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Introduction





The Council for the Built Environment Act (Act No 43 of 2000) establishing the Council for the Built Environment (CBE) was passed by Parliament in November 2000 along with the suite of Acts regulating and re-establishing the seven built environment professions. The Act became operational in September 2001, following the establishment of the six Built Environment Councils for: Architects, Engineers, Landscape Architects, Project and Construction Managers, Property Valuers and Quantity Surveyors.

The CBE was established as an overarching body for the built environment professions. Its core objectives include:

- Ensuring consistent application of the policy within the Professions
- Advising government on matters impacting on the built environment
- Managing coordination between the Councils to support matters of national interest
- Enabling the recognition of new professions
- Promoting the recognition of different categories within the professions
- Acting as an appeal body for affected professionals and aggrieved members of the public

Recognising this, the CBE endeavours to address certain shortcomings in the built environment and to enable a climate for ongoing transformation and development of the professions, whilst promoting the development of human capital and creating an informed public. The CBE also acts as the conduit for communication between government and the professions.

“Professional expertise in the country is a national asset and should be managed as a scarce resource of high value.

While socio-economic development and the improvement of the quality of life in South Africa enjoys priority attention, professional expertise needs to be nurtured, professional standards need to be maintained and professional services need to be within reach of all communities.

To develop a profession and to keep a profession healthy, the profession must be regulated from within, as well as by government. Government has the duty to protect the public, while self-regulation by the professions ensures quality and development within the professions.

Policy document on the Statutory Regulation of the Built Environment Professions, June 1999.



Chairperson's Message

Since its inception two years ago the CBE has grown in leaps and bounds.

Through a dedicated effort by all stakeholders we have managed to create a statutory body, unique in the world, geared to engage the issues inherent to the professions under our guardianship.

Our institutional arrangements are now in place and the Registrar's Council is fully equipped to coordinate the activities of the councils of the various professions.

Our roadshows across the regions have not only been successful in presenting both our and individual council frameworks to key stakeholders, but have been instrumental in identifying areas of overlap, competencies and scope of work between professions.

The roadshows have culminated in the establishment of an Identification of Work (IDOW) framework, which has been referred to the Competition Commission for approval.

Significant advances have also been made in identifying the challenges we face in the built environment.

We can now focus on the changes needed in legislation, operational matters and problem areas that have been identified.

Some of these are the entry barriers that exist in terms of limited access to the professions, specifically for graduates from previously disadvantaged schools, where resources for the critical mathematics and science subjects have been inadequate or absent.

Furthermore, there is the high cost of building, which is a large contributing factor to the serious shortage of basic housing.

At a professional level we will have to work to change the mindset of role players in the different professions, who have historically operated in isolation, to fully realize the benefits of, and embrace the concept of, integration.

Now that the CBE has established the necessary framework, our focus will turn to the practical implementation of solutions.

Future plans include the staging of a national conference to address the major challenges, get role players enthusiastic about our vision, and improving communication and integration of the professions.

South Africa faces a period of immense growth in the built environment. The CBE's role as coordinator will be measured by how effectively we improve the rate of delivery, affordability and quality of materials and services. This will require new technologies and innovative solutions.

“South Africa faces a period of immense growth in the built environment”



We believe we have completed the groundwork to confidently meet the challenges ahead. But a collective vision to turn challenge into opportunity is required to take us into the future.

Malcolm Campbell
Chairperson



CEO's Review

I am pleased to report another solid year of performance by the Council for the Built Environment (CBE).

2004/05 has been a year of very real challenges. It can be described in two halves:

The first half of the year included bedding down the structure. This has been the continued setting up of the CBE with attention to staff, accommodation, and detail refinement related to its registration as a Schedule 3a public entity with National Treasury.

The second half has seen the term of our very first Council appointed by the Minister of Public Works in 2002, move towards its last months, with the current term of Council due to end next April.

To facilitate the process, the CBE called for nominations, on behalf of all six Professional Councils for: - Architects, Engineers, Landscape Architects, Project & Construction Managers, Property Valuers and Quantity Surveyors. Registered persons, voluntary associations and public service representatives were invited to serve on the councils of each of these professions. New members representing the professions will subsequently be nominated to serve on the CBE Council.

An increased effort has also gone into implementation of the initiatives government envisioned in creating the CBE.

We were established because the Department of Public Works understood that the industry in which built environment professionals operate is facing various forms of pressures, both globally and within the context of the South African situation. In this regard we are structured in a way which makes our activities much more transparent in responding to professional standing to match global trends and are more accountable in response to the country's challenges, than ever before.

From modest beginnings in 2002, the CBE has grown to facilitate South Africa's transformation of the built environment professions.

Sound Governance

Pivotal to **sound governance** is effective risk management and internal control. The assessment of risk is part of **sound** decision making - to consider the related financial, operational and organisational risks.

Considering the challenges of conforming to public sector compliance, we have structured and put policies in place, that support the execution of the mandate government has given to the CBE.

The CBE is to promote a healthy, productive and diverse industry which encourages its members to observe the highest standards of ethical conduct and public protection. We are beginning to observe that interaction between various councils is leading to a robust organisation, for a common cause.





Delegation of Power

Over the year, the CBE has progressively been developing financial policies, procedures and systems to monitor the maintenance of financial operations.

This is required to ensure that there is a proper system of corporate governance in place.

Audit Policy

The development of a system that keeps track of all the governance issues relating to the CBE operations is progressive.

We established and implemented an audit policy, including the roles and responsibilities of the various role-players within the organisation's hierarchy.

The process includes the drawing up of charters and compilation of quarterly reports on the CBE initiatives to the Minister of Public Works.

Risk Management and Internal Control

The Audit Committee consists of 4 members, who were appointed on 7 December 2004, and meet twice per annum as per the approved terms of reference.

The committee complies with the responsibilities arising from section 27.1 of Treasury Regulations. The Audit Committee has adopted appropriated formal terms of reference as its audit committee charter and has regulated its affairs in accordance with the adopted charter.

A Risk Management (internal audit) group has been established and incorporated into the strategic process of the CBE's operations.

The internal audit group has met in 2004/05 in recognition of its enhanced role in securing the

Council's performance monitoring arrangements in addition to receiving reports on audit matters and improved Built Environment stakeholder communication and engagement.

Building a Cohesive Structure

CBE projects with the objective of enhancing the industry

Our ability to produce a strong organisation, despite some contrasting effects arising from professional demands, demonstrates the real value of a diversified portfolio offered by the professional councils that are committed to a common goal.

Most professionals now understand our purpose and have aligned themselves to participation, including through the Identification of Work project, and the voluntarily payment of the CBE levy.

Considerable effort is being made to align professionals around a common set of values.

Members of the professions voluntarily adhere to other standards such as those set by individual statutory bodies, councils and accrediting institutions in which our professionals function, including but not limited to; the Construction Industry Development Board (CIDB), the Council on Higher Education (CHE), the South African Qualifications Authority (SAQA) as well as the National Home Builders Registration Council (NHBRC).

Flagship projects within the CBE are conceived with the recognition that other participants and partners in the built environment can enrich our activities. We have thus concentrated on the strong commonalities of professions in serving the public, while we also recognise the diversity emanating from required competencies in areas of specialisation. Frameworks are being developed to integrate the functions of professionals.

Identification of Work

A committee created within the CBE ensures that work and areas of competency of the built environment professions is identified. This activity has gained ground, as the Identification of Work (IDoW) committee produced a framework of issues on the nature of work as well as overlaps of activities, within the various built environment professions.

The framework has been disseminated to all stakeholders in the built environment. The stakeholders sent back comments that were then distilled into a report to be presented to the Competition Commission, as required by the CBE Act.

Code of Conduct

The Council ensures consistent application of policy by the councils for professions with regard to Codes of Conduct to be prescribed by the councils for professions.

