INSTITUTE OF NATURAL RESOURCES NPC

(Registration number 1996/000355/08)
Financial Statements
for the year ended 31 December 2018

These financial statements were prepared by:
Belinda Murray CA(SA)

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 29 May 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To work towards the wise use of natural resources in pursuit of sustainability for the good of the environment and society.
Directors	Dr. SA Bodhanya Mr DG Hay Mrs B Murray Ms JJ Mitchell Mr BI Khumalo Mr CTH James Mrs CA Maitland Mr NM Dlamini
Registered office	67 St Patricks Road Scottsville Pietermaritzburg 3201
Business address	67 St Patricks Road Scottsville Pietermaritzburg 3201
Postal address	P O Box 100396 Scottsville 3209
Bankers	Nedbank Limited Investec Bank Limited Chartered Accountants (SA) Registered Auditors
Company registration number	1996/000355/08
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were internally compiled by: Belinda Murray CA(SA)

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

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The financial statements set out on pages 9 to 25, which have been prepared on the going concern basis, were approved by the board on 29 May 2019 and were signed on their behalf by:

Dr. SA Bodhanya	**Mr DG Hay**
Chairman	**Executive Director**

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Long Live Sensible

MOORE STEPHENS

MOORE STEPHENS RB
Victoria Country Club Estate
North View
8 Bush Shrike Close
170 Peter Brown Drive
Montrose
Pietermaritzburg 3201

P.O. Box 13774, Cascades, 3202

T +27 (0)33 347 0220
F +27 (0)86 681 8065
E info@mspmb.co.za

www.moorestephens.co.za

Independent Auditor's Report

To the directors of Institute of Natural Resources NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Institute of Natural Resources NPC set out on pages 9 to 25, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Institute of Natural Resources NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of Institute of Natural Resources NPC for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 06 June 2018.

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Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Stephens RB Incorporated has been the auditor of Institute of Natural Resources NPC for 1 year.

Moore Stephens.

Moore Stephens RB Incorporated
Chartered Accountants (SA)
Registered Auditors

29 May 2019.

DATE

Per: FJ Riekert - Director

Pietermaritzburg

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Institute of Natural Resources NPC for the year ended 31 December 2018.

1. Nature of business

The Institute of Natural resources NPC is a non-profit company, having been incorporated under section 8 and 11 of the South African Companies Act 71 of 2008. It is registered as a non-profit organisation with registration number 028-756-NPO. The Institute of Natural Resources NPC is a public benefit organisation which has been approved for the purposes of section 18A(1)(a) with PBO reference number 130004494. The main purpose of Institute of Natural Resources NPC is to work towards the wise use of natural resources in pursuit of sustainability for the good of the environment and society.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors	Office	Designation
Dr. SA Bodhanya	Chairperson	Non-executive Independent
Mr DG Hay	Executive Director	Executive
Mrs B Murray	Financial Director	Executive
Ms JJ Mitchell	Other	Non-executive Independent
Mr BI Khumalo	Other	Non-executive Independent
Mr CTH James	Other	Non-executive Independent
Mrs CA Maitland	Other	Non-executive Independent (Appointed 29 August 2018)
Mr NM Dlamini	Other	Non-executive Independent (Appointed 21 November 2018)

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities and funds to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

7. Auditors

Moore Stephens RB Incorporated were appointed as auditors for the company for 2018, in accordance with section 90 of the Companies Act 71 of 2008.

At the AGM, the directors will be requested to reappoint as the independent external auditors of the company and to confirm Mr Frederick Johan Riekert of Moore Stephens RB Incorporated as the designated lead audit partner for the 2019 financial year.

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Directors' Report

8. Secretary

The company has no secretary.

9. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Wednesday, 29 May 2019. No authority was given to anyone to amend the financial statements after the date of issue.

10. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

11. Public service activities

During the year the Institute of Natural Resources NPC undertook professioinal work without payment or at a discounted rate to the value of R 713 944 (2017 - R 688 345). We are committed to making a meaningful contribution to society as a whole, particularly through:
-Funding key action research projects.
-Participating in problem-solving dialogues and sharing our knowledge at workshops and conferences.
-Publishing scientific papers, articles and booklets.
-Implementing an internship programme.
-Mentoring students and supervising post graduate research.

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Statement of Financial Position as at 31 December 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	2,508,250	2,608,785
		2,508,250	**2,608,785**
Current Assets			
Work in progress		2,778,522	4,088,495
Trade and other receivables	3	934,660	1,928,525
Cash and cash equivalents	4	5,309,773	3,778,193
		9,022,955	**9,795,213**
Total Assets		**11,531,205**	**12,403,998**
Equity and Liabilities			
Equity			
Reserves		1,200,000	1,200,000
Retained income		7,994,959	8,511,728
		9,194,959	**9,711,728**
Liabilities			
Current Liabilities			
Trade and other payables	5	995,654	1,533,270
Funds in advance	4	1,340,592	1,159,000
		2,336,246	**2,692,270**
Total Equity and Liabilities		**11,531,205**	**12,403,998**

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	6	15,087,496	15,418,924
Other operating income	7	180,957	162,327
Other operating gains (losses)		6,780	9,607
Other operating expenses		(16,008,967)	(16,015,046)
Operating loss	8	**(733,734)**	**(424,188)**
Investment income	9	216,976	236,804
Finance costs	10	(12)	-
Loss for the year		**(516,770)**	**(187,384)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(516,770)**	**(187,384)**

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Statement of Changes in Equity

Figures in Rand	Non - distributable reserve	Retained income	Total equity
Balance at 01 January 2017	**1,200,000**	**8,699,112**	**9,899,112**
Loss for the year	-	(187,384)	(187,384)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(187,384)**	**(187,384)**
Balance at 01 January 2018	**1,200,000**	**8,511,729**	**9,711,729**
Loss for the year	-	(516,770)	(516,770)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(516,770)**	**(516,770)**
Balance at 31 December 2018	**1,200,000**	**7,994,959**	**9,194,959**

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Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	11	1,307,832	259,918
Interest income		216,976	236,804
Finance costs		(12)	-
Net cash from operating activities		**1,524,796**	**496,722**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(120,295)
Sale of property, plant and equipment	2	6,784	13,649
Net cash from investing activities		**6,784**	**(106,646)**
Cash flows from financing activities			
Total cash movement for the year		**1,531,580**	**390,076**
Cash at the beginning of the year		3,778,193	3,388,116
Total cash at end of the year	4	**5,309,773**	**3,778,192**

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Accounting Policies

Corporate information

The Institute of Natural resources NPC is a non-profit company incorporated under Section 8 and 11 of the Companies Act 71 of 2008, and Companies Regulations 2013 and is domiciled in the Republic of South Africa.

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on Wednesday, 29 May 2019.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC) interpretations issued and effective at the time of preparing the financial statements and the Companies Act 71 of 2008 of South Africa.

These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Key sources of estimation

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in the notes .

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	50 years*
Motor Vehicles	Straight line	5 years
Furniture and equipment	Straight line	5 years
Computer equipment	Straight line	3 years

** The cost of the buildings are not depreciated as the residual value of the buildings are greater than their carrying amount.*

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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 is depreciated separately.

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Accounting Policies

1.3 Property, plant and equipment (continued)

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

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Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Trade and other payables

Classification

Trade and other payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents compromises cash balances and call deposits. Bank overdrafts that are repayable on demand from an integral part of the company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.5 Tax

Tax expenses

The company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act and the receipts and accruals are exempt from income tax in terms of section 10 (1)(cN) of the Act.

1.6 Work in progress and funds in advance

Funds in advance are recognised when professional fees or grants are received, and where recoverable time or disbursements have not been incurred. On the recognition of the revenue, to the extent that such time or costs have not been recovered, work in progress is raised where it is felt recovery is assured.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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1.7 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the 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.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 Provisions and contingencies

Provisions are recognised when:
- the company 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating .

