

**THE ASSOCIATION OF SOUTH AFRICAN
QUANTITY SURVEYORS**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2005**

Prepared By



Registered Accountants And Auditors

THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2005

Nature of business	Association for Quantity Surveyors
Business address	Bekker Road Waterfall Park Ground Floor Howick Gardens 1686
Postal address	PO Box 3527 Halfway House 1685
Bankers	Standard Bank Limited Halfway House
Auditors	G Naidoo & Associates Chartered Accountants (S.A.) Registered Accountants and Auditors

THE ASSOCIATION OF SOUTH AFRICAN QUANTITY SURVEYORS
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2005

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

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


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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"

Executive committee's approval of the annual financial statements


The financial statements which appear on pages 4 to 15 were approved by the executive committee on 13 October 2005 and signed on their behalf by:



President



Finance chairman



Director

**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 13 for the year ended 28 February 2005. 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 2005 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, appropriate to the association.

Supplementary information

The supplementary schedules set out on pages 14 and 15 and annexures "A" to "E" do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and annexures and accordingly we do not express an opinion on them.

G. Naidoo & Associates

G Naidoo & Associates

Chartered Accountants (S.A.)

Registered Accountants and Auditors

13 October 2005

BALANCE SHEET
at 28 February 2005

	Note	2005 R	2004 R
ASSETS			
Non-current assets		2,307,942	1,231,559
Property, plant and equipment	2	235,080	130,934
Investments	3	2,072,862	1,100,625
Current assets		2,390,868	3,318,496
Inventories	4	453,377	310,937
Accounts receivable	5	722,838	364,940
Cash and cash equivalents		1,214,653	2,642,619
Total assets		4,698,810	4,550,055
 EQUITY AND LIABILITIES			
Accumulated surplus		3,342,622	2,849,894
Current liabilities		1,356,188	1,700,161
Accounts payable	6	1,297,624	1,677,780
Provisions	7	58,564	22,381
TOTAL EQUITY AND LIABILITIES		4,698,810	4,550,055

INCOME STATEMENT
for the year ended 28 February 2005

	Note	2005 R	2004 R
Gross revenue	8	2,329,680	2,284,575
Other income		674,806	255,751
Operating costs		<u>2,511,758</u>	<u>1,927,321</u>
Operating surplus	9	<u><u>492,728</u></u>	<u><u>613,005</u></u>

STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2005

	Distributable reserve R
Balance at 01 March 2003	2,236,889
Net profit for the year	<u>613,005</u>
Balance at 01 March 2004	2,849,894
Net profit for the year	<u>492,728</u>
Balance at 28 February 2005	<u><u>3,342,622</u></u>

CASH FLOW STATEMENT
for the year ended 28 February 2005

	Notes	2005 R	2004 R
Cash flows from operating activities		(589,489)	1,014,404
Cash receipts from customers		1,944,569	1,982,992
Cash paid to suppliers and employees		(2,674,748)	(1,140,901)
Cash (utilised in)generated by operating activities	12.1	(730,179)	842,091
Interest received		118,470	154,796
Interest paid		-	(824)
Dividends received		22,220	18,341
Cash flows from investing activities		(838,477)	(113,372)
Property, plant and equipment acquired		(219,787)	(69,759)
Proceeds of disposals of property, plant and equipment		123,048	-
Proceeds on disposal of investments		950,684	11,357
Acquisition of investments		(1,692,422)	(54,970)
(Decrease)increase in cash and cash equivalents		(1,427,966)	901,032
Cash and cash equivalents at beginning of the year	12.2	2,642,619	1,741,587
Cash and cash equivalents at end of the year	12.2	1,214,653	2,642,619

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

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

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

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

1.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of each asset 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 %

1.3 Investments

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

1.4 Accounts receivables

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

1.5 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.

1.6 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 bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

1.7 Financial instruments

Account receivables

Account receivables are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

Financial liabilities are recognised at their original debt less principal payments and amortisations.

1.8 Impairments

The carrying amount of 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 have been impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

1.9 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 employee's services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary rates.

1.10 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.

2. Property, plant and equipment

	2005			2004		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Audio visual equipment	10,344	10,344	-	10,344	9,315	1,029
Office equipment	352,844	179,924	172,920	220,360	124,305	96,055
Computer equipment	189,064	126,904	62,160	174,646	140,796	33,850
	<u>552,252</u>	<u>317,172</u>	<u>235,080</u>	<u>405,350</u>	<u>274,416</u>	<u>130,934</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

2. Property, plant and equipment (continued) -

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
2004					
Audio visual equipment	1,286	-	-	(257)	1,029
Office equipment	48,870	69,759	-	(22,574)	96,055
Computer equipment	47,181	-	-	(13,331)	33,850
	<u>97,337</u>	<u>69,759</u>	<u>-</u>	<u>(36,162)</u>	<u>130,934</u>
2005					
Audio visual equipment	1,029	-	-	(1,029)	-
Office equipment	96,055	137,357	-	(60,492)	172,920
Computer equipment	33,850	82,430	(8,761)	(45,359)	62,160
	<u>130,934</u>	<u>219,787</u>	<u>(8,761)</u>	<u>(106,880)</u>	<u>235,080</u>

