

**THE ASSOCIATION OF SOUTH AFRICAN  
QUANTITY SURVEYORS**  
(Incorporated under Act No. 49 section 42(4) of 2000)

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2003

*Prepared By*



Registered Accountants And Auditors

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS  
FINANCIAL STATEMENTS  
for the year ended 28 February 2003**

**NATURE OF BUSINESS**

Association of Quantity Surveyors

**BUSINESS ADDRESS**

Bekker Road  
Waterfall Park  
Ground Floor  
Howick Gardens  
1686

**AUDITORS**

G Naidoo & Associates  
Chartered Accountants (S.A.)  
Registered Accountants and Auditors

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS  
FINANCIAL STATEMENTS  
for the year ended 28 February 2003**

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

<b>Index</b>	<b>Page</b>
Report of the independent auditors	3
Balance sheet	4
Income statement	5
Statement of changes in equity	6
Cash flow statement	7
Notes to the financial statements	8 - 12

The following supplementary schedules do not form part of the financial statements, and are unaudited.

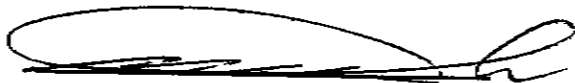
Detailed income statement	13 - 14
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**Annexures**

Benevolent Fund	"A"
The Building Entrepreneurial Development Committee	"B"
Education Support Fund	"C"
DJ Laing Memorial Fund	"D"
Staff Fund	"E"

**Board members approval of the annual financial statements**

The financial statements which appear on pages 4 to 14 were approved by the executive committee on 20 November 2003 and are signed on its behalf by:



President



Director

4 Hans Strijdom Drive, Randburg, 2194  
P. O. Box 44140 Linden 2104  
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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**

We have audited the annual financial statements of The Association of South African Quantity Surveyors set out on pages 4 to 12 for the year ended 28 February 2003. These financial statements are the responsibility of the association. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

**Audit opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the association at 28 February 2003 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 in South Africa.

**Supplementary information**

The supplementary schedules set out on page 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 we do not express an opinion on them.

*G. Naidoo & Associates*

**G Naidoo & Associates  
Chartered Accountants (S.A.)  
Registered Accountants and Auditors  
Johannesburg  
20 November 2003**

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**BALANCE SHEET**  
as at 28 February 2003

	Notes	2003 R	2002 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	1,153,405	1,070,317
Investments	3	97,337	54,518
		1,056,068	1,015,799
<b>Current assets</b>			
Inventories	4	2,155,239	2,564,436
Accounts receivable	5	214,477	168,477
Cash and cash equivalents		199,175	987,355
		1,741,587	1,408,604
<b>TOTAL ASSETS</b>		<u>3,308,644</u>	<u>3,634,753</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Retained surplus		2,236,887	2,165,012
<b>Current liabilities</b>			
Accounts payable	6	1,071,757	1,469,741
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,308,644</u>	<u>3,634,753</u>

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**INCOME STATEMENT**  
**for the year ended 28 February 2003**

	Note	2003 R	2002 R
Gross revenue	7	1,959,156	2,141,519
Other income		(10,302)	76,484
Operating costs		<u>2,038,502</u>	<u>2,451,386</u>
Operating deficit	8	(89,648)	(233,383)
Interest received		169,802	149,594
Finance costs		<u>(8,279)</u>	<u>(11,346)</u>
Surplus(Deficit)		71,875	(95,135)
Retained surplus at beginning of year		<u>2,165,012</u>	<u>2,260,147</u>
Retained surplus at end of year		<u><u>2,236,887</u></u>	<u><u>2,165,012</u></u>

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 28 February 2003**

	<b>Retained surplus R</b>
Balance at 01 March 2001	2,260,147
Net loss for the year	<u>(95,135)</u>
Balance at 01 March 2002	2,165,012
Net profit for the year	<u>71,875</u>
Balance at 28 February 2003	<u><u>2,236,887</u></u>

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**CASH FLOW STATEMENT**  
for the year ended 28 February 2003

	Notes	2003 R	2002 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		442,642	(604,784)
Cash receipts from customers		1,888,566	1,604,078
Cash paid to suppliers and employees		(1,607,447)	(2,347,110)
Cash generated by(utilised in) operating activities	11.1	281,119	(743,032)
Interest received		157,475	109,719
Interest paid		(8,279)	(11,346)
Dividends received		12,327	39,875
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(109,659)	(90,204)
<b>Expenditure to maintain operating capacity</b>			
Property, plant and equipment acquired		(71,678)	(565)
Proceeds of disposals of property, plant and equipment		1,246	-
Proceeds of disposals of investments		-	45,591
<b>Expenditure for expansion</b>			
Investments		(39,227)	(135,230)
Increase(decrease) in cash and cash equivalents		332,983	(694,988)
Cash and cash equivalents at beginning of the year	11.2	1,408,604	2,103,592
Cash and cash equivalents at end of the year	11.2	1,741,587	1,408,604

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
at 28 February 2003

**1 Basis of preparation**

The financial statements are prepared under the historical cost basis and incorporate the following principal accounting policies which are consistent with that of the previous years and comply with South African Statements of Generally Accepted Accounting Practice. .

