



Annual Financial
STATEMENTS
2021

Changing mines, changing lives

#MakingMiningMatter



MINERALS COUNCIL
SOUTH AFRICA

Note: Some photographs used in this report were taken before the COVID-19 pandemic and do not reflect industry's standard operating protocols that were implemented as a result of the pandemic.

The Minerals Council South Africa represents 78 members or 90% of South African mineral production by value. Its members have interests in a wide range of minerals with many companies mining several minerals.

The total below is more than 78 because many members mine more than one commodity



- | | |
|---|--|
| <p>15 Platinum group metals</p> <p>14 Coal</p> <p>13 Chrome</p> <p>11 Other minerals</p> <p>9 Manganese</p> <p>7 Gold</p> <p>6 Copper</p> <p>5 Iron ore</p> | <p>4 Diamonds</p> <p>4 Associations</p> <p>4 Contractors</p> <p>3 Vanadium</p> <p>3 Exploration</p> <p>3 Investment companies</p> <p>2 Zinc</p> <p>2 Corporate</p> |
|---|--|

THE MINING SECTOR IN 2021



employed
458,954
people



contributed

R78.1 BILLION
in taxes to South Africa



contributed

R480.9 BILLION
to gross domestic
product (GDP)

About this report

The Minerals Council South Africa's financial year is from 1 January 2021 to 31 December 2021.

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



MINERALS COUNCIL SOUTH AFRICA

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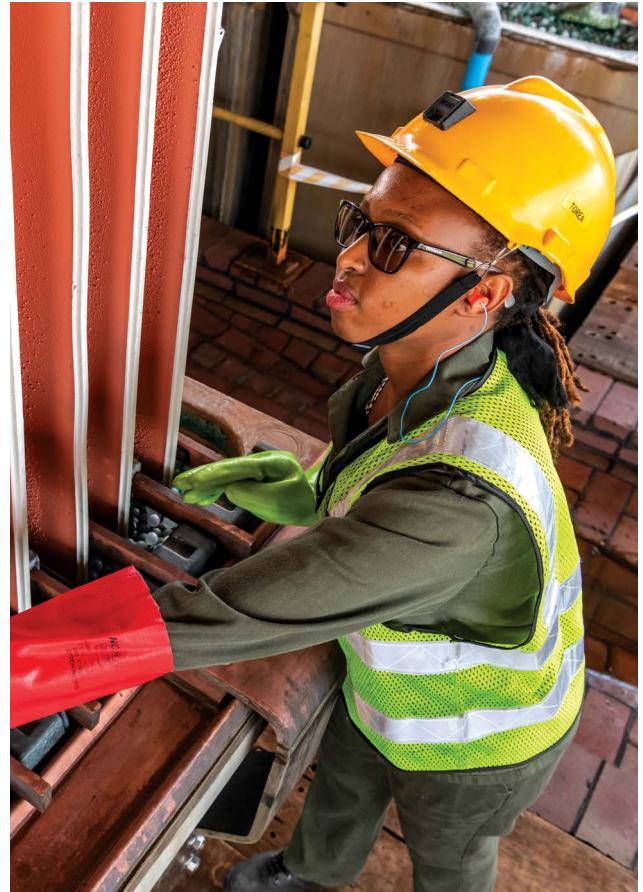
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The following supplementary information does not form part of the annual financial statements and is unaudited:

- 22 - 23** Detailed income statement
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Northam Platinum – Zondereinde



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

The 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 3.

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 6 to 27 were approved by the Board on 30 March 2022 and were signed on its behalf by:



Mr R Baxter
Chief Executive Officer



Ms N Fakude
President

Independent Auditor's report

To the members of the Minerals Council South Africa



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Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Minerals Council South Africa set out on pages 6 to 23, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 on included in the document titled "Minerals Council South Africa Financial Statements for the year ended 31 December 2021". 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 (National Co-CEO), MC Olckers (National Co-CEO), SJ Adlam, JC Combrink, GJ De Beer, G Deva, Y Dockrat, JJ Eloff, MH Fisher, D Keeve, N Mayat, R Murugan, MV Patel, N Ravele, E Sibanda, DM Tekie, S Truter, S Vorster
A full list of national partners is available on request or at www.mazars.co.za

Independent Auditor's report cont.

