year ended 30 June 2009 (continued)

	2009 R	2008 R
<b>8. Funds</b>		
Balance at beginning of year	3 998 901	4 040 782
Movement during the year:		
– Awards and expenses	(60 385)	(41 881)
– Donations received	72 900	–
<b>Balance at end of year</b>	<b>4 011 416</b>	<b>3 998 901</b>
Comprising:		
<b>Prof. R.E. Robinson Fund (Book Publications Fund)</b>		
Balance at beginning of year	648 983	648 983
Movement during the year:		
– Awards and expenses	–	–
– Transfers (to)/from dedicated funds	–	–
<b>Balance at end of year</b>	<b>648 983</b>	<b>648 983</b>
<b>Brigadier Stokes Memorial Fund</b>		
Balance at beginning of year	35 775	39 792
Movement during the year:		
– Awards and expenses	(29 860)	(4 017)
– Transfers (to)/from dedicated funds	–	–
<b>Balance at end of year</b>	<b>5 915</b>	<b>35 775</b>
<b>P.W.J. van Rensburg Fund (Education Fund)</b>		
Balance at beginning of year	998 604	1 036 468
Movement during the year:		
– Awards and expenses	(14 000)	(37 864)
<b>Balance at end of year</b>	<b>984 604</b>	<b>998 604</b>
<b>MacArthur Forrest Memorial Fund (Awards Fund)</b>		
Balance at beginning of year	430 949	430 949
Movement during the year:		
– Awards and expenses	(16 525)	–
<b>Balance at end of year</b>	<b>414 424</b>	<b>430 949</b>
<b>INFACON X Research Fund</b>		
Balance at beginning of year	1 779 823	1 779 823
Movement during the year:		
– Awards and expenses	–	–
<b>Balance at end of year</b>	<b>1 779 823</b>	<b>1 779 823</b>
<b>SANCOT Fund</b>		
Balance at beginning of year	40 039	40 039
Movement during the year:		
– Donations received	72 900	–
<b>Balance at end of year</b>	<b>112 939</b>	<b>40 039</b>

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements  
for the year ended 30 June 2009 (continued)

	2009 R	2008 R
<b>8. Funds (continued)</b>		
<b>The Dave Ortlepp Fund</b>		
Balance at beginning of year	64 728	64 728
Movement during the year:		
– Awards and expenses	-	-
<b>Balance at end of year</b>	<b>64 728</b>	<b>64 728</b>
	<b>4 011 416</b>	<b>3 998 901</b>
<b>9. Operating surplus</b>		
<b>Operating lease charges</b>		
Premises		
– Contractual amounts	270 658	214 160
	<b>270 658</b>	<b>214 160</b>
Profit (loss) on sale of non-current assets held for sale	248 744	(83 656)
Depreciation on property, plant and equipment	121 199	107 814
Employee costs	2 882 430	1 800 938
<b>10. Taxation</b>		
No provision has been made for 2009 tax as the Institute is exempt from taxation in terms of Section 10(1)(cB)(i)(ff) of the Income Tax Act.		
<b>11. Cash generated from (used in) operations</b>		
Surplus for the year	(799 647)	1 568 699
<b>Adjustments for:</b>		
Depreciation and amortization	121 199	107 814
(Profit) loss on sale of non-current assets and disposal groups	248 744	(83 656)
Dividends received	(281 856)	(321 702)
Interest received	(460 626)	(328 447)
Fair value adjustments	(1 806 398)	(744 301)
Movements in provisions	(159 560)	(1 117 038)
<b>Changes in working capital:</b>		
Inventories	(56 998)	(15 631)
Accounts receivable	314 970	258 961
Accounts payable	(123 115)	(388 866)
	<b>723 505</b>	<b>(1 064 167)</b>

## Annual Financial Statements

### The Southern African Institute of Mining and Metallurgy

#### **Notes to the annual financial statements** *for the year ended 30 June 2009 (continued)*

#### **12. Reclassification of comparative figures**

Certain comparative figures have been restated.

#### **13. Risk management**

##### **Interest rate risk**

Deposits and cash resources attract interest at rates that vary with prime. The Institute's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the net surplus.

##### **Credit risk**

Credit risk consists mainly of cash and cash equivalents, accounts payable, accounts receivable, and investment in money markets and listed investments. The Institute deposits cash only with major banks with high quality credit standing, and management has a credit policy in place ensuring exposure to credit risk is monitored on an ongoing basis.

Accounts receivables are presented net of the provision for doubtful debts. There is a higher than normal risk for accounts receivable due to the nature of the receivables and the relatively long credit terms.

The Institute manages liquidity risk by proper management of working capital and cash flows. Facilities are available to fund any potential shortfall in cash resources.

