



MINERALS COUNCIL
SOUTH AFRICA

**ANNUAL FINANCIAL
Statements**

2022

#MakingMiningMatter





VISION

To ensure mining matters for South Africa.



MISSION

To play a leadership role in enabling the South African mining sector to achieve its real potential for investment, growth, transformation, and development in a socially and environmentally responsible manner.



VALUES

Members are obliged to conduct their business according to the agreed Minerals Council values, which dictate the minimum standards of conduct required of them in order to become or remain a member of the Minerals Council. The five values of the Minerals Council are:



Responsible citizenship



Trust



Accountability



Respect



Honesty

About this report

The Minerals Council South Africa's financial year is from 1 January 2022 to 31 December 2022.

These separate annual financial statements cover transactions during this period, and have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities.



These financial statements, including the Integrated Annual Review, are available on the Minerals Council website at:

www.mineralscouncil.org.za/industry-news/publications/annual-reports



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Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	To achieve a policy, legislative and governance framework, which is widely supported and which will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.
Registered Office	7th Floor Rosebank Towers 19 Biermann Ave Rosebank
Business Address	7th Floor Rosebank Towers 19 Biermann Ave Rosebank
Bankers	ABSA, Nedbank First National Bank
Auditors	Mazars Chartered Accountants (S.A.) Registered Auditors

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

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Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Board's Responsibilities and Approval

The Board of the Minerals Council South Africa (hereafter "the Minerals Council" or "Council") is responsible for the maintenance of adequate accounting records, the preparation and integrity of the annual financial statements and related information.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Sized Entities. The Council's independent external auditors, Mazars, have audited these annual financial statements and their report appears on page 4.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the Council will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 7 to 21 were approved by the Board on 29 March 2023 and were signed on its behalf by:



Mr R Baxter
CHIEF EXECUTIVE OFFICER



Ms N Fakude
PRESIDENT

Independent Auditor's Report

31 December 2022

To the Members of Minerals Council South Africa

Opinion

We have audited the financial statements of Minerals Council South Africa set out on pages 7 to 21, which comprise the statement of financial position as at 31 December 2022, 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 Minerals Council South Africa as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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 entity 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board is responsible for the other information. The other information comprises the information included in the document titled "Minerals Council South Africa Financial Statements for the year ended 31 December 2022". The other information does not include the financial statements and our auditor's reports thereon.

Registered Auditor-A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

Partners: MV Ninan (CEO), C Abrahamse, SJ Adlam, JM Barnard, AK Batt, T Beukes, WI Blake, HL Burger, MJ Cassan, JC Combrink, JR Comley, GJ De Beer, TVDL De Vries, G Deva, Y Dockrat, DS Dollman, S Doolabh, A Driscoll, CP Du Plessis, J Du Plessis, M Edelberg, JJ Eloff, T Erasmus, B Ferreira, Y Ferreira, MH Fisher, T Gangen, M Groenewald, J Heathcote-Hacker, K Hoosain, MY Ismail, B Jansen, J Kasan, D Keeve, CN Kelton, J Marais, N Mayat, B Mbunge, FN Miller, G Molyneux, A Moruck, R Murugan, S Naidoo, GJ Oberholster, MG Odendaal, MC Olckers, W Oliver, MV Patel, M Pieterse, E Pretorius, W Rabe, N Ravee, D Resnick, L Roeloffze, M Saayman, MA Salee, E Sibanda, MR Snow, SM Solomon, W Sterley, EM Steyn, HH Swanepoel, AL Swartz, DM Tekie, MJA Teuchert, N Thelander, S Truter, PC van der Merwe, L van Jaarsveldt, R van Molendorff, JC Van Tubbergh, N Volschenk, S Vorster, J Watkins-Baker

Our offices: Bloemfontein, Cape Town, Durban, George, Gqeberha, Johannesburg, Paarl, Plettenberg Bay, Pretoria

mazars

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 Board for the Financial Statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and for such internal control as the board 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 board is responsible for assessing the entity'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 board either intend to liquidate the entity 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at page 6, forms part of our auditor's report.

