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 2016

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 2016

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Directors' report

for the year ended 31 December 2016

The directors have pleasure in submitting their report for the year ended 31 December 2016.

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 our work arranged into a series of inter-linked thematic areas:

- Adaptation and Resilience
- Agriculture and Rural Livelihoods
- Ecosystems
- Environmental Sustainability
- Environmental Governance
- Water and Aquatic Ecology

General review of operations
The net surplus for the year is R 842 143 (2015: Deficit R 915 505). 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 303 028 (2015: R562 223). We are committed to making a meaningful contribution to society as a whole, particularly through;

- Funding key action research projects
- Participating in problem-solving dialogues and sharing our knowledge at workshops and conferences
- Publishing scientific papers, articles and booklets
- Implementing an internship programme
- Mentoring students and supervising post graduate research

Directors' report (continued)
for the year ended 31 December 2016

Directors

The directors in office during the year were as follows:

Dr. SA Bodhanya	(Chairman - Independent non-executive director)
Mr DG Hay	(Executive director)
Mrs B Murray	(Financial director)
Ms JJ Mitchell	(Independent non-executive director)
Mr BI Khumalo	(Independent non-executive director)
Mr RE Stewart	(Independent non-executive director)
Mr CTH James	(Independent non-executive director 05 October 2016)

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.

Institute of Natural Resources NPC

Directors' report (continued)

for the year ended 31 December 2016

Approval of the annual financial statements

The annual financial statements of the Institute of Natural Resources NPC were approved by the board of directors on 31 May 2017 and are signed by:

Dr. SA Bodhanya	Mr DG Hay
Chairman	Executive Director

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Independent Auditor's Report

To the Directors' of the Institute of Natural Resources NPC

Opinion

We have audited the financial statements of the Institute of Natural Resources NPC set out on pages 8 to 27 which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute of Natural Resources NPC as at 31 December 2016, 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.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

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

KPMG

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

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

KPMG Inc.

Per Jay Datadin
Chartered Accountant (SA)
Director
Registered Auditor
31 May 2017

Institute of Natural Resources NPC

Statement of financial position

at 31 December 2016

	Notes	2016 R	2015 R
Assets			
Non-current assets			
Property, plant and equipment	2	**2 628 054**	2 623 209
Current assets		**9 742 135**	8 451 588
Cash and cash equivalents	3	**3 388 116**	1 989 010
Trade and other receivables	4	**2 460 126**	3 696 398
Work in progress		**3 893 893**	2 766 180
Total assets		**12 370 189**	11 074 797
Reserves and liabilities			
Reserves		**9 899 112**	9 056 969
Distributable reserves		**8 699 112**	7 856 969
Non-distributable reserves		**1 200 000**	1 200 000
Non-current liabilities			
Long- term liability	5	-	-
Current liabilities		**2 471 077**	2 017 828
Funds in advance		**899 121**	794 676
Current portion of long term liability	5	-	10 975
Trade and other payables	6	**1 571 956**	1 212 177
Total reserves and liabilities		**12 370 189**	11 074 797

Institute of Natural Resources NPC

Statement of comprehensive income

for the year ended 31 December 2016

	Notes	**2016** **R**	2015 R
Revenue		**13 528 075**	10 448 936
Other income		**112 842**	160 145
Total income		**13 640 917**	10 609 081
Depreciation expense		**(123 241)**	(150 820)
Employee benefits expense		**(8 744 713)**	(7 734 079)
Other expenses		**(1 271 999)**	(1 087 627)
Project expenses		**(2 841 483)**	(2 772 628)
Total operating expenses		**(12 981 436)**	(11 745 154)
Surplus / (Deficit) from operations	7	**659 481**	(1 136 073)
Net finance income	8	**182 662**	220 568
Interest received		**182 712**	221 296
Interest paid		**(50)**	(728)
Net surplus / (deficit) for the year		**842 143**	(915 505)
Other comprehensive income		-	-
Total comprehensive surplus / (deficit) for the year		**842 143**	(915 505)