2005
R

2004
R

3. Investments

Unit trusts at cost		
Investec Bank Limited - Managed Funds	<u>2,072,862</u>	<u>1,100,625</u>
Market value	<u>2,256,067</u>	<u>1,293,799</u>

4. Inventories

The amounts attributable to the different categories are as follows:

Technical publications	439,935	295,152
Medals and badges	12,542	6,230
Association crests, ties and cuff links	900	9,555
	<u>453,377</u>	<u>310,937</u>

5. Accounts receivable

The South African Council for Quantity Surveyors	84,063	242,648
Trade receivables	473,591	85,150
Deposits	13,500	15,900
Sundry debtors	151,684	21,242
	<u>722,838</u>	<u>364,940</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

	2005	2004
	R	R
6. Accounts payable		
Benevolent Fund (Annexure "A")	258,052	318,698
Building Entrepreneurial Development Committee (Annexure "B")	156,352	108,228
The Educational Support Fund (Annexure "C")	180,511	150,386
DJ Laing Memorial Fund (Annexure "D")	256,852	258,842
Staff fund (Annexure "E")	113,386	98,009
Subscription, enrollment and levies received in advance	47,404	37,378
Sundry payables	216,671	647,924
Trade payables	68,396	58,315
	<u>1,297,624</u>	<u>1,677,780</u>

7. Provisions

	Carrying amount at beginning of year R	Additional provisions R	Used during the year R	Carrying amount at end of year R
Leave pay provision	22,381	-	(3,817)	18,564
Provision for future expenditure	-	40,000	-	40,000
	<u>22,381</u>	<u>40,000</u>	<u>(3,817)</u>	<u>58,564</u>

8. Gross revenue

Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

	2005 R	2004 R
9. Operating surplus		
Operating surplus is stated after:		
<i>Income</i>		
Dividends received	22,220	18,341
Interest received	118,470	154,796
Surplus on disposal of investments	230,499	944
Surplus on disposal of property, plant and equipment	<u>114,287</u>	<u>-</u>
 <i>Expenditure</i>		
Auditors' remuneration	37,450	28,700
Audit fee	37,000	28,700
Prior year under-provision	450	-
Depreciation	106,880	36,162
Audio visual equipment	1,029	257
Office equipment	60,492	22,574
Computer equipment	45,359	13,331
Lease rentals		
Premises	54,488	49,909
Research and development	<u>-</u>	<u>17,178</u>

10. Taxation

No provision for taxation has been made for the year (2004 - Rnil) as the Association is exempt from income tax under section 10(1) (cN)

	2005 R	2004 R
11. Expenses incurred by the presidential office, the Board and Association committees		
President's allowance	12,000	5,700
President's overseas visits	40,000	48,517
Presidential tours	14,974	41,090
Vice President's tour	14,588	22,160
Expenses of members attending meetings	318,278	300,544
Annual grants to regional committees	100,000	90,000
	<u>499,840</u>	<u>508,011</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2005

	2005 R	2004 R
12. Notes to the cash flow statement		
12.1 Cash (utilised in)generated by operating activities		
Net profit	492,728	613,005
Adjustments for:		
Depreciation	106,880	36,162
Movement in provisions	36,183	-
Surplus on disposals of property, plant and equipment	(114,287)	-
Surplus on disposals of investments	(230,499)	(944)
Finance costs	-	824
Dividends received	(22,220)	(18,341)
Interest received	(118,470)	(154,796)
	150,315	475,910
Movements in working capital		
Increase in inventories	(142,440)	(96,460)
Increase in accounts receivable	(357,898)	(165,763)
(Decrease)increase in accounts payable	(380,156)	628,404
	(730,179)	842,091
12.2 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	1,214,653	2,642,619

DETAILED INCOME STATEMENT
for the year ended 28 February 2005

	2005 R	2004 R
Gross revenue	2,329,680	2,284,575
Subscription fees	2,180,114	2,110,332
Surplus on sale of inventories	149,566	174,243
Other income	674,806	255,751
Administration fees	30,697	27,906
Dividends received	22,220	18,341
Enrolment fees	9,410	19,665
Interest received	118,470	154,796
Surplus on disposal of investments	230,499	944
Surplus on disposal of property, plant and equipment	114,287	-
Recovery of student loan written -off	2,037	-
Shared cost recovered from SACQSP	66,215	-
Sundry income	80,971	34,099
Total income	3,004,486	2,540,326
Expenditure (Refer to page 15)	2,511,758	1,927,321
Operating surplus for the year	492,728	613,005

