

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements
for the year ended 31 December 2016

Draft 3

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The development of networks which address all issues relating to Civil Engineering and providing a professional home for all involved in Civil Engineering
Director	PJ Kleynhans
Registered office	Block 19 Thornhill Office Park Halfway House 1685
Postal address	Private Bag X200 Halfway House 1685
Holding entity	The South African Institution of Civil Engineering established in South Africa
Auditors	PricewaterhouseCoopers Inc.
Company registration number	2015/015140/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled under the supervision of: CF Lane CA (SA)
Issued	_____

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Index

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

	Page
Director's Responsibilities and Approval	3
Director's Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 15
Notes to the Annual Financial Statements	16 - 20
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	21 - 23

Draft 3

Director's Responsibilities and Approval

The director is required by the Companies Act 71 of 2008, 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 his responsibility to ensure that the annual 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director 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 director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast for the year to 31 December 2017 and, in the light of this review and the current financial position, he is satisfied that the company has or has 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 annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on pages 6 to 8.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, and committees of the board. The director believes that all representations made to the independent auditor's during their audit are valid and appropriate.

The annual financial statements and additional schedule set out on pages 4 to 23, which have been prepared on the going concern basis, were approved by the director on _____ and were signed on its behalf by:

PJ Kleynhans

Director's Report

The director has pleasure in submitting his report on the annual financial statements of The South African Institution of Civil Engineering Proprietary Limited for the year ended 31 December 2016.

1. Incorporation

The company was incorporated on 19 January 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

The South African Institution of Civil Engineering Proprietary Limited was incorporated in South Africa with interests in the the development of networks which address all issues relating to civil engineering and providing a professional home for all involved in civil engineering industry. The company operates in South Africa.

Contact information

Registered office	Block 19 Thornhill Office Park Halfway House 1685
Postal address	Private Bag X200 Halfway House 1685

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the company was R 604,662, after taxation of R 69,751.

4. Going concern

We draw attention to the fact that at 31 December 2016, the company had accumulated losses of R 604,662 and that the company's total liabilities exceed its assets by R 604,662.

The annual 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.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the director continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 7 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

5. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on these annual financial statements.

Director's Report (continued)

6. Share capital

Refer to note 8 of the annual financial statements for detail of the movement in authorised and issued share capital.

7. Director's interests in contracts

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

8. Dividends

No dividends were declared or paid to the shareholder during the year under review.

9. Director

The director in office at the date of this report is as follows:

Name	Nationality
PJ Kleynhans	South African

10. Holding entity

The company's holding entity is The South African Institution of Civil Engineering which holds 100% of the company's equity. The South African Institution of Civil Engineering is established in South Africa.

11. Secretary

The company had no secretary during the year.

12. Auditors

PricewaterhouseCoopers Inc. was appointed as auditors for the company for 2017.



Independent Auditor's Report

To the shareholders of The South African Institution of Civil Engineering Proprietary Limited

Other matter 1

Additional text

Partner's name
Partner

31 March 2017

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Statement of Financial Position as at 31 December 2016

	Notes	2016 R
Assets		
Current Assets		
Inventories	2	1,386,566
Trade and other receivables	3	796,966
Cash and cash equivalents	4	573,851
		<u>2,757,383</u>
Non-Current Assets		
Deferred tax	5	69,751
Total Assets		<u>2,827,134</u>
Equity and Liabilities		
Liabilities		
Current Liabilities		
Trade and other payables	6	754,513
Non-Current Liabilities		
Loan from related entity	7	2,677,283
Total Liabilities		<u>3,431,796</u>
Equity		
Share capital	8	-
Accumulated loss		(604,662)
		<u>(604,662)</u>
Total Equity and Liabilities		<u>2,827,134</u>

Draft 3

The accounting policies on pages 13 to 15 and the notes on pages 16 to 20 form an integral part of the annual financial statements.

The South African Institution of Civil Engineering Proprietary Limited
 (Registration number 2015/015140/07)
 Annual Financial Statements for the year ended 31 December 2016

Statement of Comprehensive Income

	Notes	2016 R
Revenue	9	15,031,142
Cost of sales	10	(2,513,017)
Gross profit		12,518,125
Other income	11	245,286
Operating expenses	12	(13,437,824)
Operating loss		(674,413)
Loss before taxation		(674,413)
Taxation	13	69,751
Loss for the year		(604,662)
Other comprehensive income		-
Total comprehensive loss for the year		(604,662)

Draft 3

The accounting policies on pages 13 to 15 and the notes on pages 16 to 20 form an integral part of the annual financial statements.