Institute of Natural Resources NPC

Statement of changes in equity

for the year ended 31 December 2016

	Non-distributable reserves R	Distributable reserves R	Total R
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**
Total comprehensive surplus for the year	-	**842 143**	**842 143**
Balance at 31 December 2016	**1 200 000**	**8 699 112**	**9 899 112**

Institute of Natural Resources NPC

Statement of cash flows
for the year ended 31 December 2016

	Notes	2016 R	2015 R
Cash flows from operating activities			
Cash generated / (utilised) by operations	9	**1 354 637**	(841 705)
Interest received		**182 712**	221 296
Interest paid		**(50)**	(728)
Net cash inflow/ (outflow) from operating activities		**1 537 299**	(621 137)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**873**	1 404
Acquisition of property, plant and equipment		**(128 091)**	(14 867)
Net cash outflow from investing activities		**(127 218)**	(13 463)
Cash flows from financing activities			
Decrease in long-term liability		**(10 975)**	(65 847)
Net cash outflow from financing activities		**(10 975)**	(65 847)
Increase / (Decrease) in cash balances for the year		**1 399 106**	(700 447)
Cash balances at beginning of the year		**1 989 010**	2 689 457
Cash balances at end of the year	3	**3 388 116**	1 989 010

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.

(iv) 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 2015	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**
Acquisitions	-	-	**64 102**	**63 989**	-	**128 091**
Disposals	-	-	**(15 404)**	**(9 575)**	-	**(24 979)**
Balance at 31 December 2016	**190 000**	**2 234 215**	**448 077**	**565 064**	**83 000**	**3 520 356**
Depreciation and impairment losses						
Balance at 1 January 2015	-	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**
Depreciation charge for the year	-	-	**57 866**	**48 775**	**16 600**	**123 241**
Disposals	-	-	**(15 402)**	**(9 572)**	-	**(24 974)**
Balance at 31 December 2016	-	**41 435**	**373 319**	**419 448**	**58 100**	**892 302**
Carrying amount						
Balance at 31 December 2015	**190 000**	**2 192 780**	**68 524**	**130 405**	**41 500**	**2 623 209**
Balance at 31 December 2016	**190 000**	**2 192 780**	**74 758**	**145 616**	**24 900**	**2 628 054**

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.

3 Cash and cash equivalents

	2016 R	2015 R
Call accounts	**3 200 223**	1 731 437
Current accounts	**180 645**	235 144
Cash facility	**-**	10 979
Petty cash	**7 248**	11 450
	3 388 116	1 989 010

Included in cash and cash equivalents is R 899 121 (2015: R 794 676), 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

	2016 R	2015 R
Trade receivables	**2 431 378**	2 767 554
Other receivables	**28 748**	928 844
	2 460 126	3 696 398

Institute of Natural Resources NPC

Notes to the financial statements
for the year ended 31 December 2016

		2016 R	2015 R
5	**Long-term liability**		
	Mortgage bond	-	10 975
	Less : Current portion	-	(10 975)
	Long-term portion	-	-

The mortgage bond is secured over land and buildings with a carrying value of R 2 382 780. 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 (2015: R 5 847) (refer note 2).

		2016 R	2015 R
6	**Trade and other payables**		
	Trade payables	**373 665**	617 804
	Accruals	**846 061**	452 818
	Value added tax	**350 454**	138 995
	Other payables	**1 776**	2 560
		1 571 956	1 212 177

7 Surplus/deficit from operations

Surplus/deficit from operations is arrived at after taking the following into account:

	2016	2015
Income		
Foreign exchange gains	**109 290**	102 955
Profit on sale of property, plant and equipment	**868**	1 398
Expenses		
Audit fees- INR	**135 000**	98 000
- current year provision	**135 000**	125 000
- discount received	-	(25 000)
- prior year overprovision	-	(2 000)
Audit fees- Projects	**25 000**	-
- current year provision	**25 000**	-
Depreciation	**123 241**	150 820
Directors remuneration – other services	**1 478 365**	1 785 465
Professional fees	**1 284 951**	1 434 507

Institute of Natural Resources NPC

Notes to the financial statements
for the year ended 31 December 2016

		2016 R	2015 R
8	**Net finance income**		
	Interest received	**182 712**	221 296
	Interest paid	**(50)**	(728)
		182 662	220 568

9 Notes to the statement of cash flows

Cash utilised by operations

	2016 R	2015 R
Surplus / (Deficit) from operations	**659 481**	(1 136 073)
Adjusted for:		
Depreciation	**123 241**	150 820
Profit on sale of property, plant and equipment	**(868)**	(1 398)
Operating surplus / (deficit) before changes in working capital	**781 854**	(986 651)
Changes in working capital:	**572 783**	144 946
Increase in work in progress	**(1 127 713)**	(326 596)
Decrease in trade and other receivables	**1 236 272**	1 437 439
Increase / (Decrease) in funds in advance	**104 445**	(36 352)
Increase / (Decrease) in trade and other payables	**359 779**	(929 545)
	1 354 637	(841 705)

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	**2016 R**	2015 R
Financial assets		
Loans and receivables	**5 848 242**	5 685 408
Trade and other receivables	**2 460 126**	3 696 398
Cash and cash equivalents	**3 388 116**	1 989 010

		2016 R	2015 R
10	**Financial risk management (continued)**		
	Categories of financial instruments (continued)		
	Financial liabilities		
	Financial liabilities measured at cost	**1 571 956**	1 223 152
	Trade and other payables	**1 571 956**	1 212 177
	Current portion of long term liability	**-**	10 975
	Financial income		
	Recognised in profit or loss		
	Interest on cash balances	**182 712**	221 296
	Financial expenses		
	Recognised in profit or loss		
	Other interest on financial liabilities	**50**	728

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 2016 R	**Fair value 2016 R**	Carrying amount 2015 R	Fair value 2015 R
Cash and cash equivalents	**3 388 116**	**3 388 116**	1 989 010	1 989 010
Trade and other receivables	**2 460 126**	**2 460 126**	3 696 398	3 696 398
Trade and other payables	**1 571 956**	**1 571 956**	1 212 177	1 212 177
Current portion of long term liability	**-**	**-**	10 975	10 975
	7 420 198	**7 420 198**	6 908 560	6 908 560

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 2016						
Non derivative financial instruments						
Mortgage bond	-	-	-	-	-	-
Trade and other payables	**1 221 502**	**1 221 502**	**1 221 502**	-	-	-
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	-	-	-

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:

	2016 R	2015 R
Bank accounts	**3 388 116**	1 989 010

10 Financial risk management (continued)

Interest rate sensitivity

The sensitivity analysis 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.

	2016	2015
	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

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.

10 Financial risk management (continued)

Impairment losses

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

	2016		2015	
	Gross	**Impairment**	Gross	Impairment
	R	**R**	R	R
Not past due	**1 524 200**	-	1 268 430	-
Past due 0-30 days	**458 792**	-	29 616	-
Past due 30-60 days	**79 902**	-	1 465 335	-
Past due 60-90 days	**216 137**	-	-	-
More than 90 days	**152 347**	-	4 173	-
	2 431 378	-	2 767 554	-

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) - resigned on 31 July 2016

Mr CTH James
None

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

Institute of Natural Resources NPC

Notes to the financial statements
for the year ended 31 December 2016

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 2016, the following Standards and Interpretations applicable to the company were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IAS 7	*Disclosure amendments*	January 2014	1 January 2017
IFRS 15	*Revenue from contracts with customers*	May 2014	1 January 2018
IFRS 9	*Financial Instruments*	July 2014	1 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.