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

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;

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Accounting Policies

1.9 Provisions and contingencies (continued)

  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes .

1.10 Revenue from contracts with customers

Revenue is recognised where recoverable time or disbursement costs have been incurred. To the extent that such time or costs have not been recovered, work in progress is raised where it is felt recovery is assured. Where professional fees or grants have been received but costs have yet to be incurred, a funds received in advance liability is raised.

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2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	190,000	-	190,000	190,000	-	190,000
Buildings	2,234,215	(41,435)	2,192,780	2,234,215	(41,435)	2,192,780
Furniture and fixtures	586,738	(511,321)	75,417	586,738	(469,048)	117,690
Motor vehicles	83,000	(82,999)	1	83,000	(74,700)	8,300
IT equipment	441,627	(391,575)	50,052	474,061	(374,046)	100,015
Total	**3,535,580**	**(1,027,330)**	**2,508,250**	**3,568,014**	**(959,229)**	**2,608,785**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Disposals	Depreciation	Total
Land	190,000	-	-	190,000
Buildings	2,192,780	-	-	2,192,780
Furniture and fixtures	117,690	-	(42,273)	75,417
Motor vehicles	8,300	-	(8,299)	1
IT equipment	100,015	(4)	(49,959)	50,052
	2,608,785	**(4)**	**(100,531)**	**2,508,250**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	190,000	-	-	-	190,000
Buildings	2,192,780	-	-	-	2,192,780
Furniture and fixtures	145,616	34,520	(857)	(61,589)	117,690
Motor vehicles	24,900	-	-	(16,600)	8,300
IT equipment	74,758	85,775	(3,185)	(57,333)	100,015
	2,628,054	**120,295**	**(4,042)**	**(135,522)**	**2,608,785**

Details of properties

Land and buildings

Land and buildings comproses portions 127,128, 324, 349 of Erf 1913, Pietermaritzburg, KwaZulu-Natal, measuring 5 582 square meters (Known as 67 St Patricks Road, Pietermaritzburg). Buildings were not depreciated during the current year as the residual value exceeded the carrying amount.

3. Trade and other receivables

	2018	2017
Financial instruments:		
Trade receivables	894,885	1,897,639
Other receivables	39,775	30,886
Total trade and other receivables	**934,660**	**1,928,525**

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Notes to the Financial Statements

Figures in Rand	2018	2017

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash	5,341	7,227
Current accounts	67,998	640,653
Call acounts	5,236,434	3,130,313
	5,309,773	**3,778,193**

Included in cash and cash equivalents is R 1 340 592 (2017 - R1 159 000), relating to funds received in advance for projects.

Securities:

First Continuous Covering Mortgage Bond over portion 127, portion 324 and portion 349 of Erf 1913, Pietermaritzburg for R65 000.

Cession of Fire Cover Insurance over portion 127, portion 349 and portion 324 of Erf 1913, Pietermaritzburg for R 9 000 000.

5. Trade and other payables

Financial instruments:		
Trade payables	244,233	522,978
Value added tax	160,370	202,743
Accruals and provisions	589,275	805,773
Other payables	1,776	1,776
	995,654	**1,533,270**

6. Revenue

Revenue from project activity	15,087,496	15,418,924

7. Other operating income

Discount received	456	432
Rental income	77,638	66,549
Royalties income	102,863	95,346
	180,957	**162,327**

8. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Employee costs

Salaries, wages, bonuses and other benefits	9,557,639	9,582,960

Depreciation

Depreciation of property, plant and equipment	100,531	135,522

Expenses by nature

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Notes to the Financial Statements

Figures in Rand	2018	2017

8. Operating profit (loss) (continued)

Employee costs	9,557,639	9,582,960
Depreciation	100,531	135,522
Other expenses	6,350,797	6,296,564
	16,008,967	**16,015,046**

