Institute of Natural Resources NPC

Registration number: 1996/000355/08
NPO registration number: 028-756-NPO
PBO registration number: 18/11/13/4494

Annual financial statements for the year ended
31 December 2015

Audited

Prepared under the supervision of
Mrs Belinda Murray (Financial Director)

Institute of Natural Resources NPC

Annual financial statements
for the year ended 31 December 2015

Contents

Institute of Natural Resources NPC
Registration number 1996/000355/08

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of the Institute of Natural Resources NPC, comprising the statement of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors' have made an assessment of the Institute of Natural Resources NPC ability to continue as a going concern and have no reason to believe the entity will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of the Institute of Natural Resources NPC, as identified in the first paragraph, were approved by the board of directors on 1 June 2016 and are signed on their behalf by:

Dr. SA Bodhanya	Mr DG Hay
Chairman	Executive Director

Institute of Natural Resources NPC

Directors' report

for the year ended 31 December 2015

The directors have pleasure in submitting their report for the year ended 31 December 2015.

Business activities

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, as amended. It is registered as a non-profit organisation with registration number 028-756-NPO.

The main purpose of the Institute of Natural Resources is to work towards the wise use of natural resources in pursuit of sustainability for the good of the environment and society. We do this through multidisciplinary action research and the dissemination of knowledge. We work closely with community partners in creating solutions which are both practical and easily implemented. In addition, we play an advisory role to government, communities and the private sector on key initiatives. The Institute's primary focus is sustainable resource management, with programmes in the following fields:

- Water Resources and Biodiversity
- Environmental Sustainability Assessment and Reporting
- Land Resources and Biodiversity
- Sustainable Agriculture and Food Security
- Environmental Change and Vulnerability
- Livelihoods and Biodiversity

General review of operations

The net deficit for the year is R 915 505 (2014: Surplus of R 940 555). This was as expected as reserves were planned to be utilised for growth through professional and business development during the 2015 financial year. As a non-profit company, surpluses arising from annual operations are transferred to a distributable reserve which is used to fund the sustainability and growth of the organisation and initiatives undertaken by the organisation for public benefit.

Public service activities

During the year the Institute of Natural Resources NPC undertook professional work without payment or at a discounted rate as a public service to the value of R 562 223 (2014: R 594 438). 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
- Mentoring students and supervising post graduate research

Institute of Natural Resources NPC

Directors' report (continued)
for the year ended 31 December 2015

Directors

The directors in office during the year were as follows:

Dr. SA Bodhanya	(Chairman - Independent non-executive director)
Ms JJ Mitchell	(Executive director 1 January 2015 to 30 April 2015, Non-executive director 1 May 2015)
Mr DG Hay	(Executive director 1 May 2015)
Mrs B Murray	(Financial director)
Mr BI Khumalo	(Independent non-executive director)
Mr RE Stewart	(Independent non-executive director)

Secretary

No secretary was appointed for the year under review.

Business address:	**Postal address**
67 St Patricks Road	P O Box 100396
Scottsville	Scottsville
Pietermaritzburg	3209
3201	

Auditors

KPMG Inc will continue in office in accordance with Section 90 of the Companies Act of South Africa.

Bankers

Nedbank Limited
Investec Bank Limited

Subsequent events

The directors are not aware of any matter or circumstances arising between the reporting date and the date of this report, not otherwise dealt with in the financial statements that would significantly affect the financial position of the company or the results of its financial position.

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Independent auditor's report

To the Directors' of the Institute of Natural Resources NPC

We have audited the financial statements of the Institute of Natural Resources NPC, which comprise the statement of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 25.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Institute of Natural Resources NPC at 31 December 2015, 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 of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the audited financial statements. The report is the responsibility of the respective preparers. Based on reading these report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion thereon.

KPMG Inc.