Mazars
Partner: Daniel Tekie
Registered Auditor
6 April 2023
Pretoria

Auditor's Responsibilities for the Audit of the 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 organisations internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board.
- Conclude on the appropriateness of board's 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 organisations 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 organisation to cease to continue as a going concern.
- 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 board 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.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Statement of Financial Position as at 31 December 2022

	Notes	2022 R	2021 R
Assets			
Non-Current Assets			
Property, Plant and Equipment	2	682,178	1,229,838
Intangible Assets	3	-	36,000
Other Financial Assets	4	4,314,257	6,265,046
Other Investments		225,274	225,274
Investments and Term Deposits	5	53,410,822	44,894,024
		58,632,531	52,650,182
Current Assets			
Trade and Other Receivables	6	116,856,095	40,983,204
Short-Term Financial Assets	4	5,398,461	4,638,310
Other Financial Assets	4	6,867,465	7,364,215
Cash and Cash Equivalents	7	123,011,786	98,504,836
		252,133,807	151,490,565
Total Assets		310,766,338	204,140,747
Equity and Liabilities			
Capital and Reserves			
Project Funds	8	57,191,758	48,674,962
Retained Income		8,302,624	8,302,624
		65,494,382	56,977,586
Liabilities			
Non-Current Liabilities			
External Debt	9	993,040	1,319,368
Other Financial Liability	4	4,314,257	6,265,046
		5,307,297	7,584,414
Current Liabilities			
Trade and Other Payables	10	220,954,881	121,386,151
External Debt	9	352,889	327,467
Loans from Related Parties	11	6,390,963	5,862,604
Other Liability	4	5,398,461	4,638,310
Other Financial Liability	4	6,867,465	7,364,215
		239,964,659	139,578,747
Total Liabilities		245,271,956	147,163,161
Total Equity and Liabilities		310,766,338	204,140,747

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Statement of Comprehensive Income

	Notes	2022 R	2021 R
Revenue	12	164,570,068	145,679,285
Other Income	13	833,576	4,151,981
Administrative and Operating Expenditure	14	(170,489,074)	(152,530,408)
Depreciation and Amortisation		(326,521)	(1,016,218)
Operating Loss		(5,411,951)	(3,715,360)
Interest Received		5,505,529	3,818,482
Finance Costs		(93,578)	(103,122)
Profit for the Year		-	-
Project Income	8	65,408,104	65,293,000
Additional Project Income	8	11,685,624	2,464,930
Project Expenditure	8	(68,576,932)	(58,294,320)
Increase in Project Funding		8,516,796	9,463,610
Total Comprehensive Income for the Year		8,516,796	9,463,610

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

	Project Funds R	Accumulated Funds R	Total funds R
Balance at 01 January 2021	39,211,352	8,302,624	47,513,976
Decrease in Project Funding	-	9,463,610	9,463,610
Transfer (from) / to Project Funds	9,463,610	(9,463,610)	-
Balance at 31 December 2021	48,674,962	8,302,624	56,977,586
Increase in Project Funding	-	8,516,796	8,516,796
Transfer (from) / to Project Funds	8,516,796	(8,516,796)	-
Balance at 31 December 2022	57,191,758	8,302,624	65,494,382
Note	8		

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

	Notes	2022 R	2021 R
Cash Flows from Operating Activities			
Cash Generated from Operations	15	28,019,990	21,996,468
Finance Costs		(93,578)	(103,122)
Net Cash from Operating Activities		27,926,412	21,893,346
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	2	(400,971)	(371,399)
Proceeds on Sale of Property, Plant and Equipment and Intangible Assets	2	293,682	17,501
(Acquisition) / Sale of Financial Assets		1,190,638	(1,542,100)
(Increase) in Investments		(8,516,796)	(9,463,610)
Interest Received		5,505,529	3,818,482
Net Cash from Investing Activities		(1,927,918)	(7,541,126)
Cash Flows from Financing Activities			
Repayment of External Debt		(300,906)	(361,326)
Movement in Long Term Incentive Plan (LTIP)		760,151	1,280,942
Movement in Other Financial Liability		(2,447,539)	877,586
Movement in Other Financial Assets		496,750	(616,428)
Net cash from Financing Activities		(1,491,544)	1,180,774
Total Cash Movement for the Year		24,506,950	15,532,994
Cash at the Beginning of the Year		98,504,836	82,971,842
Total Cash at End of the Year	7	123,011,786	98,504,836

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1. ACCOUNTING POLICIES

The principal accounting policies and basis of accounts used are in all material respects consistently applied. The annual financial statements have been prepared in accordance with the historic cost basis, except for certain financial instruments that are stated at fair value and these policies conform with International Financial Reporting Standards for Small and Medium Sized Entities.