The Code of Conduct project is of utmost importance to the CBE as it links to the identification of work by the professions.

The professional councils' Codes of Conduct are being reviewed and integrated into an over-arching codification encompassing the CBE's core values for professionals in the built environment to observe.

The CBE will then consolidate a model Code of Conduct for all the Councils for the Professions. The process will align the Code of Conduct of professional councils to formulate the CBE Code of Conduct.

Continuous Professional Development

The Council initiates investigations into matters pertaining to its functions and policies with regard to the built environment and, if necessary, recommend legislation in this regard. Professional councils have

ways in which they recognise the continuously changing environment in which they function; in response to technology development and global trends.

In an effort to match built environment professionals' competencies to the challenges that arise in their practice, the CBE is positioning an integrative framework to accomplish this.

Voluntary Associations

The Council strives to ensure consistent application of policy by the councils for professions with regard to the recognition of voluntary associations for the built environment professions.

The CBE has worked with the professional councils to adapt their activities to the CBE's framework so that recognition criteria for the councils for the professions is uniform.

Evaluation of adaptation of frameworks was applied by means of identification of areas where different professional councils did not comply with the minimum requirements set by the CBE framework; looking into issues on juristic persons, constitution, code of conduct, membership, secretariat office, register (roll), finance, and period of recognition.

Professional Fees

The Council ensures consistent application of policy by the councils for professions with regard to the principles for which the councils base the determination of fees, which registered persons charge in terms of any of the professions' Acts, and in accordance with any legislation relating to the promotion of competition.

A study on professional fees, trends and alignment of the practice to other professions in South Africa has been initiated.





Education, Research and Registration

The current mergers of institutions of higher learning in South Africa have created an accelerated need in bringing into par, accreditation of programmes training the built environment professionals within the various universities.

The CBE strives to assist professions towards the accreditation of their programmes and adapting qualifications with the relevant training and educational institutions.

This is based on the requirement of the Act which stipulates that the Council may, in consultation with councils for the professions, obtain recognition for the councils for the professions as bodies responsible for the establishment of education and training standards in terms of the South African Qualifications Authority Act, 1995 (Act No 58 of 1995).

The CBE has been liaising with several bodies in this regard, including the South African Qualifications Authority (SAQA), Council on Higher Education (CHE) and the Construction Education and Training authority (CETA). Memoranda of understanding are being positioned and ways to integrate functions continue to be developed.

Legal Support

The Act requires that the CBE serves as an appeal body to serve the built environment professionals who might have disputes with any of the six councils accommodated within the Council.

Appeals and administrative inquiries handled by the CBE on behalf of professionals focus on the needs of the public served by the professionals, consistent with the practice within each of the six professional councils.

The Registrars' Forum

These meetings are held once every second month. Registrars of the six professional councils attend the forum, which is a very integrated discussion platform. Professional issues affecting professionals from the six councils concerning, amongst others:

- Voluntary Associations (frameworks for recognition),
- Education and Training (learnerships, programme accreditation etc),
- Identification of Work,
- Continuous Professional Development,
- Professions Acts,
- Legal Issues (appeals, review of acts)

are discussed.

Recommendations from the forum are submitted to the CBE Council for further discussion and endorsement.

Communication and Marketing Programme

Marketing and media liaison are of utmost importance for the CBE. We recognise that protecting the public is everybody's responsibility, thus through its mandate; the CBE is committed to maintaining strong and communicative links with the public and stakeholders.

As a new entity, we strive to get our message to all stakeholders. The CBE undertook exhaustive consultative workshops with professional, government and educational institutions, over the year in review.

From this consultation, and significant participation by stakeholders, we were very pleased with the result which provided us with a strong directive to respond to challenges faced by professionals.



Left: Chairperson of the CBE, Mr Malcolm Campbell, Minister of Public Works, Ms Stella Sigcau and Deputy Minister of Public Works, Mr Ntopile Kganyago at the CBE Gauteng workshop

We continue to follow the extent of public interest through media monitoring, publication of relevant news on the CBE website, and communication with stakeholders as the need occurs.

Provincial Roadshows were held with the objective of taking the message of what the CBE represents, to the public and stakeholders across the nation.

In November 2004, the CBE in cooperation with the Councils for the Professions, initiated workshops, taking the message on the CBE's mandate and activities to the public and stakeholders across the nation.

Participation by the built environment professions in integrated development of the national goals of government was principal in this regard.

Below and right: CBE Free State workshop





The workshops were aimed at informing delegates of the aims, objectives, role and functions of the CBE and the Professional Councils, as well as providing a forum where the built environment professions can interact with regard to matters of mutual interest, to the benefit of a transforming industry.

Issues that currently affect the Built Environment professions arising from the legislation that regulates the councils and the CBE, and especially on the Identification of work, were discussed.

The workshops were held at selected major regional centres:

- Gauteng (Midrand)
- Western Cape (Cape Town)
- KwaZulu-Natal (Durban)
- Limpopo/Mpumalanga (Polokwane)
- Northern Cape/North West/Free State (Bloemfontein)
- Eastern Cape (Port Elizabeth)

To this end, I would like to thank all the stakeholders who attended regional workshops and those who provided comments on the Identification of Work project.



Above: CBE Western Cape workshop



Above: CBE KwaZulu-Natal workshop



Above: CBE Eastern Cape workshop



Above: CBE Free State workshop

We also completed university visits with “infrastructure” departments. Issues and challenges of academic interest in preparing built environment professionals were discussed.

In an effort to keep in contact with professionals within the regional Government departments, the CEO also visited Department of Public Works’ offices in various regions. Issues and challenges that fall within the mandate of the CBE were discussed.

Council Composition and Administration

At the beginning of the year under review, the CBE staff complement consisted of the CEO, an office administrator, and a receptionist. The Council has further increased its human resources component, to strengthen the capacity through the appointment of a project manager and a financial manager.



Above: CBE Limpopo workshop



CBE Staff: Zanele Makhathini, Apollo Mogotsi, Maphefo Mkwanazi and Khopolo Phate





The members of the CBE Council, appointed by the Minister of Public Works in January 2002 are:

Name of Council Member	Date of Appointment
Mr M Campbell (Chairperson)	January 2002
Ms S Rapeti (Deputy-Chairperson)	January 2002
Prof G Breedlove	January 2002
Mr RL Chauke	January 2002
Mr F Fester	January 2002
Mr S Haasbroek	January 2002
Mr SA Mokweni	January 2002
Mr K Moleko	January 2002
Mr CM Noyana	January 2002
Mr E O'Rourke	January 2002
Prof SR Perumal	September 2002
Mr JS Pienaar	January 2002
Mr R Pullen	January 2002
Prof PD Rwelamila	January 2002
Mr A Tomane	January 2002

Executive Member:

Dr Malindi Neluheni (CEO) February 2004

Resignations:

Mrs DR Bopape-Dlomo	(29/07/03)
Mrs JL Falck	(21/01/05)
Ms L Mabuntana	(11/08/04)
Mr KM Mohlasedi	(08/10/03)
Mr A Varachhia	(04/12/03)
Mr R Sukuram	(03/07/02)

Council meetings take place four times a year. During the year under review meetings were held on 7 - 8 May 2004, 6 - 7 August 2004, 5 November 2004 and on 4 March 2005.

Two of the four meetings were held over a two-day period.