Per FA Karreem
Chartered Accountant (SA)
Registered Auditor
Director
1 June 2016

Institute of Natural Resources NPC

Statement of financial position

as at 31 December 2015

	Notes	2015 R	2014 R
Assets			
Non-current assets			
Property, plant and equipment	*2*	**2 623 209**	2 759 168
Current assets		**8 451 588**	10 262 878
Cash and cash equivalents	*3*	**1 989 010**	2 689 457
Trade and other receivables	*4*	**3 696 398**	5 133 837
Work in progress		**2 766 180**	2 439 584
Total assets		**11 074 797**	13 022 046
Reserves and liabilities			
Reserves		**9 056 969**	9 972 474
Distributable reserves		**7 856 769**	8 772 474
Non-distributable reserves		**1 200 000**	1 200 000
Non-current liabilities			
Long- term liability	*5*	**-**	10 975
Current liabilities		**2 017 828**	3 038 597
Funds in advance		**794 676**	831 028
Current portion of long term liability	*5*	**10 975**	65 847
Trade and other payables	*6*	**1 212 177**	2 141 722
Total reserves and liabilities		**11 074 797**	13 022 046

Institute of Natural Resources NPC

Statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015 R	2014 R
Revenue		10 448 936	21 213 865
Other income		160 145	273 314
Total income		10 609 081	21 487 179
Depreciation expense		(150 820)	(166 277)
Employee benefits expense		(7 734 079)	(9 506 631)
Other expenses		(1 087 627)	(1 572 170)
Project expenses		(2 772 628)	(9 595 991)
Total operating expenses		(11 745 154)	(20 841 069)
(Deficit) / surplus from operations	*7*	(1 136 073)	646 110
Net finance income	*8*	220 568	294 445
Interest received		221 296	296 310
Interest paid		(728)	(1 865)
Net (deficit) / surplus for the year		(915 505)	940 555
Other comprehensive income		-	-
Total comprehensive (deficit) / surplus for the year		(915 505)	940 555

Institute of Natural Resources NPC

Statement of changes in equity

for the year ended 31 December 2015

	Non-distributable reserves R	Distributable reserves R	Total R
Balance at 31 December 2013	1 200 000	7 831 919	9 031 919
Total comprehensive surplus for the year	-	940 555	940 555
Balance at 31 December 2014	**1 200 000**	**8 772 474**	**9 972 474**
Total comprehensive deficit for the year	-	**(915 505)**	**(915 505)**
Balance at 31 December 2015	**1 200 000**	**7 856 969**	**9 056 969**

Institute of Natural Resources NPC

Statement of cash flows

for the year ended 31 December 2015

	Notes	2015 R	2014 R
Cash flows from operating activities			
Cash utilised by operations	9	**(896 577)**	(4 057 136)
Interest received		**221 296**	296 310
Interest paid		**(728)**	(1 865)
Net outflow from operating activities		**(676 009)**	(3 762 691)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**1 404**	2 740
Acquisition of property, plant and equipment		**(14 867)**	(147 154)
Net cash outflow from investing activities		**(13 463)**	(144 414)
Cash flows from financing activities			
Decrease in long-term liability		**(10 975)**	(65 848)
Net cash outflow from financing activities		**(10 975)**	(65 848)
Decrease in cash balances for the year		**(700 447)**	(3 972 953)
Cash balances at beginning of the year		**2 689 457**	6 662 410
Cash balances at end of the year	3	**1 989 010**	2 689 457

1. Accounting policies

1.1 Reporting entity

The Institute of Natural Resources NPC (the company) is a non-profit company incorporated under Section 8 and 11 of the Companies Act 71 of 2008, (as amended) and Companies Regulations 2013 and is domiciled in the Republic of South Africa. The address of the company's registered office is 67 St Patricks Road, Scottsville, Pietermaritzburg, 3201, South Africa.

1.2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in note 10.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(c) Functional and presentation currency

The financial statements are presented in South African Rands, which is the entity's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. 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 estimate is revised and in any future periods affected.

1.3 Significant accounting policies

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Computer equipment 3 years
- Furniture and equipment 5 years
- Buildings 50 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand form 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.

1.3 Significant accounting policies (continued)

(c) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.3 Significant accounting policies (continued)

(e) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the income statement using the effective interest method.