1.1 Revenue Recognition

Revenue represents contributions from members, administration fees and interest income. Contributions are recognised when invoiced and consist of contributions for operating costs and capital expenditure, collected in line with the yearly approved budget.

1.2 Administration Fees

Administration fees are earned in respect of services provided to associated entities.

Interest income is accrued on an effective yield basis.

1.3 Project Income

Project income represents contributions from members of specific projects.

1.4 Project Expenditure

Project expenditure relates to expenditure incurred on projects approved by the Board.

1.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which are as follows:

Item	Average Useful Life (Years)
Furniture and Fixtures	5-10
Motor Vehicles	5
Computer Equipment	3-5
Computer Software	2

1.6 Financial Instruments

Financial assets and financial liabilities are recognised on the Council's statement of financial position when the Council has become a party to contractual provisions of the instruments.

Trade receivables and payables are stated at their nominal value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

1.7 Impairment of Assets

At each reporting date the Council assesses whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1.8 Interest Received

Interest received comprises interest earned on call deposits and investment accounts, held with banking institutions.

1.9 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past due event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.10 Other Investments

Other investments consist of gold coins and medallions. These investments are carried at cost and are not held for capital appreciation.

1.11 Investments

Unlisted investments comprise shares in related companies and are stated at cost. Other investments comprise monies invested to fund liabilities and projects which are stated at cost.

1.12 Related Parties

A related party is related to an entity if any of the following situations apply to it:

Individual control: The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the entity.

Key management: The party is a member of an entity's or its parent's key management personnel.

The party is an entity that is controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly or any individual referred to in key management above.

1.13 Retirement Benefits

The policy of the Council, subject to the rules of the Momentum Funds At Work Umbrella Fund, is to provide retirement benefits for its employees. Payments to the defined contribution fund are expensed as they fall due.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Furniture and Fixtures	686,209	(766,892)	(80,683)	4,540,288	(3,813,376)	726,912
Motor Vehicles	-	-	-	143,505	(143,505)	-
Computer Equipment	1,191,491	(428,630)	762,861	3,801,020	(3,298,094)	502,926
Total	1,877,700	(1,195,522)	682,178	8,484,813	(7,254,975)	1,229,838

Reconciliation of Property, Plant and Equipment - 2022

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Furniture and Fixtures	726,912	48,071	(623,375)	(2)	(232,289)	(80,683)
Computer Equipment	502,926	352,900	(34,733)	-	(58,232)	762,861
	1,229,838	400,971	(658,108)	(2)	(290,521)	682,178

Reconciliation of Property, Plant and Equipment - 2021

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and Fixtures	1,342,367	-	-	(615,455)	726,912
Computer Equipment	396,076	371,399	(7,786)	(256,763)	502,926
	1,738,443	371,399	(7,786)	(872,218)	1,229,838

3. INTANGIBLE ASSETS

	2022			2021		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Computer Software	687,039	(687,039)	-	687,039	(651,039)	36,000

Reconciliation of Intangible Assets - 2022

	Opening Balance	Amortisation	Total
Computer Software	36,000	(36,000)	-

Reconciliation of Intangible Assets - 2021

	Opening Balance	Amortisation	Total
Computer Software	180,000	(144,000)	36,000

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

4. LONG TERM INCENTIVE PLAN

Employees participate in a Long Term Incentive Plan (LTIP). The REMCO at its sole discretion decides who will be included in the scheme for each year's awards. The intention is to include Senior Executives, Head and Deputy Heads of Departments, and other key specialists and talent as recommended by the CEO. Participation in the scheme is not guaranteed.

The LTIP consists of shares in two portfolios: Satrix 40 and Satrix RESI shares.

Satrix 40 Shares

The Satrix 40 shares are part of a previous LTIP. The awards under this scheme have vested. Shares are liquidated and paid on the request of the employee. Due to the uncertainty of the timing of payments the investment and liability are disclosed under non-current assets and non-current liability respectively.

Satrix RESI Shares

The Minerals Council introduced a new LTIP in 2017. The awards vest over a 3 year period starting at the end of the year following the period of review.