**1.1 Revenue recognition**

Sales are recorded in the financial statements at the date the goods are delivered to customers or services are performed.

**1.2 Investments**

Investments are stated at cost less amounts written off. Provision is made against investments where, in the opinion of the members, there has been permanent diminution in value. Dividends are accounted for to the extent that they are received.

**1.3 Property, plant and equipment**

property, plant and equipment stated at cost less accumulated depreciation. Depreciation is provided using the reducing balance method

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Audio Visual Equipment	20 %
Office furniture and equipment	20 %
Computer equipment	33 %

**1.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method. Where necessary, provision is made for obsolete, slow moving and defective inventories.

**1.5 Debtors**

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

**1.6 Provisions**

Provisions are recognised when the association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
at 28 February 2003

**1.7 Employee benefits**

**Short term employee benefits**

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to salaries, annual and sick leave represent the amount which the association has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary rates

**1.8 Impairment**

The carrying amount of the association's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

**2. Property, plant and equipment**

	2003			2002		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Audio Visual Equipment	10,344	9,058	1,286	10,344	8,736	1,608
Office equipment	150,601	101,731	48,870	128,578	103,945	24,633
Computer equipment	174,646	127,465	47,181	138,892	110,615	28,277
	<u>335,591</u>	<u>238,254</u>	<u>97,337</u>	<u>277,814</u>	<u>223,296</u>	<u>54,518</u>

The carrying amounts of property, plant and equipment can be reconciled as follows:

2002	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R				R
Audio Visual Equipment	2,010	-	-	(402)	1,608
Office equipment	30,086	565	-	(6,018)	24,633
Computer equipment	42,393	-	-	(14,116)	28,277
	<u>74,489</u>	<u>565</u>	<u>-</u>	<u>(20,536)</u>	<u>54,518</u>
2003	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R				R
Audio Visual Equipment	1,608	-	-	(322)	1,286
Office equipment	24,633	33,374	(223)	(8,914)	48,870
Computer equipment	28,277	38,304	(466)	(18,934)	47,181
	<u>54,518</u>	<u>71,678</u>	<u>(689)</u>	<u>(28,170)</u>	<u>97,337</u>

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
at 28 February 2003

	2003 R	2002 R
<b>3. Investments</b>		
Unit trusts at cost		
Investec Bank Limited Managed Funds	<u>1,056,068</u>	<u>1,015,799</u>
Market value	<u>1,032,867</u>	<u>1,128,260</u>
<b>4. Inventories</b>		
The amounts attributable to the different categories are as follows:		
Technical publications	192,767	145,817
Medals and badges	7,786	8,736
Association crests, ties and cuff links	<u>13,924</u>	<u>13,924</u>
	<u>214,477</u>	<u>168,477</u>
<b>5. Accounts receivable</b>		
The South African Council for Quantity Surveyors	76,481	197,148
Trade receivables	97,760	769,056
Deposits	15,900	15,900
Sundry debtors	<u>9,034</u>	<u>5,250</u>
	<u>199,175</u>	<u>987,354</u>
<b>6. Accounts Payable</b>		
Benevolent Fund (Annexure "A")	377,996	424,244
Building Entrepreneurial Development Committee (Annexure "B")	68,607	47,608
The Education Support Fund (Annexure "C")	110,765	82,686
DJ Laing Memorial Fund (Annexure "D")	245,189	235,404
Staff Fund (Annexure "E")	96,580	68,704
Subscriptions, enrollments and levies received in advance	28,218	148,350
Sundry payables	70,929	399,769
Trade payables	<u>73,473</u>	<u>62,976</u>
	<u>1,071,757</u>	<u>1,469,741</u>
<b>7. Gross revenue</b>		
Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.		