(f) Financial instruments

(i) Trade and other receivables

Trade and other receivables do not carry interest and are stated at their amortised cost, less impairment losses. 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 sale. Significant financial difficulties of the debtor, or delinquency in payments are considered indicators that the trade receivable is impaired.

(ii) Cash and cash equivalents

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

(iii) Borrowings and loans

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(iii) Trade and other payables

Trade and other payables are classified as financial liabilities originated by the company. These short term amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

(g) Revenue

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.

1.3 Significant accounting policies (continued)

(h) Surpluses/Deficits

Surpluses/Deficits arising from annual operations are transferred to a distributable reserve which is used to fund the sustainability and growth of the organisation, and action initiatives undertaken by the organisation for public benefit.

(i) 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 any non-monetary benefits) 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.

(j) Funds in advance and work in progress

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.

(k) Related parties

A party is related to the company if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the company;
- The party is a member of key management personnel of the entity or its parent;
- The party is a close family member of the family or individual referred to the above.

Close family member of the family of an individual includes:

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependents of the individual or the individual's domestic partner.

(l) Determination of fair values

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2 Property, plant and equipment

	Land R	Buildings R	Computer equipment R	Furniture and equipment R	Motor Vehicle R	Total R
Cost						
Balance at 1 January 2014	190 000	2 234 215	359 620	440 693	83 000	3 307 528
Acquisitions	-	-	85 616	61 538	-	147 154
Disposals	-	-	(17 742)	(2644)	-	(20 386)
Balance at 31 December 2014	**190 000**	**2 234 215**	**427 494**	**499 587**	**83 000**	**3 434 296**
Acquisitions	-	-	-	**14 867**	-	**14 867**
Disposals	-	-	**(28 115)**	**(3 804)**	-	**(31 919)**
Balance at 31 December 2015	**190 000**	**2 234 215**	**399 379**	**510 650**	**83 000**	**3 417 244**
Depreciation and impairment losses						
Balance at 1 January 2014	-	41 435	189 702	288 595	8 300	528 032
Depreciation charge for the year	-	-	101 074	48 604	16 600	166 278
Disposals	-	-	(16 540)	(2 642)	-	(19 182)
Balance at 31 December 2014	-	**41 435**	**274 236**	**334 557**	**24 900**	**675 128**
Depreciation charge for the year	-	-	**84 730**	**49 490**	**16 600**	**150 820**
Disposals	-	-	**(28 111)**	**(3 802)**	-	**(31 913)**
Balance at 31 December 2015	-	**41 435**	**330 855**	**380 245**	**41 500**	**794 035**
Carrying amount						
Balance at 31 December 2014	190 000	2 192 780	153 258	165 030	58 100	2 759 168
Balance at 31 December 2015	**190 000**	**2 192 780**	**68 524**	**130 405**	**41 500**	**2 623 209**

2 Property, plant and equipment (continued)

Land and buildings

Land and buildings comprises portions 127, 128, 324, 349 of Erf 1913, Pietermaritzburg, KwaZulu-Natal, measuring 5 582 square meters (known as 67 St Patricks Road, Pietermaritzburg). This property is secured by a first mortgage bond in favour of Nedcor Nedbank Limited (refer note 5). Buildings were not depreciated during the current year as the residual value exceeded the carrying amount.

	2015	2014
	R	R
3 Cash and cash equivalents		
Call accounts	**1 731 437**	2 461 867
Current accounts	**235 144**	145 459
Cash facility	**10 979**	76 830
Petty cash	**11 450**	5 301
	1 989 010	2 689 457

Included in cash and cash equivalents is R 794 676 (2014: R 831 028), 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 R650 000.

Cession of Fire Cover Insurance over portion 127, portion 349; and portion 324 of Erf 1913, Pietermaritzburg for R9 000 000.