Members who attended were:

Attendance at Council Meetings	Meetings for the year	Earnings
Mr M Campbell	5	R 4,000.00
Ms S Rapeti	3	R 0.00
Prof G Breedlove	4	R 1,000.00
Mr RL Chauke	6	R 6,000.00
Mrs J Falck	1	R 1,000.00
Mr F Fester	6	R 6,000.00
Mr S Haasbroek	4	R 1,000.00
Ms L Mabuntana	0	R 0.00
Mr SA Mokweni	4	R 4,000.00
Mr K Moleko	2	R 2,000.00
Mr CM Noyana	4	R 4,000.00
Mr E O'Rourke	4	R 4,000.00
Prof SR Perumal	5	R 5,000.00
Mr J Pienaar	2	R 2,000.00
Mr R Pullen	5	R 0.00
Prof PD Rwelamila	3	R 3,000.00
Mr A Tomane	4	R 4,000.00

The CBE is founded on a 60-20-20 basis of representation, with the professions representing 60% of members, the Government representing 20% of members and the public representation accounting for the remaining 20%.

The original appointed Council reflected the spirit and intent of the Act. The members were appointed on the strength of their experience in their particular fields of expertise and their commitment to the advancement of the built environment professions. They all embodied skills and experience that added value to the CBE. Unfortunately, some members resigned during the past year.

The executive committee of Council ensures that the resolutions of the council are carried out while it considers any matter delegated to it by the council in terms of any law, and to advise the council in connection with revenue and expenditure.

It also serves as the remuneration committee. The Committee held 5 meetings during this financial year.

	Attendance at Meetings	Earnings
The members are:		
Mr M Campbell	4	R 3,000.00
Mr F Fester (resigned from Exco 05/11/04)	4	R 4,000.00
Mr SA Mokweni	5	R 4,000.00
Mr E O'Rourke	1	R 1,000.00
Mr J Pienaar	3	R 3,000.00
Alternate members are:		
Mrs J Falck	1	R 0.00
Mr R Pullen	1	R 0.00
Prof G Breedlove	0	R 0.00
Prof PD Rwelamila	0	R 0.00

Looking Ahead

Unlike ever before, during this past year we wished to receive direct input from built environment professionals towards ascertaining what activities are essential to the professions, working towards the CBE's mandate.

We are now looking forward to working with the new members from the professional councils as the nominations of new members of professional councils by the Minister of Public Works continue to be confirmed by the professions, with the CBE.

We also hope to conclude consultations on the memoranda of understanding with the Council on Higher Education and the Construction Education and Training Authority.

A new partnership in integration of professional issues of the South African Council for Planners (SACPLAN) as our strategic partner, and as a necessary body in infrastructure provision, is in progress.

In looking to the future, the CBE has a good momentum. The industry in which our professionals practice is sound and continues to expand.

Reflecting on the year in review, I am again struck by the willingness and ability of staff across the organisation and colleagues within the Professional Councils to maintain focus on excellence in serving professionals, the public and being answerable to government while also embracing the challenge of thinking and engaging about what we are doing.

I wish to formally record my appreciation to all who make the CBE continue to achieve its objectives.



Dr Malindi Neluheni
Chief Executive Officer







Annual Financial Statements

for the year ended 31 March 2005

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The following supplementary schedules do not form part of the annual financial statements, and are unaudited.

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Statement of Responsibility and Approval

The Council is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The auditors are responsible to report on the fair presentation of the annual financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

The Council is also responsible for the Council's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Council has every reason to believe that the Council has adequate resources in place to continue in operation for the foreseeable future.

The financial statements which appear on pages 20 to 27 were approved by the Council on 30 May 2005, and signed on its behalf by:

Dr Malindi Neluheni
Chief Executive Officer

responsibility





Report of the Council

for the year ended 31 March 2005

The Council presents their report, which forms part of the annual financial statements, for the year ended 31 March 2005.

Mr CM Noyana
Prof SR Perumal
Mr R Pullen
Mr A Tomane

Mr E O'Rourke
Mr JS Pienaar
Prof PD Rwelamila

1. Business and operations

The association's business and operations and the results thereof are clearly reflected in the attached financial statements. There has been no change in the nature of the business.

2. Financial results

The results of the Council and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

3. Property, plant and equipment

There have been no major changes in the property, plant and equipment during the period or any changes in the policy relating to their use.

4. Events subsequent to the year end

The Council is not aware of any facts or circumstances of a material nature arising since the end of the financial year, not otherwise dealt with in the financial statements, which significantly affect the financial position of the association or the results of its operations.

5. Council

The members of the Council during the accounting period and up to the date of this report were as follows:

Mr M Campbell
Prof G Breedlove
Ms J Falck
Mr S Haasbroek
Mr SA Mokweni

Ms S Rapeti
Mr RL Chauke
Mr F Fester
Ms L Mabuntana
Mr K Moleko

6. Objectives

The objectives of the council are to:

- Promote and protect the interests of the public in the built environment;
- Promote and maintain a sustainable built environment and natural environment;
- Promote ongoing human resource development in the built environment professions;
- Facilitate participation by the built environment professions in integrated development in the context of national goals;
- Promote appropriate standards of health, safety and environmental protection within in the built environment;
- Promote sound governance of the built environment professions;
- Promote liaison in the built environment in the field of training, both in the Republic and elsewhere, and to promote the standards of such training in the Republic;
- Serve as a forum where the representatives of the built environment professions may discuss the relevant-
 - required qualifications;
 - standards of education;
 - training and competence;
 - promotion of professional status; and
 - legislation impacting on the built environment.
- Ensure the uniform application of norms and guidelines set by the Councils for the Professions throughout the Built Environment.

Malcolm Campbell
Chairperson





A U D I T O R - G E N E R A L

Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE COUNCIL FOR THE BUILT ENVIRONMENT FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 22 to 28, for the year ended 31 March 2005, have been audited in terms of the provisions of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004).

These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005. I believe that the audit provides a reasonable basis for my opinion.





3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Council for the Built Environment at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

4.1 Non-compliance with Treasury Regulations

Although CBE was listed on 21 April 2005, CBE already performed functions as a public entity. The following non-compliance with Treasury Regulations was identified:

- The Audit Committee did not function effectively for the year under review.
- No internal audit work was performed for the year under review.
- A Chief Financial Officer was not appointed as required in terms of Treasury Regulation 27.3.1.
- No materiality and significance framework as required in terms of Treasury Regulation 28.1.5 was developed.

5. APPRECIATION

The assistance rendered by the management and staff of CBE during the audit is appreciated.

J Cloete for Auditor-General

Pretoria

27 July 2005

Balance Sheet

at 31 March 2005

	notes	2005 R	2004 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	143,038	131,289
Current assets			
Trade and other receivables	3	130,881	2,013
Sundry debtors	4	12,907	7,126
Cash and cash equivalents		3,422,864	2,574,671
Total assets		<u>3,709,690</u>	<u>2,715,099</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated profit		3,614,925	2,410,247
Current liabilities			
Trade and other payables	5	64,563	304,852
Provisions	6	30,202	-
Total equities and liabilities		<u>3,709,690</u>	<u>2,715,099</u>

Income Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
Grant income	7	2,000,000	1,000,000
Revenue	8	1,104,160	905,379
Operating costs		<u>(2,027,655)</u>	<u>(1,526,071)</u>
Operating profit	10	1,076,505	379,308
Investment income	9	128,173	126,366
Net Profit/(Loss)		<u>1,204,678</u>	<u>505,674</u>

Statement of Changes in Equity

for the year ended 31 March 2005

	Accumulated profit R
Balance at 1 April 2003	1,904,573
Profit for the year	<u>505,674</u>
Balance at 1 April 2004	2,410,247
Profit for the year	<u>1,204,678</u>
Balance at 31 March 2005	<u>3,614,925</u>

Cash Flow Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
Net cash flows from operating activities		906,404	814,354
Cash generated from operating activities	13.1	778,231	687,988
Interest received		128,173	126,366
Cash flows from investing activities			
Expenditure to maintain operating capacity			
Property, plant and equipment acquired		(58,211)	(114,256)
Net increase in cash and cash equivalents		848,193	670,098
Cash and cash equivalents at beginning of the year		2,574,671	1,904,573
Cash and cash equivalents at end of the year	13.2	3,422,864	2,574,671

Notes to the Financial Statements

for the year ended 31 March 2005

1. Basis of preparation

The financial statements are prepared in accordance with statements of generally accepted accounting practice. The financial statements are prepared under the historical cost basis as modified by the revaluation of certain fixed assets, marketable securities and investment properties where appropriate.