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
at 28 February 2003

	2003 R	2002 R
<b>8. Operating loss</b>		
Operating deficit is stated after:		
<b>Income</b>		
Profit on disposals of property, plant and equipment	557	-
<b>Expenditure</b>		
Auditors' remuneration	29,475	29,250
- Audit fee	25,000	23,600
- Prior year under-provision	4,475	5,650
Depreciation		
- Property, plant and equipment	28,170	20,536
Lease rentals	92,969	137,609
- Premises	91,649	129,607
- Equipment	1,320	8,002
Research and development	5,004	-
	2003 R	2002 R

**9. Taxation**

No provision has been made for 2003 taxation as the Association is exempt from income tax under section 10(1) (cN)

	2003 R	2002 R
<b>10. Expenses incurred by the presidential office, the Board and Association committees</b>		
President's allowance	6,384	7,900
President's overseas visits	32,967	46,980
Presidential tours	44,054	28,601
Vise President's tours	11,060	11,952
Expenses of members attending meetings	291,099	245,526
Annual grants to regional committees	90,000	82,800
	475,564	423,759

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
at 28 February 2003

	<b>2003</b>	<b>2002</b>
	<b>R</b>	<b>R</b>
<b>11. Notes to the cash flow statement</b>		
<b>11.1 Cash generated by (utilised in) operating activities</b>		
Net profit(loss)	71,875	(95,135)
Adjustments for:		
Depreciation	28,170	20,536
Interest received	(169,802)	(149,594)
Finance costs	8,279	11,346
Profit on disposals of property, plant and equipment	(557)	-
(Profit)loss on disposals of investments	(1,042)	55,116
	<u>(63,077)</u>	<u>(157,731)</u>
Movements in working capital		
Increase in inventories	(46,000)	(43,565)
Decrease(increase) in accounts receivable	788,180	(862,595)
(Decrease)increase in accounts payable	(397,984)	320,859
	<u>281,119</u>	<u>(743,032)</u>

**11.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	<u>1,741,587</u>	<u>1,408,604</u>
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**12. Comparative figures**

Certain comparative figures have been restated, to present a more meaningful situation.

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**DETAILED INCOME STATEMENT**  
for the year ended 28 February 2003

	Notes	2003 R	2002 R
<b>Gross revenue</b>		1,959,156	2,141,519
Subscription fees		1,840,307	2,022,065
Surplus on sale of inventories		118,849	119,454
<b>Other income</b>		159,500	226,078
Administration fees		27,837	35,306
Dividends received		12,327	39,875
Enrolment fees		13,329	22,255
Interest received		157,475	109,719
Internet advertising		(64,021)	15,913
Prizes and awards		-	1,830
Profit on disposal of investments		1,042	-
Profit on disposal of property, plant and equipment		557	-
Sundry income		10,954	1,180
<b>Total income</b>		2,118,656	2,367,597
<b>Expenditure (Refer to page 14)</b>		2,046,781	2,462,732
Surplus(deficit) for the year		71,875	(95,135)
Retained surplus at beginning of year		2,165,012	2,260,147
Retained surplus at end of year		2,236,887	2,165,012

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS**  
**DETAILED INCOME STATEMENT**  
for the year ended 28 February 2003

	Notes	2003 R	2002 R
<b>Expenditure</b>		2,046,781	2,462,732
Africa Association of Quantity Surveyors		8,296	12,416
Assets scrapped		493	-
Auditors' remuneration		29,475	29,250
BEP Convention		1,033	10,000
Bad debts		70,590	537,441
Bank charges		7,353	5,731
Computer expenditure		16,349	9,489
Consulting fees		64,352	-
Depreciation		28,170	20,536
Donation to the Bell John Memorial Fund		5,460	-
Donation to the Tobie Louw Bursary Fund		-	1,000
Electricity and water		9,258	8,394
Expenses incurred by the Presidential office, the Board and Association committees	10	475,564	423,759
ICEC 2004		84,476	17,933
ICEC fees		3,318	3,216
Inscribing Certificates		14,879	709
Insurance		18,586	8,865
Interest		8,279	11,346
Internet expenses		58,279	51,211
Lease rentals		92,969	137,609
Legal expenses		20,749	3,889
Loss on disposal of investments		-	55,116
Management fee		11,049	11,854
Metropolitan Council Levies		1,806	1,768
PROCSA		5,000	5,000
Postage		28,869	27,741
Printing and stationery		89,841	63,615
Prizes and medals		6,180	-
Production of "ASAQS Journal "		53,195	124,722
Publicity and public relations		3,886	157,229
QS Edutech Centre		133,167	192,768
Refreshments and consumables		2,107	4,399
Repairs and maintenance		8,047	507
Research and development		5,004	-
Retrenchment costs		112,900	685
Salaries and wages		473,741	446,047
Skills development levy		3,933	3,213
Sponsorship		746	693
Staff benefits - retirement and medical aid		33,696	37,673
Staff recruitment		10,348	1,546
Sundry expenses		4,099	3,974
Telephone and telefax		39,734	29,696
Transport		1,505	1,692