4 Trade and other receivables

	2015	2014
	R	R
Trade receivables	**2 767 554**	4 060 519
Other receivables	**928 844**	1 073 318
	3 696 398	5 133 837

Notes to the financial statements

for the year ended 31 December 2015

	2015	2014
5 Long-term liability	**R**	R
Mortgage bond	**10 975**	76 822
Less : Current portion	**(10 975)**	(65 847)
Long-term portion	**-**	10 975

The mortgage bond is secured over land and buildings with a carrying value of R 2 382 779 (2014: R 2 382 779). This bond does not bear interest. It is linked to a cash facility, and is repayable in equal monthly capital instalments of R 5 847 (2014: R 5 847) (refer note 2). The remaining period of the bond is 2 months.

	2015	2014
	R	R
6 Trade and other payables		
Trade payables	**617 804**	751 979
Accruals	**452 818**	1 351 410
Value added tax	**138 995**	34 819
Other payables	**2 560**	3 514
	1 212 177	2 141 722

7 Deficit / surplus from operations

Deficit / surplus from operations is arrived at after taking the following into account:

	2015	2014
Income		
Foreign exchange gains	**102 955**	173 427
Profit on sale of property, plant and equipment	**1 398**	1 536
Expenses		
Audit fees	**98 000**	120 000
- current year provision	**125 000**	120 000
- discount received	**(25 000)**	-
- prior year overprovision	**(2 000)**	-
Depreciation	**150 820**	166 278
Directors remuneration – other services	**1 785 465**	1 875 957
Professional fees	**1 434 507**	6 730 392

		2015 R	2014 R
8	**Net finance income**		
	Interest received	**221 296**	296 310
	Interest paid	**(728)**	(1 865)
		220 568	294 445
9	**Notes to the statement of cash flows**		
	Cash utilised by operations		
	(Deficit) / surplus from operations	**(1 136 073)**	646 110
	Adjusted for:		
	Depreciation	**150 820**	166 278
	Profit on sale of property, plant and equipment	**(1 398)**	(1 536)
	Operating (deficit) / surplus before changes in working capital	**(986 651)**	810 852
	Changes in working capital:	**90 074**	(4 867 988)
	(Increase) / decrease in work in progress	**(326 596)**	37 300
	Decrease / (increase) in trade and other receivables	**1 437 439**	(3 433 172)
	Decrease in funds in advance	**(36 352)**	(996 869)
	Decrease in current portion of long-term liability	**(54 872)**	-
	Decrease in trade and other payables	**(929 545)**	(475 247)
		(896 577)	(4 057 136)

10 Financial risk management

The Institute of Natural Resources NPC financial instruments consist primarily of cash and cash equivalents, trade and other receivables, long term liabilities and trade and other payables. Financial instruments are carried at fair value or amounts that approximate fair value.

Categories of financial instruments	2015 R	2014 R
Financial assets		
Loans and receivables	**5 685 408**	7 823 294
Trade and other receivables	**3 696 398**	5 133 837
Cash and cash equivalents	**1 989 010**	2 689 457

		2015	2014
10	**Financial risk management (continued)**	**R**	R

Categories of financial instruments (continued)

Financial liabilities

	2015	2014
Financial liabilities measured at cost	**1 223 152**	2 218 544
Trade and other payables	**1 212 177**	2 141 722
Long term liability	**-**	10 975
Current portion of long term liability	**10 975**	65 847

Financial income

	2015	2014
Recognised in profit or loss		
Interest on cash balances	**221 296**	296 310

Financial expenses

	2015	2014
Recognised in profit or loss		
Other interest on financial liabilities	**728**	1 865

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2015 R	**Fair value 2015 R**	Carrying amount 2014 R	Fair value 2014 R
Cash and cash equivalents	**1 989 010**	**1 989 010**	2 689 457	2 689 457
Trade and other receivables	**3 696 398**	**3 696 398**	5 133 837	5 133 837
Trade and other payables	**1 212 177**	**1 212 177**	(2 141 722)	(2 141 722)
Long-term liability	**-**	**-**	(10 975)	(10 975)
Current portion of long term liability	**10 975**	**10 975**	(65 847)	(65 847)
	6 908 560	**6 908 560**	5 604 750	5 604 750

10 Financial risk management (continued)

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of the financial instruments reflected in the earlier table.