The South African Institution of Civil Engineering Proprietary Limited
 (Registration number 2015/015140/07)
 Annual Financial Statements for the year ended 31 December 2016

Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	R	R	R
Loss for the year	-	(604,662)	(604,662)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	<u>-</u>	<u>(604,662)</u>	<u>(604,662)</u>
Balance at 31 December 2016	<u>-</u>	<u>(604,662)</u>	<u>(604,662)</u>
Note	8		

Draft 3

The accounting policies on pages 13 to 15 and the notes on pages 16 to 20 form an integral part of the annual financial statements.

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Statement of Cash Flows

	Notes	2016 R
Cash flows from operating activities		
Cash used in operations	15	<u>(2,103,432)</u>
Cash flows from investing activities		
Loans advanced to related party		<u>2,677,283</u>
Net cash from investing activities		<u>2,677,283</u>
Total cash movement for the year		<u>573,851</u>
Total cash at end of the year	4	<u>573,851</u>

Draft 3

The accounting policies on pages 13 to 15 and the notes on pages 16 to 20 form an integral part of the annual financial statements.

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Accounting Policies

1. Presentation of annual financial statements

The South African Institution of Civil Engineering Proprietary Limited is a private company incorporated in South Africa. The address of its registered office and principal place of business is Block 19, Thornhill Office Park, Halfway House, 1685. Their principal activities are the development of networks which address all issues relating to Civil Engineering and providing a professional home for all involved in Civil Engineering.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Financial instruments

When a financial asset or financial liability is recognised initially, it is measured at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction.

Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Loans to (from) group entities

These include loans to and from holding entities are recognised initially at fair value plus direct transaction costs and subsequently measured at amortised cost.

Loans from group entities are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except for a change attributable to an item of income or expense recognised as other comprehensive income or as equity, in which case it is also recognised directly in other comprehensive income or equity.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period in which they are incurred.

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

Accounting Policies

1.5 Inventories (continued)

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in profit or loss.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised.

1.6 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.7 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 leave pay 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 profit sharing and 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.

1.8 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding value added taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Notes to the Annual Financial Statements

2016
R

2. Inventories

Inventories	1,386,566
-------------	-----------

The cost of inventories recognised as an expense and included in cost of sales amounted to R2,513,017.

3. Trade and other receivables

Trade receivables	875,204
Provision for doubtful debts	(320,075)
	555,129
Prepayments	8,325
VAT	233,512
	796,966

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	573,851
---------------	---------

5. Deferred tax

Deferred tax asset

Provision for bad debts	67,216
Income received in advance	2,535
	69,751
Total deferred tax asset	69,751

Reconciliation of deferred tax asset

Provision for bad debt	67,216
Income received in advance	2,535
	69,751

6. Trade and other payables

Trade payables	743,585
Accrued expenses	10,928
	754,513

7. Loan from related entity

Holding entity

The South African Institution of Civil Engineering	2,677,283
--	-----------

The loan is unsecured, interest free and has been subordinated in favour of other creditors until such time as the company's assets, fairly valued, exceed the liabilities.

Notes to the Annual Financial Statements

2016
R

8. Share capital

Authorised

1,000 Ordinary shares of no par value

-

Issued

120 Ordinary shares of no par value

-

9. Revenue

Admin fee courses

390,450

Book sales

5,782,548

Income - advertising magazine

4,670,354

Income host

178,037

Other income

1,461,574

Profit share

231,614

Sponsorship

1,082,231

Surplus/ deficit courses

1,234,334

15,031,142

10. Cost of sales

Rendering of services

Cost of services

2,513,017

11. Other income

Discount received

183

Other income

236,067

Royalties received

9,036

245,286

Draft 3

Notes to the Annual Financial Statements

2016
R

12. Expenses by nature

Accommodation	110,954
Advertising	746,789
Auditors remuneration	129,482
Bad debts	753,007
Catering	420,281
Commission paid	408,376
Consultants	724,183
Cost of sales	2,513,017
Couriers	235,660
Employee costs	4,384,950
Entertainment	70,891
Lease rentals on operating lease	225,452
Loss on exchange differences	19,930
Printing and stationery	3,068,648
Prizes and awards	117,453
Repairs and maintenance	171,266
Research and development costs	29,596
Royalty fees	116,722
Telephone and fax	95,862
Travel	293,151
Water and electricity	118,150
Other expenses	1,197,021
Total cost of sales and operating expenses	<u>15,950,841</u>

13. Taxation

Major components of the tax income

Deferred

Originating and reversing temporary differences	<u>(69,751)</u>
---	-----------------

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(674,413)
-----------------	-----------

Tax at the applicable tax rate of 28% (2015: 28%)	(188,836)
---	-----------

Tax effect of adjustments on taxable income

Assessed loss carried forward	119,085
	<u>(69,751)</u>

14. Director's remuneration

No emoluments were paid to the director or any individuals holding a prescribed office during the year.