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS  
BENEVOLENT FUND**

**BALANCE SHEET  
at 28 February 2003**

	2003 R	2002 R
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable The Association of South African Quantity Surveyors	377 996	424 245
<b>TOTAL ASSETS</b>	<u>377 996</u>	<u>424 245</u>
<b>RESERVES</b>		
<b>Accumulated funds</b>		
Balance at beginning of year	424 245	464 493
<b>Deficit of income over expenditure</b>	(46 249)	(40 248)
<b>Income</b>	59 344	58 039
Lionheart for RICS members	14 346	13 041
Voluntary contributions	44 998	44 998
<b>Expenditure</b>	105 593	98 287
Admin fee – The Association of South African Quantity Surveyors	20 877	18 979
Grants in aid	84 716	79 308
<b>TOTAL RESERVES</b>	<u>377 996</u>	<u>424 245</u>

## ANNEXURE "B"

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SUVEYORS  
THE BUILDING ENTREPRENEURIAL DEVELOPMENT COMMITTEE**

**BALANCE SHEET  
at 28 February 2003**

	2003 R	2002 R
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable The Association of South African Quantity Surveyors	68 607	47 609
<b>TOTAL ASSETS</b>	<u>68 607</u>	<u>47 609</u>
<b>RESERVES</b>		
<b>Accumulated funds</b>		
Balance at beginning of year	47 609	2 611
<b>Surplus of income over expenditure</b>	20 998	44 998
<b>Income</b>		
Voluntary contributions	44 998	44 998
<b>Expenditure</b>		
Grants – Universities and Technikons	24 000	-
<b>TOTAL RESERVES</b>	<u>68 607</u>	<u>47 609</u>

## ANNEXURE "C"

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS  
EDUCATION SUPPORT FUND**

**BALANCE SHEET  
at 28 February 2003**

	2003 R	2002 R
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	110 765	46 764
The Association of South African Quantity Surveyors	110 765	82 687
Loans to students	-	9 075
<b>TOTAL ASSETS</b>	<b>110 765</b>	<b>91 762</b>
<b>RESERVES</b>		
<b>Accumulated funds</b>		
Balance at beginning of year	91 762	78 764
<b>Surplus of income over expenditure</b>		
<b>Income</b>		
Voluntary contributions	44 998	44 998
<b>Expenditure</b>		
Bad debts	995	-
Grants – Universities and Technikons	25 000	32 000
<b>TOTAL RESERVES</b>	<b>110 765</b>	<b>91 762</b>

## ANNEXURE "D"

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS  
DJ LAING MEMORIAL FUND**

**BALANCE SHEET  
at 28 February 2003**

	2003	2002
	R	R
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable The Association of South African Quantity Surveyors	245 188	235 404
<b>TOTAL ASSETS</b>	<u>245 188</u>	<u>235 404</u>
<b>RESERVES</b>		
<b>Accumulated funds</b>		
Balance at beginning of year	235 404	233 566
<b>Surplus of income over expenditure</b>	9 784	1 838
<b>Income</b>		
Interest received	26 744	18 665
<b>Expenditure</b>		
Admin fee – The Association of South African Quantity Surveyors	16 960	16 827
Bursary – Ms. CN Sennoga	6 960	4 327
	10 000	12 500
<b>TOTAL RESERVES</b>	<u>245 188</u>	<u>235 404</u>

## ANNEXURE "E"

**THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SUVEYORS  
STAFF FUND**

**BALANCE SHEET  
at 28 February 2003**

	2003 R	2002 R
<b>ASSETS</b>		
<b>Non current assets</b>		
Investments		
Nedcor Bank Limited – Notice deposits	96 580	68 704
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>96 580</b>	<b>68 704</b>
<b>RESERVES</b>		
<b>Accumulated funds</b>		
Balance at beginning of year	68 704	46 107
<b>Surplus of income over expenditure</b>		
<b>Contributions</b>	27 876	22 597
Employee contributions	10 252	9 281
Staff contributions	10 252	9 281
Interest	7 372	4 305
	<hr/>	<hr/>
<b>TOTAL RESERVES</b>	<b>96 580</b>	<b>68 704</b>