1.1 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and any impairment in value.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Furniture and fittings	16.67% per annum
Office equipment	16.67% per annum
Computer equipment	33.33 % per annum

1.2 Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

1.3 Revenue recognition

Levy income is recognised on the accrual basis.

1.4 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.5 Government grants

Government grants are recognised at their fair value when received and made available for use. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2. Property, plant and equipment

	2005			2004		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Owned assets						
Furniture and fittings	95,595	15,222	80,373	72,019	1,161	70,858
Office equipment	7,682	1,391	6,291	3,634	353	3,281
Computer equipment	99,189	42,815	56,374	68,602	11,452	57,150
	<u>202,466</u>	<u>59,428</u>	<u>143,038</u>	<u>144,255</u>	<u>12,966</u>	<u>131,289</u>

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Depreciation R	Carrying value at end of year R
2005				
Owned assets				
Furniture and fittings	70,858	23,576	(14,061)	80,373
Office equipment	3,281	4,047	(1,037)	6,291
Computer equipment	57,150	30,588	(31,364)	56,374
	<u>131,289</u>	<u>58,211</u>	<u>(46,462)</u>	<u>143,038</u>

	2005 R	2004 R
3. Trade and other receivables		
Value Added Tax receivable	67,044	-
Trade receivables	63,837	2,013
	<u>130,881</u>	<u>2,013</u>

	2005 R	2004 R
4. Sundry debtors		
Sundry debtors comprise of Staff loans and prepayments of R12,907 (2004 - R7,126)		
5. Trade and other payables		
Value Added Tax payable	-	3,411
Trade creditors and accruals	64,563	301,441
	<u>64,563</u>	<u>304,852</u>
	Provisions	Carrying amount at end of year
6. Provisions		
Leave pay benefits	<u>30,202</u>	<u>30,202</u>
	2005 R	2004 R
7. Grant income		
Government grant received	<u>2,000,000</u>	<u>1,000,000</u>
8. Revenue		
Revenue comprises the invoiced value of goods and services supplied and excludes value-added tax.		
Total revenue comprises:		
Levies received	<u>1,104,160</u>	<u>905,379</u>
9. Investment income		
Interest received	<u>128,173</u>	<u>126,366</u>
10. Operating surplus		
Operating profit is stated after:		
Expenditure		
Auditors' remuneration		
Audit fee	88,220	-
Depreciation		
Property, plant and equipment	46,462	12,966
Lease rentals	26,663	-
Premises	15,001	-
Equipment	11,662	-
Fruitless and wasteful expenditure		
Interest and penalties paid to SARS and Telkom	4,481	4,537

	2005 R	2004 R
11. Remuneration paid to members and chief executive officer		
Registrar fees - CEO	536,169	68,529
Acting registrar fees	-	398,100
Council honorarium and Chairperson retainer	107,400	127,000
	<u>643,569</u>	<u>593,629</u>
12. Financial instruments		
Credit risk:		
The Council only deposits cash surpluses with major banks of high quality credit standing.		
13. Notes to the cash flow statement		
13.1 Cash generated by operating activities		
Net profit	1,204,678	505,674
Adjustments for:		
Depreciation	46,462	12,966
Investment income	(128,173)	(126,366)
Movement in provisions	30,202	-
	<u>1,153,169</u>	<u>392,274</u>
Movements in working capital		
Increase in trade receivables and sundry debtors	(134,649)	(9,139)
(Decrease)/increase in trade payables	(240,289)	304,853
	<u>778,231</u>	<u>687,988</u>
13.2 Cash and cash equivalents at end of the year		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	<u>3,422,864</u>	<u>2,574,671</u>

Detailed Income Statement

for the year ended 31 March 2005

	2005 R	2004 R
Revenue		
Grant income	2,000,000	1,000,000
Revenue		
Levies received	1,104,160	905,379
Other income		
Interest received	128,173	126,366
Total income	<u>3,232,333</u>	<u>2,031,745</u>
Expenditure	2,027,655	1,526,071
Accounting fees	26,719	4,863
Advertisement of notices	34,760	-
Advertising	394	6,328
Auditors' remuneration	88,220	-
Bank charges	6,960	1,300
Catering	9,458	9,814
Communication and marketing project	320,230	88,077
Computer expenses	45,047	368
Consulting fees	93,896	66,300
Contingencies	3,171	-
Corporate image	-	26,263
Council honorarium	105,900	127,000
Depreciation	46,462	12,966
Electricity and water	14,536	-
Entertainment	589	-
Fruitless and wasteful expenditure	4,481	4,537
Ex-gratia payments	1,100	-
ID of work project	34,724	265,500
Insurance	9,502	2,441
Lease rentals	26,663	-
Office refreshments	2,048	863
Placement fees	71,480	146,098
Postage	7,276	17
Printing and stationery	29,873	7,503
RSC levies	6,315	1,533
Registrar fees - Acting registrar	-	398,100
Registrar fees	536,169	68,529
Repairs and maintenance	7,445	6,336
Salaries	291,234	56,455
Small assets written off	-	959
Subscriptions	1,840	3,640
Telephone and fax	41,559	24,080
Travel - Local	159,604	196,201
Profit for the year	<u>1,204,678</u>	<u>505,674</u>

This statement does not form part of the annual financial statements and is unaudited

Reports of the Councils for the Professions



Contents

- architecture..... p32
- engineering..... p38
- project & construction
management..... p44
- property valuation..... p52
- quantity surveying..... p58

The purpose of this chapter of the Annual Report of the CBE is to provide the Minister of Public Works with a summary of the activities of the Councils for the Professions that fall within the mandate of the CBE.

These Councils are the South African Council for the Architectural Profession, the Engineering Council of South Africa, the South African Council for the Landscape Architectural Profession, the South African Council for the Project and Construction Management Professions, the South African Council for the Property Valuers Profession, and the South African Council for the Quantity Surveying Profession.

In terms of section 4(v) of the Council for the Built Environment Act, 2000, the CBE is obliged to submit a summary of the annual reports of the Councils for the Professions. The particular section reads as follows:

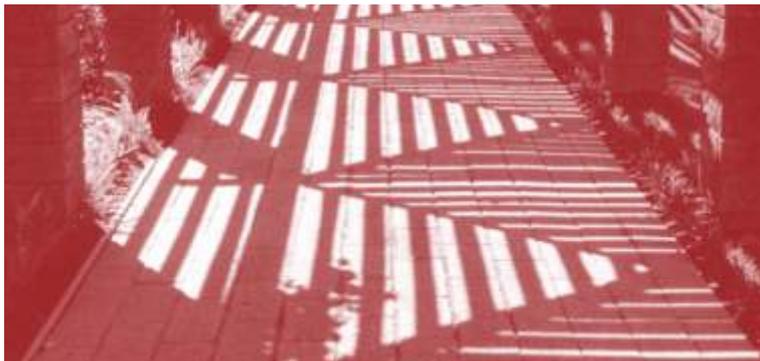
“receive and assimilate the annual reports of the councils for the professions and submit a summary to the Minister;”

Of the six Councils for the Professions, the following councils submitted an annual report for the period under review, the South African Council for the Architectural Profession, the Engineering Council of South Africa, the South African Council for the Project and Construction Management Professions, the South African Council for the Property Valuers Profession and the South African Council for the Quantity Surveying Profession.

The Councils which submitted audited financial statements are included in Annexures to this Annual Report.



