

The Southern African Institute of Mining and Metallurgy

Annual Financial Statements
for the year ended 30 June 2015

Statement of 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 Institute 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 the accounting policies appropriate to the Institute. The external auditor is engaged to express an independent opinion on the annual financial statements.

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

The Council members acknowledge that they are ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the Council members to meet these responsibilities, the Council 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 Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council members are of the opinion, based on the information and explanations given by management, 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 external auditor is responsible for independently reviewing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditor and his report is presented on page 866.

The annual financial statements set out on pages 867 to 879, which have been prepared on the going concern basis, were approved by the members and are signed on their behalf by:

Signed by: J.L. Porter

President

4 August 2015

Date:

Signed by: C. Musingwini

Treasurer

4 August 2015

Date:



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, which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in reserves, and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 867 to 877.

Council Members' responsibility for the Annual Financial Statements

The Institute's Council members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the accounting policies appropriate to the Institute and for such internal control as the Council members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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 whether the annual financial statements are free from 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 on 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 Institute'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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Southern African Institute of Mining and Metallurgy as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies appropriate to the Institute.

Supplementary information

Without qualifying my opinion, I draw attention to the fact that supplementary information set out on pages 878 to 879 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.

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

Annual Financial Statements

The Southern African Institute of Mining and Metallurgy

Statement of Financial Position

for the year ended 30 June 2015

	<i>Note</i>	2015 R	2014 R
Assets			
Non-current assets			
Property, plant and equipment	2	189 214	178 497
Loan to associate entity	3	-	9 791
Other financial assets	4	32 155 290	29 957 445
		32 344 504	30 145 733
Current assets			
Inventories	5	210 487	203 391
Trade and other receivables	6	1 532 391	1 459 503
Cash and cash equivalents	7	3 699 125	7 136 413
		5 442 003	8 799 307
Total assets		37 786 507	38 945 040
Reserves and liabilities			
Reserves			
Reserves	8	4 998 949	4 783 683
Retained income		32 074 915	32 061 650
		37 073 864	36 845 333
Liabilities			
Non-Current liabilities			
Loan from associate entity	3	215 209	-
Current liabilities			
Trade and other payables		202 967	1 758 122
Deferred income		51 365	82 180
Provisions		243 102	259 405
		497 434	2 099 707
Total liabilities		712 643	2 099 707
Total reserves and liabilities		37 786 507	38 945 040

The Southern African Institute of Mining and Metallurgy

Statement of Comprehensive Income

for the year ended 30 June 2015

	<i>Note</i>	2015 R	2014 R
Revenue		17 308 745	17 102 755
Cost of sales		(13 263 913)	(12 736 233)
Gross profit		4 044 832	4 366 522
Other income		1 592 400	2 534 748
Operating expenses		(7 035 335)	(6 700 453)
Operating surplus	9	(1 398 103)	200 817
Investment revenue		918 701	678 185
Royalties OneMine		54 093	52 209
Fair value adjustments		498 945	4 671 867
Finance costs		(60 371)	(67 574)
Surplus for the year		13 265	5 535 504

The Southern African Institute of Mining and Metallurgy

Statement of Changes in Reserves

for the year ended 30 June 2015

	Funds	Retained incomes R	Total reserves R
Balance at 1 July 2013	4 577 687	26 526 146	31 103 833
Changes in reserves			
Surplus for the year	-	5 535 504	5 535 504
Transfer of interest	205 996	-	205 996
Total changes	205 996	5 535 504	5 741 500
Balance at 1 July 2014	4 783 683	32 061 650	36 845 333
Changes in reserves			
Surplus for the year	-	13 265	13 265
Transfer of interest	215 266	-	215 266
Total changes	215 266	13 265	228 531
Balance at 30 June 2015	4 998 949	32 074 915	37 073 864
Note(s)	8		

The Southern African Institute of Mining and Metallurgy

Statement of Cash Flows for the year ended 30 June 2015

	<i>Note</i>	2015 R	2014 R
Cash flows from operating activities			
Cash generated from (used in) operations	11	(3 534 904)	(1 577 383)
Interest income		136 914	74 571
Dividends received		781 787	603 614
Finance costs		(60 371)	(67 574)
Net cash from operating activities		(2 676 574)	(966 772)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(75 251)	(26 288)
Loans received/(advanced) to associate entity		225 000	(50 499)
Purchase of investments		(1 125 729)	(163 048)
Net cash from investing activities		(975 980)	(239 835)
Cash flows from financing activities			
Interest allocated to fund investments		215 266	205 996
Total cash movement for the year		(3 437 288)	(1 000 611)
Cash at the beginning of the year		7 136 413	8 137 024
Total cash at end of the year	7	3 699 125	7 136 413

The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements for the year ended 30 June 2015

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. They are presented in South African rands.

