

THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION
(Established under Act No. 49 of 2000)
Annual financial statements
for the year ended 31 March 2009

Ramathe
Chartered Accountants (S.A.)
Registered Auditors
Issued 29 July 2009

THE SOUTH AFRICAN COUNCIL FOR THE QUANTITY SURVEYING PROFESSION

(Established under Act No.49 of 2000)

Annual Financial Statements for the year ended 31 March 2009

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	South African Council for the Quantity Surveying Profession
Members of the Council	Professor R N Nkado (President) Mrs N C Van Der Hoven (Vice-President) Professor P A Bowen (Resigned 04 October 2008) Mr G T Chaane Mr R L Chauke Mr M Grant Mr M P Kgole Mr H B Van Der Kolf Professor M J Maritz Ms K M Mogodi Ms J S Moodley Mr N M Mteza Ms G Pasley Professor R G Pearl (Resigned 04 October 2008) Ms E I Pieterse Mr F J Pretorius Professor J J P Verster Professor G Le Roux (Registrar)
Physical address	Unit B26,Block B, Lone Creek, Corner Mac Mac Road & Waterfall Park Midrand Vorna Valley Ext 21 1686
Postal address	P O Box 654 Halfway House 1685
Bankers	Standard Bank
Auditors	Ramathe Chartered Accountants (S.A.) Registered Auditors

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The reports and statements set out below comprise the annual financial statements presented by the Council:

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

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Council's Responsibilities and Approval

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 period 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 it is 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 based on the information provided by the Registrar for the period 01 April 2008 to 31 March 2009, 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.

The Council reviewed its cash flow forecast for the year to 31 March 2010 and, in the light of this review and the current financial position, they are satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Council's annual financial statements. The annual financial statements have been examined by the Council's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 4 to 14, which have been prepared on the going concern basis, were approved by the Council on 29 July 2009 and were signed on its behalf by:

**Chairman of the Finance and Resources
Committee**

Registrar

President

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Balance Sheet

Figures in Rand	Note(s)	2009	2008
Assets			
Non-Current Assets			
Furniture and equipment	2	194,751	188,359
Current Assets			
Trade and other receivables	3	449,532	623,565
Cash and cash equivalents	4	5,548,052	3,617,961
		5,997,584	4,241,526
Total Assets		6,192,335	4,429,885
Equity and Liabilities			
Equity			
Retained income		3,318,918	1,664,050
Liabilities			
Current Liabilities			
Trade and other payables	5	2,400,417	2,492,835
Provisions	6	473,000	273,000
		2,873,417	2,765,835
Total Equity and Liabilities		6,192,335	4,429,885

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Income Statement

Figures in Rand	Note	2009	2008
Revenue	7	5,064,642	3,302,210
Other income		84,003	-
Operating expenses		(3,840,530)	(2,744,877)
Operating profit		1,308,115	557,333
Investment revenue	8	350,776	88,818
Finance costs	9	(4,023)	-
Surplus for the year		1,654,868	646,151

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Statement of Changes in Equity

Figures in Rand	Total equity
Balance at 01 April 2007	1,017,899
Changes in equity	
Surplus for the year	646,151
Opening balance as previously reported	1,715,204
Adjustments	
Prior period error	(51,154)
Restated balance at 01 April 2008	1,664,050
Changes in equity	
Surplus for the year	1,654,868
Total changes	1,654,868
Balance at 31 March 2009	3,318,918

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Cash Flow Statement

Figures in Rand	Note(s)	2009	2008
Cash flows from operating activities			
Cash receipts		5,186,758	2,515,273
Cash paid		(3,517,013)	244,877
Cash generated from operations	11	1,669,745	2,760,150
Interest income		350,776	88,818
Finance costs		(4,023)	-
Net cash from operating activities		2,016,498	2,848,968
Cash flows from investing activities			
Purchase of furniture and equipment	2	(86,407)	(243,305)
Total cash movement for the year		1,930,091	2,605,663
Cash at the beginning of the year		3,617,961	1,012,298
Total cash at end of the year	4	5,548,052	3,617,961

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Annual Financial Statements for the year ended 31 March 2009

Accounting Policies

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 period.

1.1 Furniture and equipment

The cost of an item of furniture and equipment is recognised as an asset when:

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

Costs include costs incurred initially to acquire or construct an item of furniture and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of furniture and equipment, the carrying amount of the replaced part is derecognised.

Item	Average useful life
Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3 years
Computer software	2 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Trade and other receivables

Trade receivables are measured at cost.

Trade and other payables

Trade payables are measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks, net of overdraft.

1.3 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 are not recognised for future operating losses.

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Accounting Policies

1.3 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised.

1.4 Revenue

Revenue is recognised from registration fees net value added tax. .