A cash value is awarded to participants which is used to purchase Satrix RESI units. On vesting of the awards, the sale of units provides cash for the payment to the participants. The vesting is a forced vesting and the value of any particular year is subject to the performance of that year.

The investment is recognised when shares are purchased and the liability at the time awards are vesting. The liability is expected to vest as follows: Current liability R6,867,465. Non-current liability R4,314,257.

Money Market

The Money Market investment consist of access amounts held on the above investments.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

4. LONG TERM INCENTIVE PLAN continued

The following balances relate to the 2022 incentive scheme:

Description	Investment	Non-Current Assets	Non-Current Liabilities	Current Assets	Current Liabilities
Short Term Financial Assets	Satrix 40	-	-	2,495,953	-
Other Liabilities	Satrix 40	-	-	-	(2,495,953)
Other Financial Assets	Satrix RESI	4,314,257	-	-	-
Other Financial Liability	Satrix RESI	-	(4,314,257)	-	-
Other Financial Assets	Satrix RESI	-	-	6,867,465	-
Other Financial Liability	Satrix RESI	-	-	-	(6,867,465)
Short Term Financial Assets	Money market	-	-	2,902,508	-
Other Liability	Money market	-	-	-	(2,902,508)
		4,314,257	(4,314,257)	12,265,926	(12,265,926)

The following balances relate to the 2021 incentive scheme:

Description	Investment	Non-current assets	Non-current liabilities	Current assets	Current liabilities
Short Term Financial Assets	Satrix 40	-	-	2,492,986	-
Other Liabilities	Satrix 40	-	-	-	(2,492,986)
Other Financial Assets	Satrix RESI	6,265,046	-	-	-
Other Financial Liability	Satrix RESI	-	(6,265,046)	-	-
Other Financial Assets	Satrix RESI	-	-	7,364,215	-
Other Financial Liability	Satrix RESI	-	-	-	(7,364,215)
Short Term Financial Assets	Money Market	-	-	2,145,324	-
Other Liability	Money Market	-	-	-	(2,145,324)
		6,265,046	(6,265,046)	12,002,525	(12,002,525)

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
5. INVESTMENTS AND TERM DEPOSITS		
Investments:		
Rand Mutual Assurance Company Ltd 4 shares @ R20 each (2018: 4 shares @ R20 each)	80	80
Term Deposits:		
Advocacy for Occupational Health	719,542	-
Mine Water Management	941,920	-
Industry Repositioning	1,397,718	-
Fire Prevention Peer Review	2,600,000	-
Sustainable Trade-Offs between Mining and Agriculture	1,202,500	-
Minerals Council Certificates	2,698,793	1,875,868
Study on Mortality	-	675,440
Mining Modernisation	-	51,599
Epidemiology Study for Former Mine Workers	639,483	1,077,053
Junior and Emerging Miners' Desk	1,430,064	1,600,000
CEO-led Khumbul'ekhaya	3,889,293	2,415,281
Industry Alignment for TMM Collision Management	3,460,969	5,066,294
Woman in Mining	1,871,515	1,046
Promoting Modernisation through Communication	922,897	989,670
Strategic Communication	1,748,287	2,248,287
Just Transition Assessment	524,416	1,328,000
Legal Expenses	5,395,614	(1,315,324)
Minerals Council Regional presence	3,176,456	5,338,834
Assessment of the Brand Health of the Minerals Council and the South African Mining Industry	-	887,780
COVID-19 Surveillance	-	1,098,149
Transformation	1,350,812	2,191,622
Industry Reconciliation Process	-	-
People-Centric Collision Management	-	-
Modernise Data and Information	222,095	1,464,891
Mining Innovation Co-Investment Model	19,218,368	18,574,894
Total Term Deposits	53,410,742	45,569,384
Total Investments and Term Deposits	53,410,822	45,569,464

Term deposits represent funds received in advance from members to finance the execution of special projects. The funds are invested in risk free call deposit accounts with ABSA Bank and Nedbank.