South African Council for the Architectural Profession





Legislative Background

The Architects Act (Act 35 of 1970) established the South African Council for Architects on 1 March 1971. This legislation, with amendments, remained in force for almost 30 years. New legislation, the Architectural Profession Act (Act 44 of 2000) was published on 1 December 2000 and came into operation on 26 January 2001.

Vision and Mission

Vision

To be an appropriate regulatory body for a dynamic, robust & ever-evolving architectural profession that is in the forefront of the development of the built environment.

Mission

To guide, facilitate and promote a high standard of competency and responsibility in the architectural profession and to increase public awareness of the range of architectural services offered. To ensure the profession fulfils its total role in the development of South Africa.

Organisation

Members

The Council consists of 11 members and is led by its President, Mr ME Campbell, and Vice-President, Ms R Naiker. The other members of the Council are in alphabetical order Mr L Chauke, Mr E Finsen, Ms G Groenewald, Mr K Manyathela, Mr K Moleko, Mr T Mthethwa, Mr S Njobe, Mr D Scott-Hayward and Mr D Yuill.

The Council met three times during the year. Two of these meetings were preceded by a workshop. At the June workshop meeting, presentations were made by invited guests on Continuing Professional Development, Learnerships and skills programmes, Identification of Work and Performance Management.

Various other matters received attention, amongst others the consideration of proposals to introduce a MTech coursework qualification in architectural technology; the conclusion that the legislation would have to be amended to enforce compulsory registration of employees in architectural practice; and the approval of Identification of Work Rules for submission to the Council for the Built Environment.



A new Council would replace the outgoing council in September 2005 and nominations for the new Council were processed by notices in the gazette and issued to voluntary associations and registered persons. The Council also established advisory committees in each region and approved the terms of reference.

Institutional Arrangements

The organisation is headed by its registrar, Mr M Knoetze, and is assisted by four other personnel members responsible for office administration, registration, and finance.

Applications were invited for the position of registrar, as Mr Knoetze will retire in September 2005. Interviews did unfortunately not produce a candidate and it was agreed to re-advertise for a trainee registrar. Over eighty applications were received, most unsuitable and the matter of an appointment had not been resolved at the end of the period under review.

Over and above the Executive Committee there are eleven other standing committees in place to ensure

compliance with the legislation, and these are:

- Criteria for Registration and Identification of Work
 - Identification of Work
 - Practical Training Policy
 - RPL/Assessment

In addition regional assessment committees (6) fall within the jurisdiction of the Assessment Appeals Committee.

- Heads of Schools
- Continuing Professional Development
- Communication
- Professional Fees
- Education Fund
- Investigation Committee
- Registration
- Code of Conduct
- Validation
- Research

Registration

The Council has 4,2719 registered persons. The registration statistics are as illustrated in Fig 1 below:

Fig. 1 Registration Statistics

	BOR	EP	FSI	GAU	KZN	MPM	NCP	NP	NWP	OTH	PTA	WCP	TOTAL
Candidate Architectural Draughtsperson	1	0	1	5	9	2	0	0	0	0	3	7	28
Candidate Architectural Technologist	2	1	1	3	5	0	0	0	2	0	6	4	24
Candidate Architect	3	24	16	63	46	5	1	2	1	25	55	77	318
Candidate Snr Architectural Technologist	1	2	0	5	3	0	0	1	0	0	5	7	24
Non Practising Architect	1	6	3	30	16	2	0	0	0	4	6	24	92
Professional Architectural Draughtsperson	6	5	4	16	26	14	2	5	2	0	13	29	122
Professional Architectural Technologist	10	5	3	40	62	4	0	6	7	1	38	33	209
Professional Snr Architectural Technologist	17	28	7	161	153	18	1	19	7	6	82	126	625
Professional Architect	55	98	101	777	335	38	16	32	31	136	470	740	2829
Total	96	169	136	1100	655	83	20	65	50	172	678	1047	4271



Criteria for Registration and Identification of Work

Considerable time was spent in finalising the identification of work proposals. These were published in the gazette on 25 June 2004 and subsequently extension of time to comment was given to 31 August and later to 20 September 2004. This proved to be a contentious issue.

The matter of committee membership also became an issue and it was ruled that representation on the main committee was on an individual basis and that representation on the identification of work sub-committee was on behalf of the particular voluntary association.

The Identification of Work Sub-Committee met on 17 January 2005 and amended the proposals which were considered by the main committee on 16 February 2005. The proposals were further amended and the document "Recommendations to the CBE on Identification of Architectural Work" was finally approved by the Council on 11 March 2005.

In connection with learnership it was decided that the RPL Sub-Committee should prepare a document detailing the competencies for each category of registration. The Practical Training Sub-Committee finalised the training documentation at its meeting held 24 May 2004 and approved guidelines for mentors and candidates.

Adjustments are being made to the registration matrix as a result of experience gained over the past eighteen months.

Continued Professional Development

After various meetings and discussions, a presentation of ideas and proposals were made at the Council workshop in June 2004. Further proposals were considered at the July and October meetings and in particular non-compliance and record keeping were discussed. A list of suitable courses is being compiled. It was intended initially to introduce CPD from 1 July

2005 but due to slow progress the date was moved to 1 September 2005.

Professional Fees

Professional Fees in cases where contracts had to be extended beyond the agreed completion date posed a continuing problem. The formulas proposed by the National Department of Public Works did not work in practice and there is ongoing consideration in this connection at the Department. A new formula proposed by a member of the committee was approved in principle. However the preference is for agreement on a formula with the DPW and the new proposals have not yet been introduced.

A delegation from the Pretoria Institute of Architecture made a presentation to the committee for radical changes to the tariff of fees. This will form part of the documentation to be used when the tariff is comprehensively reviewed.

The requirements of the Occupational Health and Safety Regulations in relation to the duties of registered persons were discussed and it was noted that in connection with procurement of services, the roster system will be abandoned and fee bidding will be introduced. Reference in this connection should be made to the PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT No 5 OF 2000 and REGULATIONS (2001). These documents may be downloaded from www.treasury.gov.za.

Education and Training

The Heads of Schools committee meets twice a year and the main issues under consideration were the visiting board programme, reports on various architectural competitions, and completion of visiting board guidelines, student statistics and the introduction of CPD courses.

The issue of the proposed MTech (Technology) course was finalized and discussed together with the funding of external examiners, overseas lecturers and the Council's annual student prizes. The Council's intention to introduce learnerships for the practical experience postgraduate period was also discussed.



The Education Fund allocate grants for first year students and grants of R15 500 were made to each of 10 students and R20 000 to each of two students. A grant of R36 700 were made to a final year student. Fifty percent of the grants was recovered from CETA, and an ad hoc grant was made to the annual students' congress and expenses were paid for the exchange of lecturers between educational institutions and for two external examiners to each institution.

Code of Conduct

Amendments to the Code of Conduct were approved at a meeting in November 2004 to the pre-amble, in the main to simplify referencing. The possibility to deal with "fraud" by way of regulation rather than through the Act was considered and approved and it was decided a Regulation to deal with CPD may be necessary and will be discussed after legal opinions are considered.

Validation

New arrangements were put in place to speed up the delivery of a visiting board report. A permanent board secretary, Prof R Fisher was appointed, and will be responsible for recording and issuing the draft and final reports. A report will initially be forwarded to the School involved to examine facts, with a return period of 14 days, after which the report will be referred to the Validation Committee for approval. Thereafter the report will be forwarded to the concerned School and the Council on Higher Education (CHE), following which the institution will be presented with a certificate. Copies of the report will also be forwarded to the Royal Institute of British Architects and the Commonwealth Association of Architects.

The reports on visits to Tshwane University of Technology, University of the Witwatersrand, University of KwaZulu-Natal and the University of the Free State were approved.

Visiting Board Guidelines had not yet been completed and had to be revised as a result of CAA input. Guidelines for external examiners were prepared by Professor Gerald Steyn and referred to the Heads of

Schools for comment. No comment however was forthcoming. The guidelines will become applicable to future examinations.