9. Investment income

Bank and other cash	216,976	236,804

10. Finance costs

Interest paid	12	-

11. Cash generated from operations

Loss before taxation	(516,770)	(187,384)
Adjustments for:		
Depreciation	100,531	135,522
Gains on disposals	(6,780)	(9,607)
Interest income	(216,976)	(236,804)
Finance costs	12	-
Changes in working capital:		
(Increase) / Decrease in work in progress	1,309,973	(194,602)
Decrease in Trade and other receivables	993,865	531,601
Trade and other payables	(537,615)	(38,687)
Increase in Funds in advance	181,592	259,879
	1,307,832	**259,918**

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Notes to the Financial Statements

Figures in Rand	2018	2017

12. Related parties

The related parties to the Institute of Natural Resources NPC are the directors of the organisation and the respective entities in which they held an interest in:

Dr. SA Bodhanya
Leadership Dialogue (Pty) Ltd
Economic Developers Council of South Africa NPC

Ms JJ Mitchell
None

Mr BI Khumalo
Operation Jumpstart NPC

Mrs B Murray
None

Mr DG Hay
None

Mr CTH James
None

Mrs CA Maitland
Maitland and Associates Inc

Mr NM Dlamini
None

No related party transactions have taken place during the financial year.

13. Directors' emoluments

Executive

2018

	Salary	Expense allowance	Other benefits	Total
Mr DG Hay	918,299	7,200	15,550	941,049
Mrs B Murray	657,453	3,600	1,337	662,390
	1,575,752	**10,800**	**16,887**	**1,603,439**

2017

	Salary	Bonus	Expense allowance	Other benefits	Total
Mr DG Hay	884,000	-	7,200	14,550	905,750
Mrs B Murray	632,900	24,763	3,600	2,296	663,559
	1,516,900	**24,763**	**10,800**	**16,846**	**1,569,309**

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Notes to the Financial Statements

Figures in Rand	2018	2017

14. Financial instruments and risk management

Categories of financial assets

2018

	Note	Amortised cost	Total	Fair value
Trade and other receivables	3	934,660	934,660	934,660
Cash and cash equivalents	4	5,309,773	5,309,773	5,309,773
		6,244,433	**6,244,433**	**6,244,433**

2017

	Note	Amortised cost	Total	Fair value
Trade and other receivables	3	1,928,525	1,928,525	1,928,525
Cash and cash equivalents	4	3,778,193	3,778,193	-
		5,706,718	**5,706,718**	**1,928,525**

Notes to the Financial Statements

Figures in Rand	2018	2017

14. Financial instruments and risk management (continued)

Categories of financial liabilities

2018

	Note	Amortised cost	Total	Fair value
Trade and other payables	5	995,654	995,654	-

2017

	Note	Amortised cost	Total	Fair value
Trade and other payables	5	1,533,269	1,533,269	-

Financial income

2018

	Note	Amortised cost	Total
Recognised in profit or loss:			
Interest income	9	216,977	216,977

2017

	Note	Amortised cost	Total
Recognised in profit or loss:			
Interest income	9	236,804	236,804

Financial expenses

2018

	Note	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	10	(12)	(12)

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Notes to the Financial Statements

Figures in Rand		2018	2017

14. Financial instruments and risk management (continued)

Financial risk management

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The company's levels of borrowing and consequently the debt servicing costs are closely monitored and controlled by the board of directors having regard to the prevailing and projected interest rates and the company's capacity to service such debt from future earnings.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Variable rate instruments:			
Assets			
Cash and cash equivalents	4	5,309,773	3,778,193

Interest rate sensitivity analysis

A sensitivity analysis has not been done as the entity does not have any interest bearing borrowings during the period.

15. Going concern

We draw attention to the fact that at 31 December 2018, the company had retained income of R 7,994,959 and that the company's total assets exceed its liabilities by R 9,194,959.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

16. Events after the reporting period

No material events have taken place after the reporting period that are required to be disclosed in these annual financial statements.

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