

**THE SOUTH AFRICAN
NATIONAL INSTITUTE OF ROCK
ENGINEERING**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2019

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| | | |
|------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------|
| LEGAL FORM AND COUNTRY OF INCORPORATION | : | Professional body registered in South Africa |
| INCOME TAX NUMBER | : | 9135267186 |
| NATURE OF BUSINESS | : | Professional body for rock engineering practitioners |
| COUNCIL REPRESENTATIVES | : | President - J Maritz Immediate Past President - M du Plessis Vice President - PM Couto Hon. Treasurer - F Essrich |
| BUSINESS ADDRESS | : | c/o Umgeni/Stilfontein Road STILFONTEIN 2551 |
| POSTAL ADDRESS | : | PO Box 463 STILFONTEIN 2551 |
| EMPLOYEES | : | The average number of employees during the year was 1 (2018: 1). |
| BANKERS | : | Standard Bank Limited Account No 04 019 481 7 |
| ACCOUNTING OFFICER | : | C Petersen Professional Accountant (SA) Registration No 6689 |

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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The following supplementary schedules do not form part of the annual financial statements.

| | |
|----------------------|----|
| Fixed asset register | 14 |
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APPROVAL

The financial statements which appear on pages 4 to 15 were approved and signed by the council representatives on 08 January 2020 and signed on their behalf by:



J Maritz



F Essrich



PM Couto

**REPORT OF THE ACCOUNTING OFFICER TO THE MEMBERS OF THE THE SOUTH AFRICAN
NATIONAL INSTITUTE OF ROCK ENGINEERING**

I have prepared the annual financial statements as set out on pages 4 to 12 for the year ended 30 June 2019 based on the information and explanations provided by the members of the professional body and according to the accounting records which I have completed and maintained from evidence and information provided to me. The annual financial statements are the responsibility of the professional body's members. I have compiled the annual financial statements.

I have determined that the financial statements are in agreement with the accounting records, and have done so by adopting such procedures and conducting such enquiries in relation to the accounting records as I considered necessary in the circumstances.

I have also reviewed the accounting policies which have been represented to me as having been applied in the preparation of the annual financial statements, and I consider that they are appropriate to the business of the professional body.

**C PETERSEN
PROFESSIONAL ACCOUNTANT (SA)
REGISTRATION NO 6689**

28 August 2019

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Notes | 2019 R | 2018 R |
|-------------------------------------|-------|----------------------------|----------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Tangible assets | 2 | 13,325.55 | 14,442.36 |
| CURRENT ASSETS | | | |
| Inventories | 3 | 1,313,761.84 | 1,007,267.13 |
| Accounts receivable | 4 | 45,087.59 | 56,034.53 |
| Cash and cash equivalents | | 157,174.53 | 13,695.00 |
| | | 1,111,499.72 | 937,537.60 |
| TOTAL ASSETS | | <u><u>1,327,087.39</u></u> | <u><u>1,021,709.49</u></u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY AND RESERVES | | | |
| Retained surplus | | 1,177,608.80 | 999,592.27 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 5 | 149,478.59 | 22,117.22 |
| TOTAL EQUITY AND LIABILITIES | | <u><u>1,327,087.39</u></u> | <u><u>1,021,709.49</u></u> |

