

Annual Financial Statements

The Southern African Institute of Mining and Metallurgy

The SAIMM Western Cape Branch (Registration number IT 6837/02)

Financial Statements

for the year ended 30 June 2017

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 Branch 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 branch and place considerable importance on maintaining a strong control environment. To enable the Council members to meet these responsibilities, the members 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 Branch 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 Branch is on identifying, assessing, managing, and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the branch 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 Branch's annual financial statements. The annual financial statements have been examined by the Institute's external auditor and his report is presented on page 920.

The annual financial statements set out on pages 921 to 926, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by:

Signed by: A. Mainza

Chairperson

Signed by: C.G. Sweet

Treasurer

Audit Report

To the members of The SAIMM Western Cape Branch

I have audited the annual financial statements of The SAIMM Western Cape Branch, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 921 to 926.

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 misstatements, 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. Those 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 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 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 Branche'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 I have 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 SAIMM Western Cape Branch as at 30 June 2017 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 page 926 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.

Robert Henry Kitching
Registered Auditor

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Statement of Financial Position

for the year ended 30 June 2017

	Note(s)	2017 R	2016
Assets			
Non-current assets			
Other financial assets	2	596 936	559 194
Current assets			
Trade and other receivables	3	4 165	-
Cash and cash equivalents	4	514 922	559 442
		519 087	559 442
Total assets		1 116 023	1 118 636
Reserves and Liabilities			
Reserves			
Retained income		853 932	858 198
Liabilities			
Current liabilities			
The Southern African Institute of Mining and Metallurgy	5	223 351	223 351
Trade and other payables		33 740	35 587
Accruals		5 000	1 500
		262 091	260 438
Total Equity and Liabilities		1 116 023	1 118 636

The SAIMM Western Cape Branch (Registration number IT 6837/02)

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note(s)	2017 R	2016
Revenue		-	473 621
Cost of sales		-	(271 094)
Gross loss		-	202 527
Operating expenses		(70 681)	(164 577)
Operating surplus	6	(70 681)	37 950
Investment revenue		28 673	29 017
Fair value adjustments		37 743	19 840
Surplus for the year		(4 265)	86 807

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The SAIMM Western Cape Branch (Registration number IT 6837/02)

Statement of Changes in Reserves

for the year ended 30 June 2017

	Retained income	Total reserves
Balance at 1 July 2015	771 391	771 391
Changes in reserves		
Surplus for the year	86 807	86 807
Total changes	86 807	86 807
Balance at 1 July 2016	858 197	858 197
Changes in reserves		
Surplus for the year	(4 265)	(4 265)
Total changes	(4 265)	(4 265)
Balance at 30 June 2017	853 932	853 932

The SAIMM Western Cape Branch (Registration number IT 6837/02)

Statement of Cash Flows

for the year ended 30 June 2017

	Note(s)	2017 R	2016
Cash flows from operating activities			
Cash used in operations	8	(73 193)	130 747
Interest income		28 673	29 017
Net cash from operating activities		(44 520)	(159 764)
Cash flows from investing activities			
Loans advanced to associated entity		–	200 995
Purchase of financial assets		–	539 354
Net cash from investing activities		–	(338 359)
Total cash movement for the year		(44 520)	(178 595)
Opening balance on cash and cash equivalents		559 442	738 037
Total cash at end of the year	4	514 922	559 442

The Southern African Institute of Mining and Metallurgy

The SAIMM Western Cape Branch (Registration number IT 6837/02)

Financial Statements

for the year ended 30 June 2017

Accounting policies

1. Presentation of Annual 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. They are presented in South African rands.

The accounting policies are consistent with the previous year.

1.1 Significant judgements and sources of estimation uncertainty

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. Significant judgements include:

Provisions

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

1.2 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.

1.3 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 a 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:

- When 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.

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Financial Statements *(continued)* *for the year ended 30 June 2017*

1.4 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.

1.5 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 has been established.

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Notes to the Annual Financial Statement

for the year ended 30 June 2017

	<i>Note(s)</i>	2017 R	2016
2. Other financial assets			
At fair value			
Listed shares		596 936	559 194
Non-current assets			
At fair value		596 936	559 194
3. Trade and other receivables			
UCT Fund		4 165	-
4. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances		3 355	13 438
Short-term deposits		511 567	546 004
		514 922	559 442
5. Loans to (from) associate entity			
Associate entity			
The Southern African Institute of Mining and Metallurgy		(223 351)	(223 351)
The loan is unsecured, interest free with no fixed terms of repayment			
6. Operating surplus			
Operating surplus for the year is stated after accounting for the following:			
Profit on revaluation of non-current assets held for sale		(37 743)	(19 840)
Employee costs		32 385	68 000
7. Taxation			
No provision has been made for 2017 tax as the company is exempt from taxation in terms of Section 10(1)(cB)(i)(ff) of the Income Tax Act.			
8. Cash generated from (used in) operations			
Profit before taxation		(4 265)	86 807
Adjustments for:			
Fair value adjustments		(37 743)	(19 840)
Interest received		(28 673)	(29 017)
Changes in working capital:			
Trade and other receivables		(4 165)	665 887
Trade and other payables		(1 847)	25 410
Accruals		500	1 500
		(73 193)	130 747

The Southern African Institute of Mining and Metallurgy

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Detailed Income Statement
for the year ended 30 June 2017

	<i>Note(s)</i>	2017 R	2017
Revenue			
MINPROC - registrations		–	459 542
MINPROC - social events		–	1 579
MINPROC - workshop		–	12 500
		–	473 621
Cost of sales			
		–	(271 094)
Gross profit (loss)			
		–	(202 527)
Other income			
Fair value adjustments		37 743	19 840
Interest received		28 673	29 017
		66 416	48 857
Operating expenses			
Accountinh fees		(45 314)	–
Adjustments/write-offs		41 585	(64 387)
AGM costs		–	(2 429)
Auditor's remuneration		(5 000)	(5 000)
Bank charges		(2 345)	(2 723)
Book Prize		(6 0000)	–
Catering - meetings		(262)	(660)
Committee dinner		(4 281)	(1 755)
Computer expenses		–	(4 768)
Credit card machine hire		–	(3 544)
Employee costs		(32 385)	(68 000)
Printing, stationery and design		(1 000)	–
Student evening		(10 324)	–
Telephone		(1 210)	(3 000)
Website development/maintenance		(4 145)	(8 311)
		(70 681)	(164 577)
Profit for the year			
		(4 265)	86 807