These accounting policies are consistent with the previous year.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is 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. Significant judgements include:

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

1.2 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 provided using the straight-line method 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 Institute. Depreciation is provided on leasehold improvements over the remaining period of the lease.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in surplus or deficit in the period.

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

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Notes to the annual financial statements for the year ended 30 June 2015

Accounting policies

1.3 Impairment of assets

The Institute assesses at each reporting period 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.

1.4 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 measurement, 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 instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

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 fair value through surplus or deficit is recognized in surplus or deficit.

1.5 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.

The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements *for the year ended 30 June 2015*

Accounting policies

1.6 Provisions and contingencies

Provisions are recognized when:

- The Institute has an obligation at the reporting period date as a result of a past event;
- It is probable that the Institute will be required to transfer economic benefits in settlement; and
- The amount of the obligation can be estimated reliably.

Provisions are not recognized for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

1.7 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.

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

Donations are recognized as and when received.

Dividends are recognized, in profit or loss, when the Institute's right to receive payment is established.

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Notes to the annual financial statements
for the year ended 30 June 2015 (Continued)

2. Property, plant and equipment

	2015			2014		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	395 554	(351 693)	43 861	395 554	(342 056)	53 498
Office equipment	31 955	(9 579)	22 376	19 529	(5 290)	14 239
IT equipment	1 181 450	(1 058 473)	122 977	1 118 624	(1 007 864)	110 760
Total	1 608 959	(1 419 745)	189 214	1 533 707	(1 355 210)	178 497

Reconciliation of property, plant and equipment - 2015	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	53 498	-	(9 637)	43 861
Office equipment	14 239	12 426	(4 289)	22 376
IT equipment	110 760	62 825	(50 608)	122 977
	178 497	75 251	(64 534)	189 214

Reconciliation of property, plant and equipment - 2014	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	65 762	1 842	(14 106)	53 498
Office equipment	6 205	10 449	(2 415)	14 239
IT equipment	142 630	13 997	(45 867)	110 760
	214 597	26 288	(62 388)	178 497

3. Loan to associate entity

Associate Entity

The SAIMM Scholarship Fund	(215 209)	9 791
The loan is unsecured, interest free with no fixed terms of repayment.		

Non-current assets	-	9 791
Non-current liabilities	(215 209)	-
	(215 209)	9 791

Annual Financial Statements

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Notes to the annual financial statements for the year ended 30 June 2015 (Continued)

	2015 R	2014 R
4. Other financial assets		
At fair value		
Listed shares	29 830 527	29 957 445
Bonds	2 324 763	-
	<hr/>	<hr/>
	32 155 290	29 957 445
	<hr/>	<hr/>
Non-current assets		
At fair value	32 155 290	29 957 445
	<hr/>	<hr/>
5. Inventories		
Finished goods	210 487	203 391
	<hr/>	<hr/>
6. Trade and other receivables		
Trade receivables	1 479 448	1 457 086
Franking machine	52 943	2 417
	<hr/>	<hr/>
	1 532 391	1 459 503
	<hr/>	<hr/>
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	26 752	30 838
Bank balances	852 019	798 512
Short-term deposits	2 816 154	6 302 463
Investment settlement account	4 200	4 600
	<hr/>	<hr/>
	3 699 125	7 136 413
	<hr/>	<hr/>



The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements for the year ended 30 June 2015 (continued)

	2015 R	2014 R
8. Funds		
Balance at beginning of year	4 783 683	4 577 687
Interest received	215 266	205 996
Balance at end of year	4 998 949	4 783 683
Comprising:		
Prof. R.E. Robinson Fund (Book Publications Fund)		
Balance at beginning of year	773 924	740 597
Interest received	34 827	33 327
	808 751	773 924
Brigadier Stokes Memorial Fund		
Balance at beginning of year	7 053	6 750
Interest received	318	303
	7 371	7 053
P.W.J. van Rensburg Memorial Fund (Education Fund)		
Balance at beginning of year	1 174 158	1 123 596
Interest received	52 837	50 562
	1 226 995	1 174 158
MacArthur Forrest Memorial Fund (Awards Fund)		
Balance at beginning of year	494 208	472 927
Interest received	22 240	21 281
	516 448	494 208
INFACON X Research Fund		
Balance at beginning of year	2 122 472	2 031 074
Interest received	95 511	91 398
	2 217 983	2 122 472
SANCOT Fund		
Balance at beginning of year	134 682	128 882
Interest received	6 061	5 800
	140 743	134 682

The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements for the year ended 30 June 2015 (continued)