Due to the certainty regarding the timing of the utilisation of the above term deposits, all deposits have been disclosed as non-current.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
6. TRADE AND OTHER RECEIVABLES		
Trade Receivables - Members	108,505,544	37,863,165
Trade Receivables - Non Members	289,847	268,568
VAT	3,459,031	1,000,785
Other Receivables	5,310,756	2,726,883
Allowance for Doubtful Debts	(709,083)	(876,197)
	116,856,095	40,983,204

The average credit period is 30 days. No interest is charged on trade receivables. The Council has recognised an allowance for doubtful debts of 100% against all receivables over 120 days that are considered to be irrecoverable. Allowance for doubtful debts is recognised against trade receivables between 90 and 120 days based on estimated irrecoverable amounts determined by an analysis of the counterparty's current financial position.

Only 8.67% of trade receivables over 90 days have been provided for as doubtful debts in the current period. The reason being that 95% of trade receivables consist of members contributions invoices that have been approved by the Council members upon acceptance of the yearly budget. These trade receivables have therefore been committed and pre-approved by the Council members for payment.

Trade receivables disclosed above include amounts (see below for age analysis) that are past due at the end of the reporting period for which the Council has not recognised an allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Increase in trade receivables due to increase in ad-hoc projects billing.

Age of Receivables that are Past Due but Not Impaired

90 - 120 days	81,180,670	6,211,493
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7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash at Bank	16,148,359	13,824,399
Cash on Call	160,274,169	129,574,381
Amounts Classified under Investments and Term Deposits	(53,410,742)	(44,893,944)
	123,011,786	98,504,836

Cash and cash equivalents comprise cash and short-term deposits. The carrying amount of these assets approximates fair value. Credit risk is limited as the counter parties are financial institutions with high credit ratings.

8. PROJECT FUNDS

Balance at Beginning of Period	48,674,962	39,211,352
Project Income	65,408,104	65,293,000
Additional Project Income	11,685,624	2,245,646
Project Expenditure	(68,576,932)	(58,294,320)
Project Transferred	-	219,284
Closing Balance	57,191,758	48,674,962

Refer to Appendix A on page 24 for a detailed breakdown.

9. EXTERNAL DEBT

At Amortised Cost

IDC loan	1,345,929	1,646,835
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Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

	2022	2021
	R	R
9. EXTERNAL DEBT continued		
The Loan is repaid in 144 (one hundred and forty four) monthly instalments as follows: six monthly instalments comprising interest only, payable on the first day of the first month succeeding the first drawdown and thereafter on the first day of each and every succeeding month; thereafter, 138 (one hundred and thirty eight) equal monthly instalments comprising interest and capital in the amount of R35,591 (thirty five thousand five hundred and ninety one Rand) payable on the first day of the 7th (seventh) month from the first drawdown and thereafter on the first day of each and every succeeding month until the Loan has been repaid in full.		
Non-Current Liabilities		
At Amortised Cost	993,040	1,319,368
Current Liabilities		
At Amortised Cost	352,889	327,467
	1,345,929	1,646,835

10. TRADE AND OTHER PAYABLES

Trade Payables - Members	9,632,611	470,474
Trade Payables - Non Members	8,310,958	9,107,488
Accruals	2,491,571	16,912,519
Special Projects - Members	173,418,547	71,730,735
Bonuses	15,488,958	13,608,382
Accrued Leave Pay	11,612,236	9,556,553
	220,954,881	121,386,151

The Council has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past due event, it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset where it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

11. LOANS FROM RELATED PARTIES

Chamber of Mines Building Company Limited	6,390,963	5,862,604
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The above loans are unsecured, interest free and payable on demand.

The Chamber of Mines Building Company is the registered owner of the building the Minerals Council occupies and is leased for a period of five years. In lieu of rent, the Minerals Council bears all the expenses related to the insurance, rates and taxes, and maintenance of the building.