---

## Annual Financial Statements

## The Southern African Institute of Mining and Metallurgy

## Detailed income statement

	2009	2008
	R	R
<b>Revenue</b>		
Advertising revenue	732 512	672 568
Company affiliates subscriptions	696 183	691 782
Conferences, colloquia, schools and miscellaneous	9 629 853	20 202 327
Membership entrance fees and subscriptions	1 558 860	1 497 184
	<u>12 617 408</u>	<u>5 063 861</u>
<b>Other income</b>		
Discount received	–	808
Dividend revenue	281 856	321 702
Fair value adjustments	–	744 301
Gains on non-current assets held for sale or disposal	–1	83 656
Interest received	460 626	328 447
	<u>742 482</u>	<u>1 478 914</u>
<b>Operating expenses</b>		
Admin and secretarial expenses	(1 480 090)	(1 256 054)
Auditors' remuneration	(25 991)	(19 800)
Conference expenses	(6 421 202)	(601 731)
Depreciation, amortization and impairments	(121 199)	(107 814)
Employee costs	(2 882 430)	(1 800 938)
Institute <i>Journal</i> expenses	(863 757)	(924 181)
Institute <i>Journal</i> secretarial fee	(39 068)	(48 047)
Lease rentals on operating lease	(270 658)	(214 160)
	<u>(12 104 395)</u>	<u>(4 972 725)</u>
Operating surplus	1 255 495	1 570 050
Finance costs	–	(1 351)
Fair value adjustments	(1 806 398)	–
Loss on non-current assets held for sale or disposal groups	(248 744)	–
	<u>(2 055 142)</u>	<u>(1 351)</u>
<b>Accumulated (deficit) surplus for the year</b>	<u>(799 647)</u>	<u>1 568 699</u>

## Annual Financial Statements

### 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 559 to 566 which comprise the balance sheet as at 30 June 2009, the income statement, statement of changes in reserves, cash flow 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 2009 and the results of its operations and cash flows for the year then ended in accordance with the accounting policies of the fund.

Robert Henry Kitching  
Registered Auditor



## 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 2009*

##### Trustees' responsibilities and approval

---

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 adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund 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 559–568, which have been prepared on the going concern basis, were approved on 28 July 2009 and are signed by:

Financial statement signed by:  
M.H. Rogers

---

Chairman

Financial statement signed by:  
R.P. Mohring

---

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 2009*

##### Trustees' report

The trustees submit their report for the year ended 30 June 2009.

##### 1. Registration

The fund was registered as a trust on 11 November 2002 with 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 2009*

	<i>Note</i>	2009 R	2008 R
<b>Assets</b>			
Non-current assets			
The Southern African Institute of Mining and Metallurgy	2	-	51 611
Current assets			
Cash and cash equivalents		192 812	-
<b>Total assets</b>		<b>192 812</b>	<b>51 611</b>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Founding settlement		1 000	1 000
Distributable reserve		(104 389)	50 611
		<b>(103 389)</b>	<b>51 611</b>
<b>Liabilities</b>			
Non-current liabilities			
The Southern African Institute of Mining and Metallurgy	2	296 201	-
<b>Total reserves and liabilities</b>		<b>192 812</b>	<b>51 611</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 2009*

<i>Note(s)</i>	2009 R	2008 R
Donations received	174 000	191 899
Donations made and administration expenses	(329 000)	(327 900)
<b>Operating surplus/ (deficit)</b>	<b>(155 000)</b>	<b>(136 001)</b>
<b>Surplus/ (deficit) for the period</b>	<b>(155 000)</b>	<b>(136 001)</b>

## Statement of changes in reserves

*for the year ended 30 June 2009*

	Founding settlement R	Retained earnings R	Total reserve R
<b>Balance at 1 July 2007</b>	<b>1 000</b>	<b>186 612</b>	<b>187 612</b>
Changes			
Deficit for the year		(136 001)	(136 001)
Total changes	-	(136 001)	(136 001)
<b>Balance at 1 July 2008</b>	<b>1 000</b>	<b>50 611</b>	<b>51 611</b>
Changes			
Deficit for the year		(155 000)	(155 000)
Total changes	-	(155 000)	(155 000)
<b>Balance at 30 June 2009</b>	<b>1 000</b>	<b>(104 389)</b>	<b>(103 389)</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 2009*

	2009 R	2008 R
<b>Cash flows from operating activities</b>		
Cash generated from (used in) operations	(155 000)	(136 001)
<b>Cash flows from investing activities</b>		
Increase in loans receivable	347 812	136 001
<b>Net cash from investing activities</b>	<b>347 812</b>	<b>136 001</b>
<b>Total cash movement for the period</b>	<b>192 812</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 2009

##### 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 affect 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 fund 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 2009

	2009 R	2008 R
<b>2. Loans receivable</b>		
The Southern African Institute of Mining and Metallurgy	(296 201)	51 611
The loan is unsecured interest free with no fixed terms of repayment		
Non-current assets	-	51 611
Non-current liabilities	(296 201)	-
	<b>(296 201)</b>	<b>51 611</b>

##### 3. Taxation

The fund is exempt from tax in terms of Section 18A of the Income Tax Act

##### Detailed income statement

for the year ended 30 June 2009

	Note(s)	2009 R	2008 R
Donations received		174 000	191 899
Donations made and administration expenses			
Administration expenses		(5 000)	(3 900)
Donations made		(324 000)	(324 000)
		<b>(329 000)</b>	<b>(327 900)</b>
Operating surplus/(deficit)		(155 000)	(136 001)
Surplus/(deficit) for the period		<b>(155 000)</b>	<b>(136 001)</b>