	2015 R	2014 R
8. Funds (continued)		
The Dave Ortlepp Fund		
Balance at beginning of year	77 185	73 861
Interest received	3 473	3 324
Balance at end of year	80 658	77 185
	4 998 949	4 783 683
9. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
– Contractual amounts	201 069	187 038
Profit (loss) on sale of other financial assets	(571 287)	(1 868 088)
Royalties OneMine	(54 093)	(52 209)
Profit on revaluation of non-current assets held for sale	(498 945)	(4 671 867)
Depreciation on property, plant and equipment	64 534	62 388
Employee costs	4 146 123	3 966 306
10. Taxation		
No provision has been made for 2015 tax as the Institute is exempt from taxation in terms of Section 10(1)(cB)(i)(ff) of the Income Tax Act.		
11. Cash generated from (used in) operations		
Surplus before taxation	13 265	5 535 504
Adjustments for:		
Depreciation and amortization	64 534	62 388
(Profit) loss on sale of assets	(573 171)	1 868 088
Fair value adjustments	(498 945)	(4 671 867)
Dividends received	(781 787)	(603 614)
Interest received	(136 914)	(74 571)
Finance costs	60 371	67 574
Movements in provisions	(16 303)	28 607
Changes in working capital:		
Inventories	(7 096)	-
Trade and other receivables	(72 888)	(968 461)
Trade and other payables	(1 555 155)	911 121
Deferred income	(30 815)	4 024
	(3 534 904)	(1 577 383)

The Southern African Institute of Mining and Metallurgy

Notes to the annual financial statements
for the year ended 30 June 2015 (continued)

Detailed income statement

	2015	2014
	R	R
Revenue		
Revenue	17 308 745	17 102 755
Cost of sales	(13 263 913)	(12 736 233)
Gross profit	4 044 832	4 366 522
Other income		
Administration fees recovered	320 536	313 695
Dividend revenue	781 787	603 614
Fair value adjustments	498 945	4 671 867
Gains on disposal of assets	571 287	1 868 088
Insurance claim refund	11 160	-
Interest received	136 914	74 571
Miscellaneous sales	96 638	90 702
Refunds received	509 721	92 998
Royalties OneMine	54 093	52 209
Royalties publications	11 267	67 749
Samrec/Samval	71 791	101 516
	3 064 139	7 937 009
Expenses	(7 035 335)	(6 700 453)
Operating profit	73 636	5 603 078
Finance costs	(60 371)	(67 574)
Profit for the year	13 265	5 535 504

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The Southern African Institute of Mining and Metallurgy

Detailed income statement

	2015	2014
	R	R
Operating expenses		
AGM medals	(21 025)	(8 040)
Auditor's remuneration	(60 500)	(57 195)
Bad debts	(248 737)	(34 602)
Bank charges	(62 086)	(65 786)
Branches	(20 254)	-
Career guidance	(3 000)	(257 000)
Cleaning	(6 675)	9 625)
Computer expenses	(165 412)	(143 124)
Consulting fees	(51 101)	(13 290)
Council dinner	(77)	(11 337)
Delivery expenses	(16 000)	(12 650)
Depreciation, amortization and impairments	(64 534)	(62 388)
Discount allowed	(183)	-
Employee costs	(4 146 123)	(3 966 306)
Flowers, plants and decor	(12 003)	(36 996)
General expenses	(118 620)	(18 353)
Insurance	(40 821)	(36 104)
Internet charges	-	(31 272)
Lease rentals on operating lease	(201 069)	(187 038)
Legal expenses	(15 730)	-
Library services	-	(9 453)
Loss on exchange differences	(34 690)	(3 889)
Management fees - investments	(248 570)	(210 064)
Membership internet connection	(60 000)	(53 015)
Membership internet communication	(40 964)	(27 500)
Minor assets written off	(1 999)	-
Office bearers/councillors expenses	(55 586)	(142 723)
Parking expenses	(96 127)	(113 711)
Photocopier expenses	(266 684)	(214 902)
President's expenses	(9 524)	(4 246)
Printing and stationary	(90 511)	(115 914)
Refunds	(61 486)	(12 310)
Repairs and maintenance	(32 969)	(52 735)
Sancot expenses	(41 452)	-
Scholarship trust fund expenses	-	(200 000)
Secretarial fees	(61 775)	(62 400)
Setcom/paygate charges	(44 211)	(3 322)
Software expenses	(136 642)	(9 790)
Staff expenses	(59 287)	(41 003)
Staff welfare	(35 613)	(35 631)
Student prizes	(16 000)	(30 439)
Subscriptions	(302 909)	(293 398)
Training	(49 395)	(65 892)
Website development/maintenance	(34 991)	(47 010)
	(7 035 335)	(6 700 453)