A fuel cell was installed by the Building Company in the building during 2014 with commissioning in the first quarter of 2015. As part of the financing of the fuel cell, the Minerals Council received a loan from the IDC in 2015 which was utilised to offset a portion of the loan with the Building Company.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
12. REVENUE		
Contribution from members	164,570,068	145,679,285
13. OTHER INCOME		
Profit on Sale of Assets	-	9,715
Discount Received	25,462	130,322
Administration Fees	1	1,673,725
MQA Grants, Administrative Income and Directors Fees	808,113	2,338,219
	833,576	4,151,981
14. ADMINISTRATIVE AND OPERATING EXPENDITURE		
Auditors' Remuneration - External	562,832	598,745
Auditors' Remuneration - Internal	310,000	331,000
Employee Related Expenses	134,371,388	122,089,844
Operating Costs	35,244,854	29,510,819
	170,489,074	152,530,408
15. CASH GENERATED FROM (USED IN) OPERATIONS		
Total Comprehensive Surplus for the Year	8,516,796	9,463,610
Adjustments for:		
Depreciation and Amortisation	326,521	1,016,218
Loss (Profit) on Sale of Assets	364,426	(9,715)
Interest Received - Investment	(5,505,529)	(3,818,482)
Finance Costs	93,578	103,122
Other Non-Cash items	-	8,244
Changes in Working Capital:		
Trade and Other Receivables	(75,872,891)	3,885,727
Trade and Other Payables	99,568,730	10,808,429
Loans from Related Parties	528,359	539,315
	28,019,990	21,996,468

16. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash deposits with banks, trade and other receivables, trade and other payables and loans from related companies.

Currency Risk Management

The Council is not exposed to currency risk.

Categories of Financial Instruments

The financial assets of the Minerals Council consist of investments, trade and other receivables, and cash and cash equivalents. These are considered loans and receivables for both 2022 and 2021 financial years and are carried at amortised cost and fair value. The financial liabilities consists of trade and other payables (excluding accruals) and loans from related parties. These are considered financial liabilities at amortised cost for both 2022 and 2021 financial years.

Interest Rate Risk Management

The Council adopts a policy of regularly reviewing interest rate exposure.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

	2022	2021
	R	R

16. FINANCIAL INSTRUMENTS continued

Credit Risk Management

Management has a credit risk policy in place and exposure to credit risk is monitored on an ongoing basis. Provision is made for specific doubtful debts and, at the year end, management did not consider there to be any material credit risk exposure that was not provided against. Reputable financial institutions are used for investing and cash handling purposes.

Movement in Allowance for Doubtful Debts

Balance at the Beginning of the Year	(876,197)	(475,514)
Provision Raised for the Period	(1,011,066)	(614,415)
Provision Utilised for the Period	1,178,180	213,732
Balance at the End of the Year	(709,083)	(876,197)

In determining the recoverability of a trade receivable, the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the provision for doubtful debt are amounts not considered recoverable relating to debtors who face financial difficulty, amounts long overdue, as well as amounts in dispute pending a recalculation of fees. The provision recognised represents the difference between the carrying amount of these trade receivables and the present value of expected future payments. The Council does not hold any collateral over these balances.

17. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any material event that occurred after the reporting date and up to the date of this report.

18. COMMITMENTS AND CONTINGENCIES

Minerals Council South Africa has a contingent liability (R12,265,926) as set out in note 4 in terms of the Council's long term incentive plan. The vesting is dependent on whether the key employees meet their performance objectives.

19. RELATED PARTIES

Relationships

The Chamber of Mines Building Company Ltd	Board is constituted entirely by the Minerals Council South Africa. The shareholders of The Chamber of Mines Building Company Ltd are the Minerals Council's gold members. The Chamber of Mines Building Company Ltd is a separate legal entity and is independently audited.
Chief Executive	R Baxter

Related Party Balances and Transactions with Other Related Parties

Related Party Balances

Loan Accounts - Owing to Related Parties

Chamber of Mines Building Company Ltd	(6,390,963)	(5,862,604)
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Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

20. EXECUTIVE'S REMUNERATION

Executive

2022	Emoluments	Bonus	Pension paid	Total
Mr R Baxter	6,567,457	5,821,480	145,547	12,534,484

2021	Emoluments	Bonus	Pension paid	Total
Mr R Baxter	5,829,986	6,452,379	427,536	12,709,901

21. GOING CONCERN

The Board believes that the Council has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Board has satisfied itself that the Council is in a sound financial position. The Board is not aware of any new material changes that may adversely impact the Council. The Board is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the Council.