To the members of the Minerals Council South Africa

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 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 determines 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 intends 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 5, forms part of our auditor's report.

The logo consists of the word "Mazars" written in a stylized, handwritten-style font.

Mazars

Partner: Daniel Tekie
Registered Auditor

13 April 2022
Pretoria

Independent Auditor's report cont.

To the members of the Minerals Council South Africa

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.
- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the boards.
- Conclude on the appropriateness of the Boards' 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 entity'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 entity 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 the 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.

Statements of financial position

as at 31 December 2021

	Notes	2021 R	2020 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,229,838	1,738,443
Intangible assets	3	36,000	180,000
Other financial assets	4	6,265,046	6,003,888
Other investments		225,274	233,518
Investments and term deposits	5	44,894,024	35,430,414
		52,650,182	43,586,263
Current assets			
Trade and other receivables	6	40,983,204	44,868,931
Short-term financial assets	4	4,638,310	3,357,368
Other financial assets	4	7,364,215	6,747,787
Cash and cash equivalents	7	98,504,836	82,971,842
		151,490,565	137,945,928
Total assets		204,140,747	181,532,191
EQUITY AND LIABILITIES			
Capital and reserves			
Project funds	8	48,674,962	39,211,352
Retained income		8,302,624	8,302,624
		56,977,586	47,513,976
LIABILITIES			
Non-current liabilities			
External debt	9	1,319,368	1,704,285
Other financial liability	4	6,265,046	6,003,888
		7,584,414	7,708,173
Current liabilities			
Trade and other payables	10	121,386,151	110,577,722
External debt	9	327,467	303,876
Loans from related parties	11	5,862,604	5,323,289
Other liability	4	4,638,310	3,357,368
Other financial liability	4	7,364,215	6,747,787
		139,578,74	126,310,042
Total liabilities		147,163,16	134,018,215
Total equity and liabilities		204,140,74	181,532,191

Statements of comprehensive income

for the year ended 31 December 2021

	Notes	2021 R	2020 R
Revenue	12	145,679,285	143,914,082
Other income	13	4,151,981	2,104,168
Administrative and operating expenditure	14	(152,530,408)	(148,610,520)
Depreciation and amortisation		(1,016,218)	(1,118,813)
Operating loss		(3,715,360)	(3,711,083)
Interest received		3,818,482	3,821,853
Finance costs		(103,122)	(110,770)
Profit for the year		-	-
Project income	8	65,293,000	42,110,000
Additional project income	8	2,464,930	5,434,882
Project expenditure	8	(58,294,320)	(58,088,485)
Increase (decrease) in project funding		9,463,610	(10,543,603)
Total comprehensive income (loss) for the year		9,463,610	(10,543,603)

Statements of changes in equity

for the year ended 31 December 2021

Notes	Project fund	Accumulated funds	Total funds
	R	R	R
Balance at 1 January 2020	49,754,955	8,302,624	58,057,579
Decrease in project funding	-	(10,543,603)	(10,543,603)
Transfer (from)/to project funds	(10,543,603)	10,543,603	-
Balance at 31 December 2020	39,211,352	8,302,624	47,513,976
Increase 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