Cash and cash equivalents

The fair value of cash and cash equivalents is deemed to be the face value of such cash and cash equivalent financial assets.

Other receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date when the effect of discounting is considered significant. The effect of discounting is not considered significant due to the short term nature of the company's receivables. Therefore the fair value of other receivables is deemed to approximate carrying value.

Other payables

The fair value of payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date when the effect of discounting is considered significant. The effect of discounting is not considered significant due to the short term nature of the company's other payables. Therefore the fair value of other payables is deemed to approximate carrying value.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments. The company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

10 Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount R	Contractual cash flows R	12 months or less R	1 – 2 years R	2 – 5 years R	More than 5 years R
31 December 2015						
Non derivative financial instruments						
Mortgage bond	**10 975**	**10 975**	**10 975**	**-**	**-**	**-**
Trade and other payables	**1 073 182**	**1 073 182**	**1 073 182**	**-**	**-**	**-**
31 December 2014						
Non derivative financial instruments						
Mortgage bond	10 975	76 822	65 847	10 975	-	-
Trade and other payables	2 106 903	2 106 903	2 106 903	-	-	-

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 level 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.

At the reporting date the interest rate profile of the company's interest bearing financial instruments were:

	2015 R	2014 R
Bank accounts	**1 989 010**	2 689 457

10 Financial risk management (continued)

Interest rate sensitivity

The sensitivity analyses below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

	2015	2014
	R	R
If interest rates had been 50 basis points higher / lower and all other variables held constant, the entity's net surplus would increase / decrease by:	9 945	16 297

The analysis assumes that all variables including capital amounts remain constant.

Credit risk management

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the company, thereby causing financial loss to the company.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. Reputable financial institutions are used for investing and cash handling purposes.

At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Foreign currency risk management

The company is exposed to foreign currency risk in the normal course of business.

Currently the company does not make use of policies aimed at reducing exposure to foreign currency risk.

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10 Financial risk management (continued)

Impairment losses

The aging of trade receivables as at the reporting date was:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
	R	**R**	R	R
Not past due	**1 268 430**	-	612 058	-
Past due 0 - 30 days	**29 616**	-	786 675	-
Past due 30 - 60 days	**1 465 335**	-	30 039	-
Past due 60 - 90 days	-	-	1 650 518	-
More than 90 days	**4 173**	-	981 229	-
	2 767 554	-	4 060 519	-

The directors believe that no impairment loss is necessary.

11 Income taxation

The company has been granted an exemption from income taxation by the South African Revenue Service in terms of S10(1)(cN) of the Income Tax Act.

12 Related parties

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

Dr. SA Bodhanya
Flamingo Moon Trading 205 (Pty) Ltd trading as The Leadership Dialogue (Durban)

Ms JJ Mitchell
None

Mr BI Khumalo
Operation Jumpstart NPC

Mr RE Stewart
Ginmeric Investments CC
Investment Developments CC
New Guelderland Sugar (Pty) Ltd
Crookes Brothers Limited

Mrs B Murray
None

Mr DG Hay
Midlands Community College Centre for Further Education and Training (RF)
Freeman-Smith Family Trust- Trustee

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

13 New standards and interpretations not yet effective

At the date of authorisation of the financial statements of Institute of Natural Resources for the year ended 31 December 2015, the following Standards and Interpretations applicable to the company were in issue but not yet effective:

Standard/Interpretation		Effective date
Various	*Annual Improvements to IFRSs 2010-2012 Cycle*	01 July 2015
Various	*Annual Improvements to IFRSs 2011-2013 Cycle*	01 July 2015
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	01 January 2016
Various	*Annual Improvements to IFRSs 2012-2015 Cycle*	01 January 2016
Amendments to IAS 1	*Disclosure Initiative*	01 January 2016
IFRS 15	*Revenue from contracts with customers*	01 January 2017
IFRS 9	*Financial Instruments*	01 January 2018

All standards and interpretations will be adopted at their effective dates.

The directors are of the opinion that these amendments will not have a material impact on the company's financial statements.