Notes to the Annual Financial Statements

2016
R

15. Cash used in operations

Loss before taxation	(674,413)
Changes in working capital:	
Inventories	(1,386,566)
Trade and other receivables	(796,966)
Trade and other payables	754,513
	<u>(2,103,432)</u>

16. Related parties

Relationships	
Holding entity	The South African Institution of Civil Engineering

Related party balances and transactions with other related parties

Related party balances

Loan accounts - Owing to related party

The South African Institution of Civil Engineering	5,672
--	-------

Amounts included in Trade Payable regarding related party

The South African Institution of Civil Engineering	(2,671,611)
--	-------------

Related party transactions

Revenue (expenses) from related party

The South African Institution of Civil Engineering	10,588,199
The South African Institution of Civil Engineering	(12,931,717)

17. Comparative figures

The Institution changed its business model during the year. All non-member related trading activities are administered through The South African Institution of Civil Engineering Proprietary Limited. Costs incurred on behalf of the company are recharged as disclosed in note 16 to the financial statements.

18. Going concern

We draw attention to the fact that at 31 December 2016, the company had accumulated losses of R 604,662 and that the company's total liabilities exceed its assets by R 604,662.

The annual 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.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the director continues to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 7 of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

19. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on these annual financial statements.

The South African Institution of Civil Engineering Proprietary Limited
 (Registration number 2015/015140/07)
 Annual Financial Statements for the year ended 31 December 2016

Notes to the Annual Financial Statements

20. Financial instruments by category

2016	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other receivables	555,129	-	555,129
Cash and cash equivalents	573,851	-	573,851
Loan from related entity	-	(2,677,283)	(2,677,283)
Trade and other payables	-	(743,585)	(743,585)
	<u>1,128,980</u>	<u>(3,420,868)</u>	<u>(2,291,888)</u>

Draft 3

The South African Institution of Civil Engineering Proprietary Limited
 (Registration number 2015/015140/07)
 Annual Financial Statements for the year ended 31 December 2016

Detailed Income Statement

	Note	2016 R
Revenue		
Admin fee courses		390,450
Book sales		5,782,548
Income - advertising magazine		4,670,354
Income host		178,037
Other income		1,461,574
Profit share		231,614
Sponsorship		1,082,231
Surplus / deficit courses		1,234,334
	9	15,031,142
Cost of sales		
Purchases		(3,899,583)
Closing stock		1,386,566
	10	(2,513,017)
		12,518,125
Gross profit		
Other income		
Discount received		183
Other income		236,067
Royalties received		9,036
		245,286
		(13,437,824)
Expenses (Refer to page 22)		
Loss before taxation		
Taxation	13	69,751
		(604,662)

Draft 3

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Detailed Income Statement

	2016 R
Operating expenses	
Accommodation	110,954
Advertising	746,789
Annual return fee	495
Audiovisual production	7,070
Auditors' remuneration	129,482
Bad debts	753,007
Bank charges	19,945
Book binding	1,200
Catering	420,281
Cleaning material and kitchenware	19,464
Commission paid	408,376
Compensation commissioner	14,991
Computer expenses	46,692
Consulting fees	724,183
Consumables	1,485
Courier	235,660
Decor	80,617
Discount allowed	91
Document storage	22,483
Employee costs	4,384,950
Engraving	481
Entertainment	70,891
Exhibitions	8,312
First aid	334
Flowers and gifts	11,912
Gifts	975
Insurance	45,102
Lease rentals on operating lease	225,452
Levies	29,282
Loss on exchange differences	19,930
Mailroom costs	71,369
Marketing and PR	1,584
Municipal expenses	118,150
Petrol and oil	2,648
Photography and framing	74,164
Plaques and medals	8,531
Presentations	69,300
Printing and stationery	3,068,648
Prizes and awards	117,453
Profit share paid	3,605
Promotions	71,684
Rate card	497
Repairs and maintenance	171,266
Research and development costs	29,596
Royalty fees	116,722
Security	22,907
Sponsorships and special projects	13,688

Draft 3

The South African Institution of Civil Engineering Proprietary Limited
(Registration number 2015/015140/07)
Annual Financial Statements for the year ended 31 December 2016

Detailed Income Statement

	2016 R
Staff recruitment	1,344
Subscriptions	24,536
Telephone and fax	95,862
Temp salaries	6,150
Training and seminars	6,591
Travel	293,151
Typesetting	422,940
Uniforms	2,854
Venue hire	66,917
Videos	14,781
	<hr/>
	13,437,824

Draft 3