Validation criteria for Universities of Technology are being prepared and a request for an advisory visit to the technikons of Northwest and Northern Gauteng, both of which are to merge with the Tshwane University of Technology was refused. Due to the mergers of institutions it was noted that representation on the Heads of Schools Committee would change.

Communication

The Council is represented by its registrar at the following organisations.

- Construction and Education Training Authority (CETA)

The CETA Built Environment Professional Council's Technical Advisory Committee (on which eight professional councils are represented) met four times during the year in review

- Standards Generating Body (Architecture) (SGB)

Five meetings of the inter-SGB committee were held during the year.

Amongst the issues under discussion, were the withdrawal of funding by the European Union, which resulted in a major financial problem for SA Qualifications Authority (SAQA).

In addition there have been several meetings with representatives of interior design organisations, including two with NSB 2, Art, Design and Culture. NSB 2 is in the process of publishing a generic design degree. The inclusion of interior design in this qualification is in dispute. NSB 12 agreed that interior design should become a subgroup under architecture but should realistically form a separate SGB.

Should the Council decide to include interior designers as another category, the qualifications at



universities and technical universities would have to be accredited and work would have to be identified for the various classes of interior designers.

After a third rejection of architectural qualifications for NOF purposes, Professor Gaye le Roux is now rewriting these according to SAQA requirements.

- Council on Higher Education (CHE)
- CBE Registrar's Forum

Disciplinary Matters

A meeting was held on 03 November 2004 to consider 10 complaint cases. Two cases had been settled between the parties, two were referred to the Council with recommendations to prefer charges against the architects involved and one to take no further action. The remainder of cases were referred forward to obtain further information.

Disciplinary procedures, which used to be in the form of Council regulations under Act 35 of 1970, are now set out in the Act itself. Attempts are being made by several professional councils to revert to the previous system. As Councils are the final arbiters to take disciplinary action, and only meet two or three times a year, this causes unnecessary delays. New traits observed are that more complaints were received during the past year, than in the previous ten years, and standards of administering contracts seem to be deteriorating.

Financial Statements

The Council has had a surplus of R519,833 for the twelve months to 31 March 2005. Accumulated funds total R2,862,358.

The Education Fund has a surplus of R439,745 after taking into account an amount of R110,850 refunded by CETA in respect of the funding of education grants.

The audited statements for the period under review are attached. Please see Annexure A, page 64.

Engineering Council of South Africa





Legislative Background

The Engineering Council of South Africa was established in terms of the Engineering Profession Act (Act No 46 of 2000), which was assented to on 26 November 2001. ECSA's predecessor was established ten years earlier by the Engineering Profession of South Africa act (Act No 114 of 1990). It in turn had its roots in the Professional Engineers' Act (Act No 81 of 1968).

Mission Statement

To ensure through a cooperative process of quality assurance that persons wishing to enter the profession are educated and trained according to widely accepted standards so as to be able to render a professional service for the benefit of the public and the country as a whole.

Organisation

The Council's current four-year term of office expires in November 2005, whereafter newly appointed Council members will assume office for the second four-year term of the Council.

Current Members

MF Allie, H Anderson, JP Burdes, P Camay, Dr NP Chinkanda, M Cilliers, BN Currin, JJ De Koker, AD du Plessis, Dr OSW Franks, CV Gamede, RP Gerber, TT Goba, Prof UHJ Grimsehl, du Toit Grobler, RA Harker, CFB Havenga, RA Holmwood, AM Jansen van Vuuren, PJJ Joubert, Prof BM Lacquet, AS Le Roux, LJ Madisha, SE Madonsela, JKS Makaleng, JP Malatse, HS Mkhacane, RP Mohring, M Msiwa, RT Murphy, V Nel, Prof FW Petersen, RA Pullen, FL Ramagwede, K Ramjee, S Rapeti, FB Reinders, CM Sardiwalla, LM Sithole, M Sonnekus, Dr TE Stidworthy, Prof PW van der Walt, Prof AJ van Wyk, EV Vries, Prof BK Wells, CJ Xoko.

Resignations

TTC Dlamini (7/10/2001), NR Kunene (15/2/2005), MD Mokotedi (8/4/2002) replaced by Gerber, AJ van der Merwe (1/3/2005), JLJ van der Westhuizen (4/3/2004).

Recommendations to Minister (but not yet appointed by Minister)

TTC Dlamini to be replaced by Ms BG Sudano.
(Recommended to Minister on 4/8/2004)



In view of the shortness of the period until expiry of the current term in November 2005, the Council did not submit any further replacement recommendations to the Minister.

Registered Persons

The number of registered persons as at 1 April 2004 and 1 April 2005 is as follows:

Category of Registration	April 2004	April 2005
- Professional Engineers	14,728	14,754
- Professional Engineering Technologists	2,522	2,617
- Professional Certificated Engineers	793	803
- Professional Engineering Technicians	800	1,094
- Registered Engineering Technicians (dormant since 28/08/2001)	1,224	1,156
- Reg. Eng. Technicians (Master) (dormant since 28/08/2001)	504	495
- Candidate Engineers	3,224	3,269
- Candidate Engineering Technologists	573	646
- Candidate Certificated Engineers	107	106
- Candidate Engineering Technicians	699	833
- Registered Lift Inspectors	155	161
Total	25,329	25,934

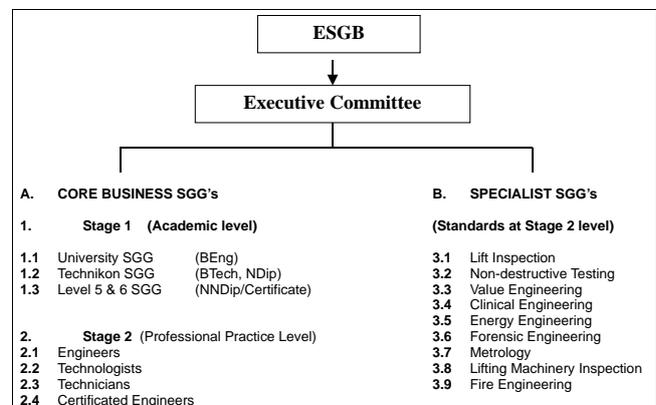
Steady progress is being made in the establishment and development of specified categories contemplated in section 18(c) of the Engineering Profession Act, 2000. Since the last report, one additional specified category of registration is in the process of development. Following a written request from the Occupational Health and Safety office of the Department of Labour, the Council approved the development of a category for Lifting Machinery Inspectors.

Since the development of these categories entails a substantial amount of work, it is not expected that any of the categories under development will be implemented within the next year.

One of the mechanisms through which ECSA does a

substantial amount of work in the development process is the Engineering Standards Generating Body (ESGB). Before any category can be formally established and implemented, the necessary qualifications must register with SAQA as national qualifications.

The ESGB comprises a rather complex and extensive infrastructure. It consists of two main legs, i.e. a "Core Business Standards Generating Group" (SGG) with various substructures and a "Specialist Standards Generating Group", also with various substructures, as illustrated below:



Identification of Work

A Project Co-coordinator was appointed to manage the Identification of Engineering Work initiative. Stakeholders and industry were requested to comment on submissions and suggestions regarding identification of engineering work. The process also involved widespread consultation with stakeholders in various economic sectors, the mining and minerals sector being the first selected within which to identify engineering work. The Mining Qualifications Authority (MQA) accepted a request from ECSA to use its facilities and committees to identify functions in the mining and minerals sector which should be identified for the exclusive performance by registered persons. The MQA is nearing completion of its work and is expected to submit their recommendations to ECSA early in the next financial year.