Note

8

Statements of cash flows

for the year ended 31 December 2021

Notes	2021		2020
	R	R	R
Cash flows from operating activities			
Cash generated from/(used in) operations	15	21,996,468	(7,631,928)
Finance costs		(103,122)	(110,770)
Net cash from operating activities		21,893,346	(7,742,698)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(371,399)	(296,862)
Proceeds on sale of property, plant and equipment and intangible assets	2	17,501	-
Purchase of other intangible assets	3	-	(288,000)
(Acquisition)/sale of financial assets		(1,542,100)	3,053,066
(Increase)/decrease in investments		(9,463,610)	10,543,603
Interest received		3,818,482	3,821,853
Net cash from investing activities		(7,541,126)	16,833,660
Cash flows from financing activities			
Repayment of external debt		(361,326)	(281,938)
Movement in long-term incentive plan (LTIP)		1,280,942	(3,175,223)
Movement in other financial liability		877,586	4,201,203
Movement in other financial assets		(616,428)	(2,712,419)
Net cash from financing activities		1,180,774	(1,968,377)
Total cash movement for the year		15,532,994	7,122,585
Cash at the beginning of the year		82,971,842	75,849,257
Total cash at end of the year	7	98,504,836	82,971,842

Accounting policies

for the year ended 31 December 2021

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
Motor vehicles	5
Computer equipment	3
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.

Accounting policies cont.

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.

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.

1.14 New and revised standards in issue not yet adopted

At the date of authorisation of these financial statements, there have been no new and revised standards and/or amendments to the standards in issue but not yet effective.

Notes to the annual financial statements

for the year ended 31 December 2021

2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	4,540,288	(3,813,376)	726,912	4,540,288	(3,197,921)	1,342,367
Motor vehicles	143,505	(143,505)	-	143,505	(143,505)	-
Computer equipment	3,801,020	(3,298,094)	502,926	3,452,971	(3,056,895)	396,076
Total	8,484,813	(7,254,975)	1,229,838	8,136,764	(6,398,321)	1,738,443

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

Reconciliation of property, plant and equipment – 2020

	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,973,011	42,612	(673,256)	1,342,367
Computer equipment	464,995	254,250	(323,169)	396,076
	2,438,006	296,862	(996,425)	1,738,443

3. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	687,039	(651,039)	36,000	687,039	(507,039)	180,000

Reconciliation of intangible assets – 2021

	Opening balance	Amortisation	Total
Computer software	180,000	(144,000)	36,000

Reconciliation of intangible assets – 2020

	Opening balance	Additions	Amortisation	Total
Computer software	14,388	288,000	(122,388)	180,000

Notes to the annual financial statements cont.

for the year ended 31 December 2021

4. Long-term incentive plan (LTIP)

Employees participate in a LTIP. The Remuneration Committee 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 three-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 R7,364,215. Non-current liability R6,265,046.

Money market

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

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 liabilities	Satrix Resi	-	(6,265,046)	-	-
Other financial assets	Satrix Resi	-	-	7,364,215	-
Other financial liabilities	Satrix Resi	-	-	-	(7,364,215)
Short-term financial assets	Money market	-	-	2,145,324	-
Other liabilities	Money market	-	-	-	(2,145,324)
		6,265,046	(6,265,046)	12,002,525	(12,002,525)

Notes to the annual financial statements cont.

for the year ended 31 December 2021

4. Long-term incentive plan (continued)

The following balances relate to the 2020 incentive scheme:

Description	Investment	Non-current assets	Non-current liabilities	Current assets	Current liabilities
Short-term financial assets	Satrix 40	-	-	2,025,551	-
Other liabilities	Satrix 40	-	-	-	(2,025,551)
Other financial assets	Satrix Resi	6,003,888	-	-	-
Other financial liabilities	Satrix Resi	-	(6,003,888)	-	-
Other financial assets	Satrix Resi	-	-	6,747,788	-
Other financial liabilities	Satrix Resi	-	-	-	(6,747,788)
Short-term financial assets	Money market	-	-	1,331,817	-
Other liabilities	Money market	-	-	-	(1,331,817)
		6,003,888	(6,003,888)	10,105,156	(10,105,156)

Notes to the annual financial statements cont.