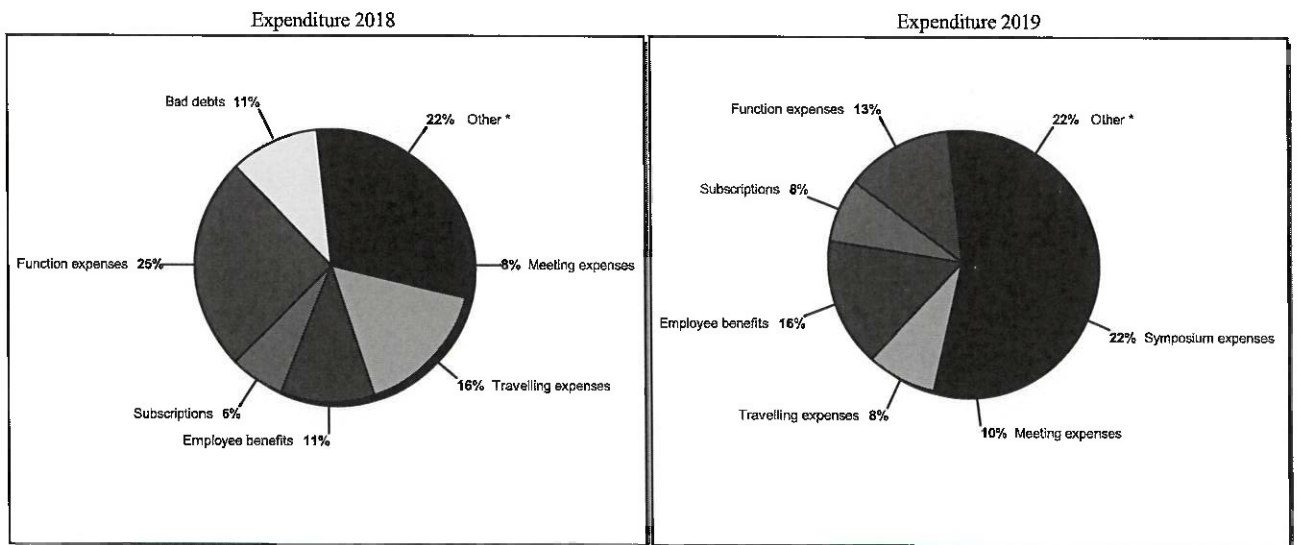
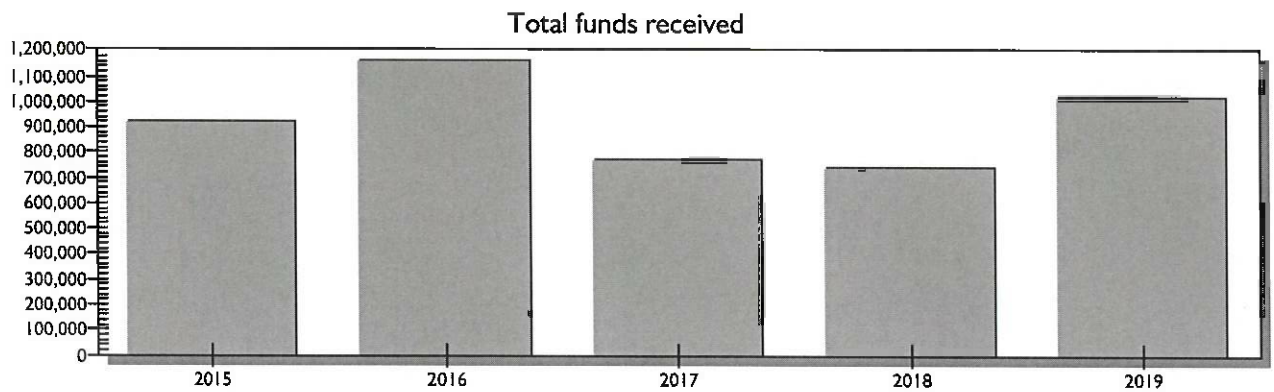
THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 R | 2018 R |
|-------------------------------------------------------------|------|--------------|--------------|
| GROSS REVENUE | | | |
| Sales | | 20,350.00 | 2,880.00 |
| COST OF SALES | 7 | 10,946.94 | 1,228.48 |
| GROSS PROFIT | | 9,403.06 | 1,651.52 |
| OTHER INCOME | 8 | 996,049.59 | 734,487.10 |
| TOTAL INCOME | | 1,005,452.65 | 736,138.62 |
| EXPENDITURE | | | |
| Accounting officer's remuneration | 9 | 37,434.72 | 20,734.86 |
| Administration and management fees paid | | 18,000.00 | - |
| Advertising and promotions | | 17,615.59 | - |
| Award expenses | | 16,075.00 | 7,685.61 |
| Bank charges | | 11,719.80 | 9,680.76 |
| Bad debts | | - | 98,460.00 |
| Commission paid | | 251.38 | 37.60 |
| Computer expenses | | 3,360.90 | 3,167.91 |
| Depreciation | | 2,715.81 | 4,479.32 |
| Donations | | 1,500.00 | - |
| Electricity and water | | 30.00 | - |
| Employee benefits | 10 | 137,390.76 | 99,097.17 |
| Function expenses | | 115,127.19 | 230,075.73 |
| Garden and cleaning services | | 1,700.00 | 2,520.39 |
| Magazines and journals | | 13,050.00 | 7,294.00 |
| Meeting expenses | | 88,630.27 | 70,675.66 |
| Office storage and removal | | 7,900.00 | - |
| Printing, stationery and postage | | 2,278.00 | 981.99 |
| Rental premises | | 28,319.20 | 28,945.00 |
| Subscriptions | | 67,585.64 | 58,618.77 |
| Symposium expenses | | 267,026.49 | 180,889.83 |
| Telephone and fax | | 3,984.87 | 4,166.66 |
| Tree planting | | - | 29,978.85 |
| Website development | | 25,037.45 | 36,040.00 |
| OPERATING PROFIT/(LOSS) BEFORE INTEREST AND TAXATION | | 138,719.58 | (157,391.49) |
| Interest received | 11 | 39,296.95 | 44,265.46 |
| Interest paid | | - | 100.00 |
| NET SURPLUS/(DEFICIT) | | 178,016.53 | (113,226.03) |