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Detailed Income Statement

	2022 R	2021 R
Revenue		
Contribution from Members	164,570,068	145,679,285
Other Income		
Discount Received	25,462	130,322
Administration Fees	1	1,673,725
Sundry Revenue	808,113	2,338,219
Interest Received	5,505,529	3,818,482
Gains on Disposal of Assets	-	9,715
	6,339,105	7,970,463
Expenses (refer to page 23)	(170,815,595)	(153,546,626)
Operating Profit	93,578	103,122
Finance Costs	(93,578)	(103,122)

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Detailed Income Statement

	2022	2021
	R	R
Operating Expenses		
Administration and Management Fees	-	(163,118)
Advertising	(4,000)	(30,350)
Auditors Remuneration	(872,832)	(929,745)
Bad Debts	(1,011,066)	(614,415)
Bank Charges	(75,205)	(77,653)
Cleaning	(197,812)	(327,057)
Consulting and Professional Fees	(7,969,606)	(10,524,239)
Depreciation, Amortisation and Impairments	(326,521)	(1,016,218)
Employee Costs	(134,371,387)	(122,089,844)
Entertainment	(12,256)	(4,980)
Other Expenditure	(494,800)	(1,115,980)
Fuel Cell Maintenance	(113,873)	(43,050)
Conferences and Seminars	(1,948,146)	(528,377)
Committee Expenses	(104,842)	(27,061)
Project Expenses	(10,000)	(195,244)
Sundry Expenses	(189,418)	(15,126)
Sponsorships	(706,484)	(95,816)
Insurance	(912,552)	(893,919)
Office Rent	(3,566,855)	(967,151)
Legal Expenses	(509,075)	(318,439)
Magazines, Books and Periodicals	(283,644)	(528,472)
Municipal Expenses	(1,884,558)	(1,971,998)
Gas	(95,616)	(333,445)
Placement Fees	(409,420)	(60,000)
Postage	(5,785)	(16,113)
Printing and Stationery	(329,805)	(396,786)
Profit and Loss on Sale of Assets and Liabilities	(364,426)	-
Repairs and Maintenance	(4,255,600)	(3,318,200)
Security	(1,295,649)	(1,254,107)
Software Expenses	(1,376,538)	(1,553,852)
Subscriptions	(3,795,614)	(2,532,895)
Telephone	(124,805)	(364,495)
Training	(591,557)	(850,654)
Travel - Local	(1,295,232)	(235,217)
Travel - Overseas	(1,310,616)	(152,610)
	(170,815,595)	(153,546,626)

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Appendix A – Project Funds

(Refer to Note 8)

Project Funds	R	2022 R	2021 R
Advocacy for Occupational Health		719,542	-
Balance at 31 December 2021	-		
Received	3,900,000		
Expenditure	(3,180,458)		
Project closed	-		
Balance as at 31 December 2022	719,542		
Minerals Council Certificates		2,698,793	1,875,869
Balance at 31 December 2021	1,875,869		
Additional Income*	3,302,934		
Expenditure	(2,480,010)		
Balance as at 31 December 2022	2,698,793		
Mine Water Management		941,920	-
Balance at 31 December 2021	-		
Received	1,200,000		
Expenditure	(258,080)		
Balance as at 31 December 2022	941,920		
Fire Prevention Peer Review		2,600,000	-
Balance at 31 December 2021	-		
Received	2,600,000		
Project closed	-		
Balance as at 31 December 2022	2,600,000		
Mining Modernisation		-	51,599
Balance at 31 December 2021	51,599		
Expenditure	(25,390)		
Project closed	(26,209)		
Balance as at 31 December 2022	-		
Epidemiology Study for Former Mine Workers		639,483	1,077,053
Balance as at 31 December 2021	1,077,053		
Expenditure	(437,570)		
Income	-		
Balance as at 31 December 2022	639,483		
Junior and Emerging Miners Desk		1,430,064	1,600,000
Balance at 31 December 2021	1,600,000		
Expenditure	(169,936)		
Balance as at 31 December 2022	1,430,064		

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Appendix A – Project Funds

(Refer to Note 8)