for the year ended 31 December 2021

5. Investments and term deposits

	2021 R	2020 R
Investments		
Rand Mutual Assurance Company Ltd	80	80
4 shares @ R20 each (2018: 4 shares @ R20 each)		
Term Deposits:		
Advocacy for occupational health	-	692,956
Minerals Council certificates	1,875,868	1,982,681
Study on mortality	675,440	675,440
Fire prevention peer review	-	1,753,001
Mining modernisation	51,599	51,599
Epidemiology study for former mineworkers	1,077,053	2,925,916
Junior and Emerging Miners Desk	1,600,000	1,600,000
CEO-led Khumbul'ekhaya	2,415,281	748,647
Industry alignment for Trackless Mobile Machinery (TMM) collision management	5,066,294	2,131,994
Woman in Mining	1,046	89,865
Promoting modernisation through communication	989,670	879,390
Mining innovation co-investment operational	(211,769)	1,672,553
Strategic communication	2,248,287	2,248,287
Just transition assessment	1,328,000	1,328,000
Legal expenses	(1,315,324)	257,478
Minerals Council regional presence	5,338,834	3,427,334
Assessment of the brand health of the Minerals Council and the South African mining industry	887,780	887,780
Development of rehabilitation practices and methodologies for sustainable trade-offs between mining and agriculture	-	1,366,850
COVID-19 surveillance	1,098,149	-
Transformation	2,191,622	657,182
Industry reconciliation process	-	1,890,565
People-centric collision management	-	-
Modernise data and information	1,464,891	1,667,501
Mining innovation co-investment model	18,786,663	6,495,315
Total term deposits	45,569,384	35,430,334
Total investments and term deposits	45,569,464	35,430,414

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.

Notes to the annual financial statements cont.

for the year ended 31 December 2021

6. Trade and other receivables

	2021	2020
	R	R
Trade receivables – members	37,863,165	39,369,322
Trade receivables – non-members	268,568	223,714
VAT	1,000,785	2,935,101
Other receivables	2,726,883	2,816,308
Allowance for doubtful debts	(876,197)	(475,514)
	40,983,204	44,868,931

The average credit period is 60 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 14.12% 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.

	2021	2020
	R	R
Age of receivables that are past due but not impaired		
90 – 120 days	6,211,493	21,446,725

7. Cash and cash equivalents

	2021	2020
	R	R
Cash and cash equivalents consist of:		
Cash at bank	13,824,399	12,066,983
Cash on call	129,574,381	106,335,193
Amounts classified under investments and term deposits	(44,893,944)	(35,430,334)
	98,504,836	82,971,842

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.

Notes to the annual financial statements cont.

for the year ended 31 December 2021

8. Project funds

	2021	2020
	R	R
Balance at beginning of period	39,211,352	49,754,955
Project income	65,293,000	42,110,000
Additional project income	2,245,646	5,434,882
Project expenditure	(58,294,320)	(58,088,485)
Project transferred	219,284	-
Closing balance	48,674,962	39,211,352

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

9. External debt

	2021	2020
	R	R
At amortised cost		
IDC loan	1,646,835	2,008,161

The Loan is repaid in 144 (one hundred and forty four) monthly instalments as follows: Six monthly instalments comprising of 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 of 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.

	2021	2020
	R	R
Non-current liabilities		
At amortised cost	1,319,368	1,704,285
Current liabilities		
At amortised cost	327,467	303,876
	1,646,835	2,008,161

Notes to the annual financial statements cont.

for the year ended 31 December 2021

10. Trade and other payables

	2021	2020
	R	R
Trade payables - members	470,474	10,470,640
Trade payables - non-members	9,107,488	4,216,728
Accruals	16,912,519	2,672,813
Special projects - members	71,730,735	71,102,592
Bonuses	13,608,382	14,513,490
Accrued leave pay	9,556,553	7,601,459
	121,386,151	110,577,722

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

	2021	2020
	R	R
Chamber of Mines Building Company Limited	5,862,604	5,323,289

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.