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

| | Retained surplus | Total equity |
|--------------------------|------------------|--------------|
| Balance at 01 July 2017 | 1,112,818.30 | 1,112,818.30 |
| Net deficit for the year | (113,226.03) | (113,226.03) |
| Balance at 01 July 2018 | 999,592.27 | 999,592.27 |
| Net surplus for the year | 178,016.53 | 178,016.53 |
| Balance at 30 June 2019 | 1,177,608.80 | 1,177,608.80 |

GRAPHICAL REPRESENTATION:



THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | 2019 R | 2018 R |
|------------------------------------------------------|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | 175,561.12 | (116,954.05) |
| Cash receipts from customers | | 872,920.06 | 755,238.80 |
| Cash paid to suppliers and employees | | (736,655.89) | (916,358.31) |
| Cash generated by/(utilised in) operating activities | 13.1 | 136,264.17 | (161,119.51) |
| Interest received | | 39,296.95 | 44,265.46 |
| Interest paid | | - | (100.00) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <i>Expenditure to maintain operating capacity</i> | | | |
| Tangible assets acquired | | (1,599.00) | - |
| Increase/(decrease) in cash and cash equivalents | | 173,962.12 | (116,954.05) |
| Cash and cash equivalents at beginning of the year | 13.2 | 937,537.60 | 1,054,491.65 |
| Cash and cash equivalents at end of the year | 13.2 | 1,111,499.72 | 937,537.60 |

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

I. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in the currency units (R) of South Africa.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

I.1 Tangible assets

Items of tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

All tangible assets are initially recorded at cost and adjusted for any impairment in value. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation is calculated on the diminishing balance method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. Land is not depreciated.

The following rates are used for the depreciation of tangible assets:

| | |
|--------------------------|----------|
| - Furniture and fittings | 10 years |
| - Office equipment | 10 years |
| - Computer equipment | 3 years |

I.2 Impairment of non-current assets

At each balance sheet date, the carrying amounts of tangible and intangible assets and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value, less costs to sell, of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its fair value, less costs to sell. An impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

I.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis. Cost includes transport and handling cost.

I.4 Bank balance

The actual bank balance is shown. Outstanding cheques and deposits are included in creditors and debtors respectively.

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the professional body and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

2. TANGIBLE ASSETS

| | 2019 | | | 2018 | | |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost / valuation | Accumulated depreciation | Carrying value | Cost / valuation | Accumulated depreciation | Carrying value |
| <i>Owned assets</i> | | | | | | |
| Furniture and fittings | 14,909.10 | 13,833.76 | 1,075.34 | 14,909.10 | 13,582.20 | 1,326.90 |
| Office equipment | 18,259.99 | 6,009.78 | 12,250.21 | 16,660.99 | 4,236.35 | 12,424.64 |
| Computer equipment | 36,571.81 | 36,571.81 | - | 36,571.81 | 35,880.99 | 690.82 |
| | <u>69,740.90</u> | <u>56,415.35</u> | <u>13,325.55</u> | <u>68,141.90</u> | <u>53,699.54</u> | <u>14,442.36</u> |

The carrying amounts of tangible assets can be reconciled as follows:

| | Carrying value at beginning of year | Additions | Depreciation | Carrying value at end of year |
|------------------------|-------------------------------------|-----------------|-------------------|-------------------------------|
| 2018 | | | | |
| <i>Owned assets</i> | | | | |
| Furniture and fittings | 1,578.46 | - | (251.56) | 1,326.90 |
| Office equipment | 14,090.74 | - | (1,666.10) | 12,424.64 |
| Computer equipment | 3,252.48 | - | (2,561.66) | 690.82 |
| | <u>18,921.68</u> | <u>-</u> | <u>(4,479.32)</u> | <u>14,442.36</u> |
| 2019 | | | | |
| <i>Owned assets</i> | | | | |
| Furniture and fittings | 1,326.90 | - | (251.56) | 1,075.34 |
| Office equipment | 12,424.64 | 1,599.00 | (1,773.43) | 12,250.21 |
| Computer equipment | 690.82 | - | (690.82) | - |
| | <u>14,442.36</u> | <u>1,599.00</u> | <u>(2,715.81)</u> | <u>13,325.55</u> |