In the interim a Steering Committee was established - Identification of Engineering Work Steering Committee (IDoEW-SC), to guide the process of identifying engineering work in all sectors of the engineering



industry. The committee has since its establishment in November 2004 convened meetings on a monthly basis to look at the submissions received from associations and organisations.

A final report and recommendations is scheduled to be submitted to the Council in September 2005.

The Steering Committee has been tasked by the Council to interact with the South African Council for Project and Construction Management Professions (SACPCMP) regarding the latter's proposals relating to identification of work. ECSA declared its concern over the significant overlaps between project management related to engineering work and construction project management.

The overlap of work to be reserved as seen by ECSA and the SACPCMP is considered to be very significant. ECSA prepared a Position Paper in 2004 on the subject and expressed the need to enter into dialogue with SACPCMP to resolve the impacts of this overlap and avoid the counterproductive need for dual registration. The Steering Committee anticipates that an invitation by the SACPCMP would be received early in the next financial year.

Guideline Fees

A revised version of the Guideline Scope of Service and Tariff of Fees for persons registered in terms of the Engineering Profession Act, 2000 was published on 2 April 2004 under Board Notice 42 in Government Gazette No 26189.

The Fees Committee of ECSA annually reviews the guideline fees determined by ECSA for engineering work performed in private consulting practice, which is a statutory requirement in terms of the Act. The committee consists of Council members, and representatives of the following organisations:

- SA Association of Consulting Engineers and SABTACO as providers;
- SA Property Owners Association (SAPOA) as users of engineering services;
- Department of Public Works as a user of engineering services;

- Department of Water Affairs and Forestry as a user of engineering services;
- National Roads Agency as user of engineering services.

The Fees Committee of ECSA published a further revision in November 2004, inviting comment from interested parties before 28 January 2005. Comments were received and processed and the proposed Guideline Fees were approved by the Council on 10 March 2005, and will be published in the Government Gazette on 1 April 2005.

Education and Training

ECSA accredits educational programmes in engineering in the higher education band offered at Universities and Universities of Technology. These visits are conducted on a five yearly rotation basis.

The objectives of accreditation of engineering programmes are:

- To establish whether a programme meets the educational requirement toward registration in a particular category of registration;
- To establish whether the graduates of a programme are ready to enter engineering employment and are equipped to continue learning throughout their careers;
- To establish the international comparability of these programmes;
- To assure the public of the quality of the programme;
- To encourage improvement and innovation in engineering education in response to national and global needs.

The following institutions were visited during the year:

- Mangosuthu Technikon
- Central University of Technology
- Cape Technikon
- Tshwane University of Technology
- Border Technikon
- Eastern Cape Technikon



The period under review was marked by a number of government-initiated institutional mergers. The Accreditation Committees of ECSA have considered detailed plans from merging universities and have taken decisions to ensure that the accreditation status of pre-merger, interim and post-merger programmes are clear.

The University of Natal and the University of Durban-Westville merged to form the University of KwaZulu-Natal (UKZN). The list of accredited programmes is reflected on the ECSA website to distinguish the historical, interim and post-merger accreditation status of programmes. The University of Potchefstroom changed its name to the North West University but its programmes are unaffected.

Two mergers of technikons and universities affect engineering programmes. Rand Afrikaans University and Technikon Witwatersrand have merged to form the University of Johannesburg. For the present, their engineering and technology programmes continue without change. The new Nelson Mandela Metropolitan University in Port Elizabeth has legacy technikon programmes and is planning to start a BEng programme, which will undergo an initial evaluation by the University Accreditation Committee later in 2005.

Within ECSA, the responsibility for accreditation continues as before the mergers: the University Accreditation Committee is responsible for engineering programmes intended for the professional engineer track and the Washington Accord. The Technikon Accreditation Committee evaluates technology programmes in the professional technologist and technician tracks and recognised under the Sydney and Dublin Accords. Thus, the way that ECSA discharges its obligations with respect to the various international accords are unaffected by the mergers and the creation of universities offering both technology and engineering programmes.

ECSA has interacted with the University of Botswana to assist with that university's desire to have its programmes accredited by ECSA. Discussions have been held with the Engineers Registration Board of Tanzania relating to their desire to ultimately become a Signatory of the Washington Accord.

Communication

Built Environment

The Council is in regular communication with the other Professional Councils in the Built Environment. This communication is mostly through representation by ECSA's President and Vice-president as members of the CBE Council as well as the CEO participating in the Registrar's Forum, a subcommittee of the CBE. ECSA is also represented on the following CBE committees:

- Code of Conduct Committee
- Identification of Work Committee
- Fees Committee

The CEO, various members of the Council and its committees and senior staff members are invited on a regular basis to address employers and their engineering personnel as well as professional engineering societies on a wide variety of topic, such as registration, education and training as well as the question of compulsory registration flowing from the identification of engineering work project. These presentations are most useful as this provides ECSA an opportunity to gauge the level of awareness and understanding of ECSA and its activities among the practitioners in the profession. Likewise, the professionals and their employers find these presentations most useful as the nuances involved in many of the issues are better understood when explained in person.

International

On the international front, an ECSA team participated in an international workshop held in London in June 2004. This workshop was held in an attempt to fast-track various initiatives flowing from biennial international meetings involving all the signatory countries of the Washington Accord, Sydney Accord, Dublin Accord, Engineers' Mobility Forum and the Engineering Technologist Mobility Forum.

The workshop discussed a variety of issues, but the main thrust was aimed at achieving international calibration relating to "Graduate Attributes and Professional Competences" of engineering practitioners



registered by the signatories of the various accords. A working group led by Prof Hu Hanrahan of ECSA covered all the educational and mobility groups. Because of its importance and complexity, this subject constituted a major portion of the workshop. Although major progress was made with this complex subject, it is still in the early stages of development.

African Initiatives - NEPAD

ECSA is in the process of negotiating a Memorandum of Understanding (MoU) with the "New Partnership for Africa's Development" (NEPAD). The goals of NEPAD are to promote accelerated growth and sustainable development, to eradicate widespread and severe poverty and to halt the marginalisation of Africa in the globalisation process.

The Memorandum of Understanding aims to establish collaboration in capacity building, knowledge sharing, institutional development and extra-territorial accreditation visits in Africa and will be written and agreed to by ECSA and NEPAD, based on several rounds of discussions held between representatives of these institutions in order to identify key areas and modalities for collaboration between the two institutions in Africa.

Assistance to Engineering Professions and Universities in Africa

ECSA is increasingly receiving requests for assistance from universities and professional bodies in African countries. This prompted ECSA to prepare a policy document on its activities in Africa.

ECSA's strategic objectives are to:

- Assist national engineering bodies in African countries, and SADC countries in particular, that are committed to working toward internationally comparable standards, and best practice policies and procedures for accrediting engineering qualifications and professional registration.
- Assist education institutions aspiring to achieve internationally comparable standards.

Should a national engineering body aspire to membership of one or more international accords, ECSA is willing to assist the national body toward provisional membership. ECSA would also seek ways for education providers in small countries where there is no national engineering body to gain mutual recognition under the accords.

Voluntary Associations

The Council published draft rules for general comment and extended a direct invitation to all engineering societies who may be eligible for recognition as voluntary associations. Very useful comments were received and the Council made some significant changes to the proposed rules. One of these changes involved making provision for recognition of associations whose members are juristic persons rather than natural persons.

Since this affected the Policy Framework approved by the CBE, the Council made representations to the CBE to amend the CBE framework accordingly. The CBE assented to this amendment as other Professional Councils in the Built Environment experienced a similar situation.

The final rules were published on 4 March 2005 in Government Gazette No. 27324, under Board Notice 29. Applications are being awaited in the next report year.

Financial Information

The Council's financial year runs from 1 April to 31 March. The audited statements for the period under review are attached. Please see Annexure B, page 76.