Notes to the annual financial statements cont.

for the year ended 31 December 2021

12. Revenue

	2021	2020
	R	R
Contribution from members	145,679,285	143,914,082

13. Other income

	2021	2020
	R	R
Profit on sale of assets (insurance proceeds)	9,715	-
Discount received	130,322	165,551
Administration fees	1,673,725	1,808,910
MQA grants, administrative income and directors fees	2,338,219	129,707
	4,151,981	2,104,168

14. Administrative and operating expenditure

	2021	2020
	R	R
Auditors' remuneration – external	598,745	579,296
Auditors' remuneration – internal	331,000	109,500
Employee related expenses	122,089,844	117,358,195
Operating costs	29,510,819	30,563,529
	152,530,408	148,610,520

15. Cash generated from (used in) operations

	2021	2020
	R	R
Total comprehensive surplus/(loss) for the period before taxation	9,463,610	(10,543,603)
Adjustments for:		
Depreciation and amortisation	1,118,813	
Profit on sale of assets	(9,715)	-
Interest received – investment	(3,818,482)	(3,821,853)
Finance costs	103,122	110,770
Other non-cash items	8,244	829
Changes in working capital:		
Trade and other receivables	3,885,727	(11,528,300)
Trade and other payables	10,808,429	16,474,319
Loans from related parties	539,315	557,097
	21,996,468	(7,631,928)

Notes to the annual financial statements

for the year ended 31 December 2021

16. Financial instruments

The Council's financial instruments consist of cash deposits with banks, trade and other receivables and 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 2021 and 2020 financial years and are carried at amortised cost and fair value. The financial liabilities consist of trade and other payables (excluding accruals) and loans from related parties. These are considered financial liabilities at amortised cost for both 2021 and 2020 financial years.

Interest rate risk management

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

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

	2021	2020
	R	R
Balance at the beginning of the year	(475,514)	(488,110)
Provision raised for the period	(614,415)	(449,575)
Provision utilised for the period	213,732	462,171
Balance at the end of the year	(876,197)	(475,514)

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.

Notes to the annual financial statements cont.

for the year ended 31 December 2021

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 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

Chamber of Mines Building Company Ltd	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. The Chamber of Mines Building Company Ltd Board comprises employees of the Minerals Council South Africa elected by the shareholders.
Chief Executive	R Baxter

Related party balances and transactions with other related parties

Related party balances

Loan accounts - owing (to) by related parties

Chamber of Mines Building Company Limited	(5,862,604)	(5,323,289)
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20. Executive's remuneration

Executive

2021	Emoluments	Bonus	Pension paid	Total
Mr R Baxter	5,829,986	6,452,379	427,536	12,709,901
2020				
Mr R Baxter	5,534,952	1,965,007	503,036	8,002,995

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.

The Board has considered the impact of COVID-19 pandemic and it is not expected to result in a material uncertainty going forward.

Detailed income statement

for the year ended 31 December 2021

Note(s)	2021	2020
	R	R
Revenue		
Contribution from members	145,679,285	143,914,082
Other income		
Discount received	130,322	165,551
Administration fees	1,673,725	1,808,910
Sundry revenue	2,338,219	129,707
Interest received	3,818,482	3,821,853
Gains on disposal of assets	9,715	-
	7,970,463	5,926,021
Expenses (refer to page 19)		
Operating profit		
Finance costs	103,122	110,770
	(103,122)	(110,770)

Detailed income statement cont.