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Notes to the Annual Financial Statements

Figures in Rand 2009 2008

2. Furniture and equipment

	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	124,913	(52,355)	72,558	117,768	(27,611)	90,157
Office equipment	45,046	(10,252)	34,794	27,035	(3,011)	24,024
Computer equipment	109,439	(36,088)	73,351	48,189	(13,216)	34,973
Computer software	50,313	(36,265)	14,048	50,313	(11,108)	39,205
Total	329,711	(134,960)	194,751	243,305	(54,946)	188,359

Reconciliation of furniture and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	90,157	7,145	(24,744)	72,558
Office equipment	24,024	18,011	(7,241)	34,794
Computer equipment	34,973	61,250	(22,872)	73,351
Computer software	39,205	-	(25,157)	14,048
	188,359	86,406	(80,014)	194,751

Reconciliation of furniture and equipment - 2008

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	-	117,768	(27,611)	90,157
Office equipment	-	27,035	(3,011)	24,024
Computer equipment	-	48,189	(13,216)	34,973
Computer software	-	50,313	(11,108)	39,205
	-	243,305	(54,946)	188,359

3. Trade and other receivables

Trade receivables	1,808,576	1,497,127
Provision for bad debts	(1,373,562)	(873,562)
VAT	14,518	-
	449,532	623,565

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	5,548,052	3,617,961
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5. Trade and other payables

Amounts received in advance	2,133,740	1,725,303
VAT	-	123,869
Other VAT	250,000	250,000
Accruals	1,266	261,270
Unallocated deposits	15,411	132,393
	2,400,417	2,492,835

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Notes to the Annual Financial Statements

Figures in Rand	2009	2008
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6. Provisions

Reconciliation of provisions - 2009

	Opening Balance	Additions	Total
Legal proceedings	200,000	-	200,000
Accreditation	73,000	-	73,000
Promotional Fund	-	200,000	200,000
	273,000	200,000	473,000

Reconciliation of provisions - 2008

	Opening Balance	Total
Legal proceedings	200,000	200,000
Accreditation	73,000	73,000
	273,000	273,000

7. Revenue

Registration fees	4,648,328	3,302,210
Penalties-PRQS	223,047	-
Penalties-Candidate QS	193,267	-
	5,064,642	3,302,210

8. Investment revenue

Interest revenue

Bank	350,776	88,818
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9. Finance costs

Late payment of tax	4,023	-
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10. Auditors' remuneration

Fees - prior year	25,181	94,635
Consulting	76,135	-
	101,316	94,635

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Notes to the Annual Financial Statements

Figures in Rand	2009	2008
11. Cash generated from operations		
Profit before taxation	1,654,868	646,151
Adjustments for:		
Depreciation and amortisation	80,013	54,946
Interest received	(350,776)	(88,818)
Finance costs	4,023	-
Movements in provisions	200,000	100,000
Changes in working capital:		
Trade and other receivables	174,034	31,205
Trade and other payables	(92,417)	2,016,666
	1,669,745	2,760,150

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Detailed Income statement

Figures in Rand	Note(s)	2009	2008
Revenue			
Registration fees received		4,648,328	3,302,210
Penalties-PRQS		223,047	-
Penalties-Candidate QS		193,267	-
	7	5,064,642	3,302,210
Other income			
Interest received	8	350,776	88,818
Other income		84,003	-
		434,779	88,818
Expenses (Refer to page 14)		(3,840,530)	(2,744,877)
Operating profit		1,658,891	646,151
Finance costs	9	(4,023)	-
Profit for the year		1,654,868	646,151

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Detailed Income statement

Figures in Rand	Note(s)	2009	2008
Operating expenses			
Administration and management fees - ASAQS		-	(383,334)
Assessment of Professional Competence		-	(23,704)
Auditors remuneration	10	(101,316)	(94,635)
Bank charges		(22,054)	(11,557)
Board and press notices		(159,749)	(498)
Computer training		(39,187)	(2,177)
Council CBE fees		(85,482)	(65,341)
Depreciation		(80,013)	(54,946)
ESR Committee		(172,833)	(72,786)
Edutech- CPD -APC		-	(9,300)
Electricity, Rates and Water		(36,968)	(19,771)
Employee costs		(1,498,068)	(968,505)
Examination and APC fees		(110,138)	(28,582)
Faciliator, reallocate and opening launch expenses		-	(119,785)
Fines and penalties		-	(17,114)
General expenses		(24,276)	(8,005)
Insurance		(21,945)	(18,272)
Lease rentals on operating lease		(137,289)	(175,786)
Legal expenses		-	(100,000)
Meeting expenses		(310,060)	(205,355)
Placement fees		(1,378)	(13,590)
Postage		(90,708)	(53,142)
Printing and copier rental		(74,551)	(54,182)
Provision for bad debts		(500,000)	(100,000)
Repairs and maintenance		(25,598)	(35,508)
Security		(7,384)	(3,167)
Website and e-mail expenses		(17,787)	(25,157)
Promotional fund		(200,000)	-
System Customisation		(38,669)	-
Telephone and fax		(57,020)	(53,526)
Training		(23,109)	(25,472)
Travel - local		(4,948)	(1,680)
		(3,840,530)	(2,744,877)