2019

2018

3. INVENTORIES

The amounts attributable to the different categories are as follows:

| | | |
|-------|------------------|------------------|
| Books | <u>45,087.59</u> | <u>56,034.53</u> |
|-------|------------------|------------------|

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|-------------------------------|----------------------------|--------------------------|
| 4. ACCOUNTS RECEIVABLE | | |
| Membership fees | 148,395.00 | 10,595.00 |
| Other receivables | <u>8,779.53</u> | <u>3,100.00</u> |
| | <u><u>157,174.53</u></u> | <u><u>13,695.00</u></u> |
| | 2019 | 2018 |
| 5. ACCOUNTS PAYABLE | | |
| Trade payables | 55,349.53 | 800.00 |
| Accruals | <u>94,129.06</u> | <u>21,317.22</u> |
| | <u><u>149,478.59</u></u> | <u><u>22,117.22</u></u> |
| | 2019 | 2018 |
| 6. GROSS REVENUE | | |
| Total revenue comprises: | | |
| Sale of goods and services | 20,350.00 | 24,380.00 |
| Donations received | 89,439.44 | 240,547.10 |
| Function income | 30,000.00 | 53,000.00 |
| Government grants received | 221,975.15 | 21,500.00 |
| Income raffles | 1,160.00 | 480.00 |
| Interest income | 39,296.95 | 44,265.46 |
| Membership fees received | 307,110.00 | 362,800.00 |
| Membership fees recovered | 45,230.00 | 11,160.00 |
| Seminar and symposium income | 257,135.00 | 9,000.00 |
| Website advertisement income | <u>44,000.00</u> | <u>36,000.00</u> |
| | <u><u>1,055,696.54</u></u> | <u><u>803,132.56</u></u> |
| | 2019 | 2018 |
| 7. COST OF SALES | | |
| Opening stock | 56,034.53 | 57,263.01 |
| Closing stock | <u>(45,087.59)</u> | <u>(56,034.53)</u> |
| | <u><u>10,946.94</u></u> | <u><u>1,228.48</u></u> |

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|---------------------------------------------|-------------------|-------------------|
| 8. OTHER INCOME | | |
| Advertisement income | 44,000.00 | 36,000.00 |
| Donations received | 89,439.44 | 240,547.10 |
| Education income | 110,275.15 | - |
| Functions | 30,000.00 | 53,000.00 |
| Income symposium and seminars | 257,135.00 | 9,000.00 |
| Membership fees received | 307,110.00 | 362,800.00 |
| Membership fees recovered | 45,230.00 | 11,160.00 |
| Raffle income | 1,160.00 | 480.00 |
| SCO and RE practical | <u>111,700.00</u> | <u>21,500.00</u> |
| | <u>996,049.59</u> | <u>734,487.10</u> |
| | 2019 | 2018 |
| 9. ACCOUNTING OFFICER'S REMUNERATION | | |
| Accounting fees | 28,634.72 | 11,934.86 |
| Accounting officer | <u>8,800.00</u> | <u>8,800.00</u> |
| | <u>37,434.72</u> | <u>20,734.86</u> |
| | 2019 | 2018 |
| 10. EMPLOYEE COSTS AND BENEFITS | | |
| Salaries and wages | 134,786.48 | 93,491.26 |
| Training | - | 3,800.00 |
| Unemployment Insurance Fund Contributions | 1,377.28 | 652.91 |
| Workmens Compensation Fund Contributions | <u>1,227.00</u> | <u>1,153.00</u> |
| | <u>137,390.76</u> | <u>99,097.17</u> |
| | 2019 | 2018 |
| 11. INVESTMENT INCOME | | |
| Interest income | | |
| - Interest received | <u>39,296.95</u> | <u>44,265.46</u> |
| | 2019 | 2018 |
| 12. INCOME TAX EXPENSE | | |

No provision has been made for 2019 taxation as the professional body has been exempted from income tax.

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

13. NOTES TO THE CASH FLOW STATEMENT

| | 2019 | 2018 |
|------------------------------------------------------------------|--------------|--------------|
| 13.1 Cash generated by/(utilised in) operating activities | | |
| Net profit/(loss) | 178,016.53 | (113,226.03) |
| Adjustments for: | | |
| Depreciation | 2,715.81 | 4,479.32 |
| Investment income | (39,296.95) | (44,265.46) |
| Finance costs | - | 100.00 |
| | 141,435.39 | (152,912.17) |
| Movements in working capital | | |
| Decrease in inventories | 10,946.94 | 1,228.48 |
| (Increase)/decrease in accounts receivable | (143,479.53) | 17,871.70 |
| Increase/(decrease) in accounts payable | 127,361.37 | (27,307.52) |
| | 136,264.17 | (161,119.51) |
| | 2019 | 2018 |
| 13.2 Cash and cash equivalents | | |
| Cash and cash equivalents | 1,111,499.72 | 937,537.60 |

**THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
REGISTER OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

| | Date Purchased | Cost 01/07/2018 | Accumulated Depreciation 01/07/2018 | Carrying Value 01/07/2018 | Additions (Disposals) | Depreciation | Profit (Loss) on Sale of Fixed Asset | Accumulated Depreciation 2019 | Carrying Value 2019 |
|-------------------------------|-------------------|--------------------|-------------------------------------------|---------------------------------|--------------------------|-----------------|--------------------------------------------|-------------------------------------|---------------------------|
| FURNITURE AND FITTINGS | | 14,909.10 | 13,582.20 | 1,326.90 | - | 251.56 | - | 13,833.76 | 1,075.34 |
| Furniture and fittings | 01/07/10 | 12,393.49 | 12,393.49 | - | - | - | - | 12,393.49 | - |
| Carpets | 30/09/13 | 1,765.61 | 838.78 | 926.83 | - | 176.56 | - | 1,015.34 | 750.27 |
| Blinds | 31/10/13 | 750.00 | 349.93 | 400.07 | - | 75.00 | - | 424.93 | 325.07 |
| OFFICE EQUIPMENT | | 16,660.99 | 4,236.35 | 12,424.64 | 1,599.00 | 1,773.43 | - | 6,009.78 | 12,250.21 |
| Cupboard | 09/12/11 | 2,164.01 | 1,191.38 | 972.63 | - | 216.40 | - | 1,407.78 | 756.23 |
| Stationery containers | 20/12/11 | 299.98 | 151.49 | 148.49 | - | 30.00 | - | 181.49 | 118.49 |
| QTX Speaker QRI 5PA | 14/06/16 | 7,999.00 | 1,636.95 | 6,362.05 | - | 799.90 | - | 2,436.85 | 5,562.15 |
| Acer Projector X113 DLF | 21/06/16 | 6,198.00 | 1,256.53 | 4,941.47 | - | 619.80 | - | 1,876.33 | 4,321.67 |
| HP Printer - Projet 6960 | 29/10/18 | - | - | - | 1,599.00 | 107.33 | - | 107.33 | 1,491.67 |
| COMPUTER EQUIPMENT | | 36,571.81 | 35,880.99 | 690.82 | - | 690.82 | - | 36,571.81 | - |
| Computer | 01/07/10 | 23,353.37 | 23,353.37 | - | - | - | - | 23,353.37 | - |
| Ion external drive | 31/08/11 | 699.95 | 699.95 | - | - | - | - | 699.95 | - |
| Dynax laptop | 07/10/11 | 4,833.49 | 4,833.49 | - | - | - | - | 4,833.49 | - |
| Dell E6420 | 07/10/15 | 6,790.00 | 6,183.96 | 606.04 | - | 606.04 | - | 6,790.00 | - |
| Transcend ITB | 13/10/15 | 895.00 | 810.22 | 84.78 | - | 84.78 | - | 895.00 | - |
| TOTAL | | 68,141.90 | 53,699.54 | 14,442.36 | 1,599.00 | 2,715.81 | - | 56,415.35 | 13,325.55 |

THE SOUTH AFRICAN NATIONAL INSTITUTE OF ROCK ENGINEERING
SCHEDULES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2019

INTEREST RECEIVED

| | |
|----------------------|------------------|
| Banking institutions | <u>39,296.95</u> |
|----------------------|------------------|

FUNCTION EXPENSES

| | |
|---------------------------|-------------------|
| Catering and refreshments | 80,347.28 |
| Gifts | 4,768.02 |
| Rental venue | 30,145.60 |
| Travel and accomodation | 1,000.00 |
| Travelling refund | <u>(1,133.71)</u> |
| | <u>115,127.19</u> |

MEETING EXPENSES

| | |
|---------------------------|------------------|
| Catering and refreshments | 68,980.27 |
| Rental venue | <u>19,650.00</u> |
| | <u>88,630.27</u> |

SUBSCRIPTIONS

| | |
|-------|------------------|
| SAIMM | 5,500.00 |
| ISRM | <u>62,085.64</u> |
| | <u>67,585.64</u> |

SYMPOSIUM EXPENSES

| | |
|---------------------------|-------------------|
| Catering and refreshments | 4,624.64 |
| Gifts | 41,540.93 |
| Printing and stationery | 34,691.77 |
| Rental venue | 113,255.50 |
| Travelling expenses | <u>72,913.65</u> |
| | <u>267,026.49</u> |