

**THE SOUTH AFRICAN COUNCIL FOR THE  
QUANTITY SURVEYING PROFESSION  
(Incorporated under Act No. 49 of 2000)**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

**General Information**

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<b>Nature of business</b>	Council for Quantity Surveyors
<b>Business address</b>	Bekker Road Waterfall Park Ground Floor Howick Gardens Midrand 1685
<b>Postal address</b>	P O Box 3527 Halfway House 1685
<b>Bankers</b>	Standard Bank Limited
<b>Auditors</b>	Theron Naidoo Chartered Accountants (S.A.) Registered Accountants and Auditors

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**Index**

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

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The following supplementary schedule does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	13 - 14
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## Theron Naidoo

**CHARTERED ACCOUNTANTS (S.A.)**  
Registered Accountants and Auditors

3rd Floor, J.H.I. House, Cnr. Cradock Avenue & Baker Street, Rosebank 2196  
P.O. Box 52606, Saxonwold, Johannesburg, South Africa 2132.  
Tel: 27 (11) 880-9390 Fax: 27 (11) 880-9129

### Report of the independent auditors

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#### To the members of the council of The South African Council for the Quantity Surveying Profession

We have audited the annual financial statements of The South African Council for the Quantity Surveying Profession set out on pages 5 to 12 for the year ended 31 March 2007. These annual financial statements are the responsibility of the entity's council. Our responsibility is to express an opinion on these annual financial statements based on our audit.

#### Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the council at 31 March 2007 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

#### Supplementary information

The supplementary schedule set out on pages 13 and 14 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly do not express an opinion on them.

A handwritten signature in black ink that reads 'Theron Naidoo'.

**Theron Naidoo**  
**Chartered Accountants (S.A.)**  
**Registered Accountants and Auditors**  
**31 August 2007**

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
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**Responsibilities and Approval of the Council**

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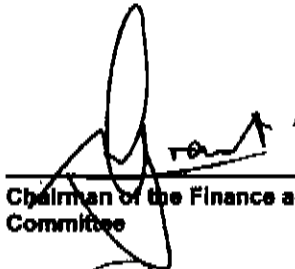
The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the council as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

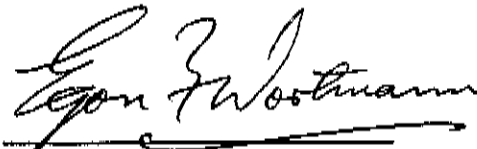
The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

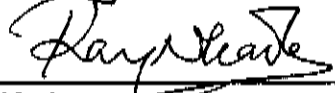
The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, it sets standards for internal control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

The Council is 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 annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the Council on 31 August 2007 and were signed on its behalf by:

  
\_\_\_\_\_  
Chairman of the Finance and Resources  
Committee

  
\_\_\_\_\_  
Registrar

  
\_\_\_\_\_  
President

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
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**Balance Sheet**

Figures in Rand	Notes	2007	2006
<b>ASSETS</b>			
<b>Current Assets</b>			
The Association of South African Quantity Surveyors	2	288,274	152,250
Trade and other receivables	3	366,496	419,301
Cash and cash equivalents	11	1,012,298	118,292
		<b>1,667,068</b>	<b>689,843</b>
<b>TOTAL ASSETS</b>		<b>1,667,068</b>	<b>689,843</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated surplus		1,069,053	484,356
<b>Current Liabilities</b>			
Trade and other payables	4	425,015	97,487
Provisions	5	173,000	108,000
		<b>598,015</b>	<b>205,487</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,667,068</b>	<b>689,843</b>

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**Income Statement**

Figures in Rand	Notes	2007	2006
Revenue		2,922,042	2,020,529
Other income		-	154,162
Operating expenses		(2,360,719)	(1,764,181)
<b>Operating surplus</b>	6	<b>561,323</b>	<b>410,510</b>
Investment revenue	7	23,374	-
Finance costs		-	(4)
<b>Net surplus for the year</b>		<b>584,697</b>	<b>410,506</b>

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**Changes in Equity**

Figures in Rand	Accumulated surplus	Total equity
<b>Balance at 01 April 2005</b>	<b>73,850</b>	<b>73,850</b>
Surplus for the year	410,506	410,506
<b>Balance at 01 April 2006</b>	<b>484,356</b>	<b>484,356</b>
Surplus for the year	584,697	584,697
<b>Balance at 31 March 2007</b>	<b>1,069,053</b>	<b>1,069,053</b>

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**Cash Flow Statement**

Figures in Rand	Notes	2007	2006
<b>Cash flows from operating activities</b>			
Cash receipts from members		2,869,237	2,158,473
Cash paid to suppliers and employees		(1,862,581)	(2,104,322)
Cash generated from operations	10	1,006,656	54,151
Interest income		23,374	-
Finance costs		-	(4)
<b>Net cash from operating activities</b>		<b>1,030,030</b>	<b>54,147</b>
<b>Cash flows from investing activities</b>			
Loans advanced to associates	2	(136,024)	-
<b>Net cash from investing activities</b>		<b>(136,024)</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>894,006</b>	<b>54,147</b>
Cash at the beginning of the year		118,292	102,145
<b>Total cash at end of the year</b>	11	<b>1,012,298</b>	<b>156,292</b>

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
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**Accounting Policies**

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**1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year.