for the year ended 31 December 2021

Note(s)	2021	2020
	R	R
Operating expenses		
Administration and management fees	(163,118)	(163,118)
Advertising	(30,350)	(156,855)
Auditors remuneration	(929,745)	(688,796)
Bad debts	(614,415)	(449,576)
Bank charges	(77,653)	(64,010)
Cleaning	(327,057)	(502,825)
Consulting and professional fees	(10,524,239)	(11,087,585)
Depreciation, amortisation and impairments	(1,016,218)	(1,118,813)
Employee costs	(122,089,844)	(117,358,195)
Entertainment	(4,980)	(1,951)
Unbudgeted expenses	(1,115,980)	(502,962)
Fuel cell maintenance	(43,050)	(226,353)
Conferences and seminars	(528,377)	(1,021,325)
Committee expenses	(27,061)	(140,406)
Project expenses	(195,244)	(13,830)
Sundry expenses	(15,126)	(6,529)
Sponsorships	(95,816)	(174,323)
Insurance	(893,919)	(832,468)
Rent of parking bays	(967,151)	(1,817,817)
Legal expenses	(318,439)	(236,616)
Magazines, books and periodicals	(528,472)	(372,965)
Municipal expenses	(1,971,998)	(1,906,553)
Gas	(333,445)	(465,091)
Placement fees	(60,000)	-
Postage	(16,113)	(22,770)
Printing and stationery	(396,786)	(543,493)
Repairs and maintenance	(3,318,200)	(3,190,357)
Security	(1,254,107)	(1,154,684)
Software expenses	(1,553,852)	(1,287,687)
Subscriptions	(2,532,895)	(2,445,337)
Telephone	(364,495)	(500,361)
Training	(850,654)	(772,989)
Travel - local	(235,217)	(422,689)
Travel - overseas	(152,610)	(80,004)
	(153,546,626)	(149,729,333)

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Appendix A

(Refer to note 8)

Project funds	R	2021	2020
	R	R	R
Advocacy for occupational health			
Balance at 31 December 2020	692,956	-	692,956
Received	2,240,000		
Expenditure	(2,759,153)		
Project closed	(173,803)		
Balance as at 31 December 2021	-		
Minerals Council certificates		1,875,869	1,982,682
Balance at 31 December 2020	1,982,682		
Additional Income*	2,245,647		
Expenditure	(2,352,460)		
Balance as at 31 December 2021	1,875,869		
Study on mortality		-	675,440
Balance at 31 December 2020	675,440		
Expenditure	(616,166)		
Project closed	(59,274)		
Balance as at 31 December 2021	-		
Fire prevention peer review		-	1,753,001
Balance at 31 December 2020	1,753,001		
Expenditure	(1,753,000)		
Project closed	(1)		
Balance as at 31 December 2021	-		
Mining modernisation		51,599	51,599
Balance at 31 December 2020	51,599		
Received	-		
Expenditure	-		
Balance as at 31 December 2021	51,599		
Epidemiology study for former mineworkers		1,077,053	2,925,916
Balance as at 31 December 2020	2,925,916		
Expenditure	(1,848,863)		
Income	-		
Balance as at 31 December 2021	1,077,053		
Junior and emerging miners' desk		1,600,000	1,600,000
Balance at 31 December 2020	1,600,000		
Received	-		
Balance as at 31 December 2021	1,600,000		

Appendix A

cont.

(Refer to note 8)

	R	2021	2020
	R	R	R
Project funds			
CEO-led Khumbul'ekhaya		2,415,281	748,647
Balance as at 31 December 2020	748,647		
Received	3,748,000		
Expenditure	(2,081,366)		
Balance as at 31 December 2021	2,415,281		
Industry alignment for TMM collision management		5,066,294	2,131,994
Balance as at 31 December 2020	2,131,994		
Received	6,863,000		
Expenditure	(3,928,700)		
Balance as at 31 December 2021	5,066,294		
Women in mining		1,046	89,865
Balance as at 31 December 2020	89,865		
Received	2,020,000		
Expenditure	(2,108,819)		
Balance as at 31 December 2021	1,046		
Promoting modernisation through communication		989,670	879,390
Balance as at 31 December 2020	879,390		
Received	728,000		
Expenditure	(617,720)		
Balance as at 31 December 2021	989,670		
Mining innovation co-investment operational		(211,769)	1,672,553
Balance at 31 December 2020	1,672,553		
Income	-		
Expenditure	(1,884,322)		
Balance as at 31 December 2021	(211,769)		
Strategic communication		2,248,287	2,248,287
Balance as at 31 December 2020	2,248,287		
Received	-		
Expenditure	-		
Balance as at 31 December 2021	2,248,287		
Just transition assessment		1,328,000	1,328,000
Balance as at 31 December 2020	1,328,000		
Received	-		
Expenditure	-		
Balance as at 31 December 2021	1,328,000		