DETAILED INCOME STATEMENT
for the year ended 28 February 2005

	Notes	2005 R	2004 R
Expenditure		2,511,758	1,927,321
Africa Association of Quantity Surveyors		3,519	20,593
Auditors' remuneration		37,450	28,700
BEP Convention		-	6,000
Bad debts		262,120	136,481
Bank charges		14,141	5,734
Computer expenses		22,831	29,083
Construction Charter		20,000	-
Consulting fees		-	6,330
Depreciation		106,880	36,162
Development of Model Bill - University of Pretoria		164,000	-
Discount allowed		105	8,577
Donation to the Bell John Memorial Fund		9,000	6,240
Donation to the Tobie Louw Bursary Fund		-	1,000
Electricity and water		21,217	13,291
Expenses incurred by the Presidential office, the Board and Association committees	11	499,840	508,011
ICEC 2004		104,812	92,019
ICEC fees		2,637	2,057
Inscribing fees		-	4,384
Insurance		32,813	24,821
Interest		-	824
Internet expenses		47,085	51,394
Lease rentals		54,488	49,909
Legal expenses		(1,682)	2,158
Management fee		14,956	10,767
Marketing and members benefits		102,347	19,922
Metropolitan Council levies		1,922	1,385
PROCSA		-	5,000
Postage		17,616	46,165
Printing and stationery		37,622	84,189
Prizes and medals		30,388	6,380
Production of "ASAQS Journal"		26,568	4,269
Publicity and public relations		109,676	9,555
QS Edutech Centre		-	(12,398)
Refreshments and consumables		-	900
Repairs and maintenance		-	812
Research and development		-	17,178
Salaries and related costs		690,834	634,148
Secretarial fees		-	10,061
Security		5,707	-
Skills development levy		6,564	4,297
Software expenses		22,362	-
Sponsorships		3,974	781
Telephone and fax		37,143	49,044
Transport		2,823	1,098

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

**BALANCE SHEET
at 28 February 2005**

	2005 R	2004 R
ASSETS		
Current assets		
Accounts receivable		
The Association of South African Quantity Surveyors	258 052	318 698
TOTAL ASSETS	<u>258 052</u>	<u>318 698</u>
RESERVES		
Accumulated funds		
Balance at beginning of year	318 698	377 996
Deficit of income over expenditure	(60 646)	(59 298)
Income	65 484	55 402
Lionheart for RICS members	17 359	15 781
Voluntary contributions	48 125	39 621
Expenditure	126 130	114 700
Admin fee – The Association of South African Quantity Surveyors	22 965	20 877
Grants in aid	103 165	93 823
TOTAL RESERVES	<u>258 052</u>	<u>318 698</u>

ANNEXURE "B"

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

**BALANCE SHEET
at 28 February 2005**

	2005 R	2004 R
ASSETS		
Current assets		
Accounts receivable The Association of South African Quantity Surveyors	156 352	108 228
TOTAL ASSETS	<u>156 352</u>	<u>108 228</u>
RESERVES		
Accumulated funds		
Balance at beginning of year	108 228	68 607
Surplus of income over expenditure	48 124	39 621
Income	48 124	39 621
Voluntary contributions	48 124	39 621
Expenditure	-	-
Grants – Universities and Technikons	-	-
TOTAL RESERVES	<u>156 352</u>	<u>108 228</u>

ANNEXURE "C"

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

**BALANCE SHEET
at 28 February 2005**

	2005 R	2004 R
ASSETS		
Current assets		
Accounts receivable The Association of South African Quantity Surveyors	198 511	150 386
TOTAL ASSETS	<u>180 511</u>	<u>150 386</u>
RESERVES		
Accumulated funds		
Balance at beginning of year	150 386	110 765
Surplus of income over expenditure	30 125	39 621
Income	48 125	39 621
Voluntary contributions	-	-
Expenditure	18 000	-
Grants – Universities and Technikons	-	-
TOTAL RESERVES	<u>180 511</u>	<u>150 386</u>

ANNEXURE "D"

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

**BALANCE SHEET
at 29 February 2004**

	2004	2004
	R	R
ASSETS		
Current assets		
Accounts receivable The Association of South African Quantity Surveyors	256 852	258 842
TOTAL ASSETS	<u>256 852</u>	<u>258 842</u>
RESERVES		
Accumulated funds		
Balance at beginning of year	258 842	245 188
Deficit (surplus) of income over expenditure	(1 990)	13 654
Income		
Interest received	15 742	22 683
Expenditure		
Admin fee – The Association of South African Quantity Surveyors	17 732	9 029
Prizes	7 732	7 029
	10 000	2 000
TOTAL RESERVES	<u>256 852</u>	<u>258 842</u>

ANNEXURE "E"

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

**BALANCE SHEET
at 28 February 2005**

	2005 R	2004 R
ASSETS		
Non current assets		
Investments		
Nedcor Bank Limited – Notice deposits	113 386	98 009
	<hr/>	<hr/>
TOTAL ASSETS	<u>113 386</u>	<u>98 009</u>
RESERVES		
Accumulated funds		
Balance at beginning of year	98 009	96 580
Surplus of income over expenditure		
Contributions	23 176	30 819
Employee contributions	9 005	11 004
Staff contributions	9 005	11 004
Interest	5 166	8 810
Expenditure		
Funds withdrawn	7 799	29 390
	<hr/>	<hr/>
TOTAL RESERVES	<u>113 386</u>	<u>98 009</u>