**1.1 Financial Instruments**

**1.2 Trade and other receivables**

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of the year. Bad debts are written off during the year in which they are identified.

**1.3 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held with banks, net of overdrafts.

**1.4 Trade and other payables**

Trade and other payables are measured at fair value.

**1.5 Impairment of assets**

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

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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 amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

**1.6 Provisions and contingencies**

Provisions are recognised when:

- the council has a present 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.

Provisions shall not be recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

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**Accounting Policies**

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**1.7 Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net value added tax.

Subscription fees are recorded in the financial statements at the date when services are performed.

**1.8 Turnover**

Revenue comprises billing to registered persons and applicants . Turnover is stated at the invoice amount, is exclusive of value added taxation.

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**Notes to the Annual Financial Statements**

Figures in Rand	2007	2006	
<b>2. Loans advanced to associates</b>			
The Association of South African Quantity Surveyors	288,274	152,250	
<b>3. Trade and other receivables</b>			
Gross amount	810,190	615,701	
Provision for bad debts	(773,562)	(390,275)	
Debtors control	36,628	225,426	
Accrued income	276,959	193,875	
Other receivables	52,909	-	
	<b>366,496</b>	<b>419,301</b>	
<b>4. Trade and other payables</b>			
Trade payables	4,686	16,980	
Amounts received in advance	185,019	-	
Value Added Tax	216,810	67,857	
Provision for audit fees	18,500	12,650	
	<b>425,015</b>	<b>97,487</b>	
<b>5. Provisions</b>			
	<b>Opening Balance</b>	<b>Additions</b>	<b>Total</b>
Legal proceedings	70,000	30,000	100,000
Accreditation	38,000	35,000	73,000
	<b>108,000</b>	<b>65,000</b>	<b>173,000</b>
<b>Reconciliation of provisions - 2006</b>			
	<b>Opening Balance</b>	<b>Additions</b>	<b>Total</b>
Legal proceedings	-	70,000	70,000
Accreditation	35,000	3,000	38,000
	<b>35,000</b>	<b>73,000</b>	<b>108,000</b>
<b>6. Operating surplus</b>			
<b>Operating lease charges</b>			
Premises			
• Contractual amounts	204,900	185,887	
Employee costs	991,283	821,620	
<b>7. Investment revenue</b>			
Bank	23,374	-	

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Figures in Rand	2007	2006
<b>8. Taxation</b>		
No provision has been made for 2007 taxation as the council is exempt from tax under section 10 (1) (cN) of the Income tax Act.		
<b>9. Auditors' remuneration</b>		
Fees	18,500	14,150
Adjustment for previous year	1,750	-
	<b>20,250</b>	<b>14,150</b>
<b>10. Cash generated from operations</b>		
Profit (loss) before taxation	584,697	410,506
<b>Adjustments for:</b>		
Interest received	(23,374)	-
Finance costs	-	4
Movements in provisions	65,000	108,000
<b>Changes in working capital:</b>		
Trade and other receivables	52,805	(343,426)
Trade and other payables	327,528	(120,933)
	<b>1,006,656</b>	<b>54,151</b>
<b>11. Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :		
Bank balances	1,012,298	118,292
<b>12. Related parties</b>		
<b>Relationships</b>		
The Association of South African Quantity Surveyors		Associate
<b>Related party balances</b>		
<b>Loan accounts</b>		
The Association of South African Quantity Surveyors	288,274	152,250

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
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**Detailed Income Statement**

Figures in Rand	2007	2006
<b>Revenue</b>		
Registration fees received	2,865,792	1,938,565
CBE levies	56,250	81,964
	<u>2,922,042</u>	<u>2,020,529</u>
<b>Other income</b>		
Bad debts recovered	-	47,150
Council examination and assessment of professional competence fees	-	83,792
Registration fees	-	23,220
Interest received	23,374	-
	<u>23,374</u>	<u>154,162</u>
Expenses (Refer to page 14)	(2,360,719)	(1,764,181)
Operating surplus	584,697	410,510
Finance costs	-	(4)
Net surplus for the year	<u>584,697</u>	<u>410,506</u>

**THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION**  
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**Detailed Income Statement**

Figures in Rand	Note(s)	2007	2006
<b>Operating expenses</b>			
Accreditation costs		(35,000)	(4,080)
Auditors remuneration		(20,250)	(14,150)
Provision for bad debts		(383,287)	-
Bank charges		(34,952)	(27,040)
Computer expenses		(82,020)	(79,815)
CPD administration		(70,846)	(70,412)
Council for built environment levies		(66,169)	(58,477)
Discount allowed		-	(5,146)
Edutech		(1,400)	(12,384)
Electricity and water		(11,100)	(9,975)
Inscribing certificates		-	(7,500)
Insurance		(16,500)	(15,233)
Lease rentals on operating lease		(204,900)	(185,887)
Legal expenses		(30,000)	(70,000)
Meeting expenses		(186,482)	(165,351)
Metropolitan council levies		(2,300)	(2,672)
Postage		(41,551)	(37,867)
Printing and stationery		(77,981)	(55,589)
Repairs and maintenance		(7,670)	(6,942)
Salaries		(991,283)	(821,620)
Staff benefits - retirement and medical aid		(28,047)	(40,940)
Telephone and fax		(64,981)	(67,178)
Transport costs		(4,000)	(5,923)
		<u>(2,360,719)</u>	<u>(1,764,181)</u>