Appendix A

(Refer to note 8)

Project funds	R	2021	2020
		R	R
Legal expenses		(1,315,324)	257,478
Balance as at 31 December 2020	257,478		
Expenditure	(9,913,802)		
Received	8,341,000		
Balance as at 31 December 2021	(1,315,324)		
Minerals Council regional presence		5,338,834	3,427,334
Balance as at 31 December 2020	3,427,334		
Received	2,865,000		
Expenditure	(953,500)		
Balance as at 31 December 2021	5,338,834		
Assessment of the brand health of the Minerals Council		887,780	887,780
Balance as at 31 December 2020	887,780		
Expenditure	-		
Project closed	-		
Balance as at 31 December 2021	887,780		
Development of rehabilitation practices		-	1,366,850
Balance at 31 December 2020	1,366,850		
Project closed	(170,250)		
Expenditure	(1,196,600)		
Balance as at 31 December 2021	-		
COVID-19 surveillance		1,098,149	-
Funds transferred	219,283		
Received	2,430,000		
Expenditure	(1,551,134)		
Balance as at 31 December 2021	1,098,149		
Transformation		2,191,622	657,182
Balance as at 31 December 2020	657,182		
Received	2,743,000		
Expenditure	(1,208,560)		
Balance as at 31 December 2021	2,191,622		
Industry reconciliation process		-	1,890,565
Balance as at 31 December 2020	1,890,565		
Expenditure	(1,713,406)		
Project closed	(177,159)		
Balance as at 31 December 2021	-		

Appendix A

cont.

(Refer to note 8)

	R	2021	2020
	R	R	R
Project funds			
Modernise data and information		1,464,891	1,667,501
Balance as at 31 December 2020	1,667,501		
Received	-		
Expenditure	(202,610)		
Balance as at 31 December 2021	1,464,891		
Mining innovation co-investment model		18,786,663	6,495,315
Balance as at 31 December 2020	6,495,315		
Received	28,800,000		
Expenditure	(16,508,652)		
Income transferred	-		
Project closed	-		
Balance as at 31 December 2021	18,786,663		
Strategic partnership for people-centred modernisation		-	-
Balance as at 31 December 2020	-		
Received	4,515,000		
Expenditure	(4,625,011)		
Income	-		
Project closed	110,011		
Balance as at 31 December 2021	-		
Project funding recovery		3,781,017	3,781,017
Balance as at 31 December 2020	3,781,017		
Severance bonus paid	-		
Balance as at 31 December 2021	3,781,017		
This amount primarily relates to the recovery from the Minerals Council's insurers, of irregular expenditure that occurred in previous financial years.			
This funding will be utilised for future projects.			
		48,674,962	39,211,352
Summary			
Balance at beginning of period		39,211,352	49,754,955
Project Income		65,293,000	42,110,000
Additional project income*		2,245,646	5,434,882
Project expenditure		(58,294,320)	(58,088,485)
Project transferred		219,284	
Balance at end of period		48,674,962	39,211,352

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

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Contact details and administration

Country of incorporation and domicile

South Africa

Nature of business and principal activities

A voluntary employers' organisation tasked with lobbying and advocacy to achieve a policy, legislative, and governance framework, that is widely supported and that will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

Registered office

Rosebank Towers,
19 Biermann Ave,
Rosebank,
Johannesburg, 2196

Business address

PO Box 61809
Marshalltown 2107

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First National Bank
of South Africa Limited
Nedbank

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