Project Funds	R	2022 R	2021 R
CEO-led Khumbul'ekhaya		3,889,293	2,415,281
Balance as at 31 December 2021	2,415,281		
Received	2,500,000		
Expenditure	(1,025,988)		
Balance as at 31 December 2022	3,889,293		
Industry Alignment for TMM Collision Management		3,460,969	5,066,294
Balance as at 31 December 2021	5,066,294		
Received	6,743,000		
Expenditure	(8,348,325)		
Balance as at 31 December 2022	3,460,969		
Woman in Mining		1,871,515	1,046
Balance as at 31 December 2021	1,046		
Received	4,270,000		
Expenditure	(2,399,531)		
Balance as at 31 December 2022	1,871,515		
Promoting Modernisation Through Communication		922,897	989,670
Balance as at 31 December 2021	989,670		
Received	-		
Expenditure	(66,773)		
Balance as at 31 December 2022	922,897		
Mining Innovation Co-Investment Operational		(3,419,531)	(211,769)
Balance at 31 December 2021	(211,769)		
Income	-		
Expenditure	(3,207,762)		
Balance as at 31 December 2022	(3,419,531)		
Strategic Communication		1,748,287	2,248,287
Balance as at 31 December 2021	2,248,287		
Received	-		
Expenditure	(500,000)		
Balance as at 31 December 2022	1,748,287		
Just Transition Assessment		524,416	1,328,000
Balance as at 31 December 2021	1,328,000		
Received	-		
Expenditure	(803,584)		
Balance as at 31 December 2022	524,416		

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Appendix A – Project Funds

(Refer to Note 8)

Project Funds	R	2022 R	2021 R
Legal Expenses		5,395,614	(1,315,324)
Balance as at 31 December 2021	(1,315,324)		
Expenditure	(9,572,757)		
Received	9,701,005		
Additional Income	6,582,690		
Balance as at 31 December 2022	5,395,614		
Minerals Council Regional Presence		3,176,456	5,338,834
Balance as at 31 December 2021	5,338,834		
Received	-		
Expenditure	(2,162,378)		
Balance as at 31 December 2022	3,176,456		
Assessment of the Brand Health of the Minerals Council		-	887,780
Balance as at 31 December 2021	887,780		
Expenditure	(1,085,000)		
Project closed	197 220		
Balance as at 31 December 2022	-		
Industry Repositioning		1,397,718	-
Balance at 31 December 2021	-		
Received	1,700,000		
Expenditure	(302,282)		
Balance as at 31 December 2022	1,397,718		
COVID-19 Surveillance		-	1,098,149
Balance as at 31 December 2021	1,098,149		
Project closed	78,502		
Expenditure	(1,176,651)		
Balance as at 31 December 2022	-		
Transformation		1,350,812	2,191,622
Balance as at 31 December 2021	2,191,622		
Additional Income	1,800,000		
Expenditure	(2,640,810)		
Balance as at 31 December 2022	1,350,812		
Modernise Data and Information		222,095	1,464,891
Balance as at 31 December 2021	1,464,891		
Received	-		
Expenditure	(1,242,796)		
Balance as at 31 December 2022	222,095		

Minerals Council South Africa

Annual Financial Statements for the year ended 31 December 2022

Appendix A – Project Funds

(Refer to Note 8)

Project Funds	R	2022 R	2021 R
Mining Innovation Co-Investment Model		22,637,899	18,786,663
Balance as at 31 December 2021	18,786,663		
Received	26,476,099		
Expenditure	(22,624,863)		
Income transferred	-		
Project closed	-		
Balance as at 31 December 2022	22,637,899		
Strategic Partnership for People-Centred Modernisation		-	-
Balance as at 31 December 2021	-		
Received	4,718,000		
Expenditure	(4,845,732)		
Income	-		
Project closed	127,732		
Balance as at 31 December 2022	-		
Trade-Offs between Mining and Agriculture		1,202,500	-
Balance as at 31 December 2021	-		
Received	1,600,000		
Expenditure	(397,500)		
Balance as at 31 December 2022	1,202,500		
Project Funding Recovery		3,781,017	3,781,017
Balance as at 31 December 2021	3,781,017		
Severance Bonus Paid	-		
Balance as at 31 December 2022	3,781,017		
This amount primarily relates to the recovery from the Chamber's insurers, of irregular expenditure that occurred in previous financial years.			
This funding will be utilised for future projects.			
		57,191,759	48,674,962
Summary			
Balance at Beginning of Period		48,674,962	39,211,352
Project Income		65,408,104	65,293,000
Additional Project Income*		11,685,624	2,245,646
Project Expenditure		(68,576,931)	(58,294,320)
Project Transferred		-	219,284
Balance at end of period		57,191,759	48,674,962

* Additional income related to income from other sources, over and above the approved budget for the period recovered from members.



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