South African Council for the Project & Construction Management Profession





Legislative background

The Council for the Project and Construction Management Professions is established by Section 2 of the Project and Construction Management Profession Act (No 43 of 2000) to regulate the Construction Management and Construction Project Management Professions with the primary purpose of protecting the public.

Mission, Vision and Value Statements

Vision

To facilitate the development of a world class Construction and Construction Project Management Professionals

Mission

- Prompting equitable access to Project and Construction Management Professions by the wider members of the society.
- Promoting Professional standards regulating practice of the Professions.
- Ensuring competency through appropriate tertiary education, continuing Professional practice and code of conduct.
- Building of quality relationships and collaborations with stakeholders to continually improve the well being of the Professions.

Values

The following values form the basis for the Council's approach in its activities.

- Integrity
- Accountability
- Commitment
- Transparency
- Honesty
- Inclusiveness
- Act in the Public and nation's interest.

Organisation

The Council is appointed by the Minister of Public Works in terms of section 3 of the Act (No 48 of 2000). The Council consist of ten members appointed as follows:

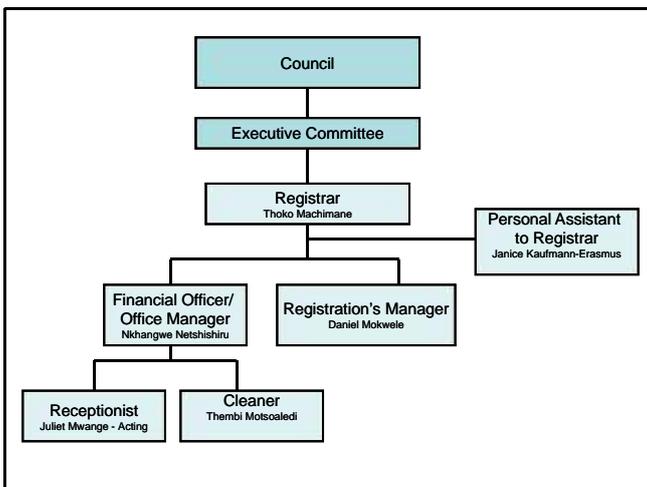
- (i) Six registered persons, excluding candidates, of whom at least four actively practice in the Project and Construction Management Professions.
- (ii) Two Professionals in the service of the state, nominated in any sphere of government, of whom at least one must be nominated by the Department of Public Works.



- (iii) Two members of public nominated through an open process of public participation.

The council is led by its President, Mr FC Fester. The other members of the council, in alphabetical order are: Ms M Burger, Mr WH Hlabangwane, Ms N Mandindi, Mr O Narker, Mr RWJ Newberry, Prof PMD Rwelamila, and Prof JJ Smallwood.

Organogram



Two members of the Council resigned during February 2004 and as a result there were two vacant positions for 13 months. Prof R Schloss resigned on 09 February 2004 and Mr C Badenhorst resigned on 19 February 2004.

Council Meetings

Three Council meetings were held on 11-12 June 2004, 04 November 2004 and a special meeting was held on 02 December 2004. EXCO held four meetings where debates are held on strategic issues after which recommendations are made to Council for ratification. Decision making is made through consensus by majority members. The meetings are premised on the policy of transparency and openness that encourage discussions on policy issues.

Institutional Arrangements

The day to day work of the Council is executed at Council office situated at B9, Corner New Road and 6th Road under the stewardship of the Registrar, Ms Thoko

Machimane. The Registrar reports directly to the President of the Council and the Executive committee.

The Council's mandate is stipulated in the Act (No 48 of 2000) and its activities are governed by the Act in conjunction with the provisions of the Built Environment Act (No 43 of 2000), Higher Education Act (No 101 of 1997) as amended, the Competition Act (No 89 of 1998), Public Finance Management amended Act (No 29 of 1999), South African Qualifications Authority Act (No 58 of 1995) amongst others.

Council reports its annual activities to the CBE, the umbrella body for all six Councils in the Built Environment. The mandate of the Council for the Built Environment is to create an integrated framework for the development of the Built Environment Professions and interface between the Professional Councils and Government.

Financial Management policy and procedures have been developed in compliance with the provisions of the Public Finance Management Act (No 29 of 1999) as amended. An Accounting and Auditing Company, G. Naidoo and Associated are contracted for monthly financial reconciliations, management accounts, annual audits, and to ensure compliance with statutory requirements.

Council has constituted the working committees as provided for in Section 17 of the Act (No 48 of 2000) comprising of Council members and non Council members who are experts in specific subjects to discharge some of its responsibilities.

The active committees for the year under review were as follows:

- Executive (Exco)
- Finance
- Education
- Public Relations/Marketing
- Registrations
- Voluntary Association Forum
- Professional Fees

All committees of Council proceeded with work, except for the Education Committee that was put on hold while



negotiations were held with the Council on Higher Education (CHE) with regard to the Council becoming an Education and Training Quality Assuror (ETQA).

Performance Report

Strategic Objectives

1. Formulation and Management of a registration framework including Identification of Work competencies and registration criteria.

The registration system is consolidated with adjustments incorporated from time to time to respond to the identified gaps regarding the registration criteria. The following resolutions were incorporated to the registration system:

- that an applicant who wish to apply for accreditation on the basis of RPL (recognition of prior learning) should write two examinations for purposes of testing the applicant's general technical knowledge and Professional Competencies.
- academics should submit three peer reviewed research papers with review details.
- all registered candidates should upgrade to Professional status through writing and passing Council examination.

Regarding the Identification of Work, council has engaged PD Consulting to align SACPCMP's Identification of Work with the CBE framework.

2. Initiation and implementation of an IT based registration system

A registration database management and accounting software is implemented for appropriate information management. The office is currently in the process of developing an improved as the current system in use has demerits that warrant change to suit industry demands.

3. Ensure finalisation of recognition of Voluntary Associations

The framework for the recognition of Voluntary Associations was finalised and submitted to the CBE for ratification. Council invited all deemed to be Voluntary Associations to apply for recognition. Seven organisations have been recognised as Voluntary Associations in terms of section 25 and the certificate of recognition were issued as follows:

Name of Voluntary Association	Registration Number	Recognition Period
1. The Association of South African Quantity Surveyors	V/001/2004	19 August 2004 - 19 August 2009
2. The South African Institution of Civil Engineering	V/002/2004	19 August 2004 - 19 August 2009
3. South African Federation of Civil Engineering Contractors	V/003/2004	19 August 2004 - 19 August 2009
4. The Chartered Institute of Building	V/2004/2004	19 August 2004 - 19 August 2009
5. MBA Free State	V/2005/2004	19 August 2004 - 19 August 2009
6. Gauteng Master Builders Association	V/2006/2004	19 August 2004 - 19 August 2009
7. Association of Construction Project Managers	V/2007/2005	22 July 2005 - 22 July 2010



PMI SA, Cape Institute of Architecture, SABTACO and SAACE have applied for recognition as Voluntary Associations. These applications will be finalised on receipt of outstanding information from the respective organisation.

4. Institute and development of education standards and accreditation of tertiary institutions through interactions with SAQA and Council on Higher Education (CHE)

Council is closely working with CHE to enter into a memorandum of agreement to conduct programme accreditation for institutions of higher learning that offer programmes in Construction Project Management and Construction Management. The process of programme accreditation shall only be finalised once a memorandum of understanding has been entered into between CHE and Council.

5. Formulate Policy and programmes for Continuing Professional Development

Council is working towards establishing the Continuing Professional Development (CPD) policy and framework. A CPD committee was constituted through nominations made by recognized Voluntary Associations. The committee will focus on developing CPD framework for the Council once CBE has finalised the overarching policy.

6. Review, formulate and implement marketing and advocacy policies covering amongst other stakeholder's participation, partnership and communication to the public

The Council's public relations is premised on the "Stakeholder-is-king" philosophy that links the need for culture change to the long-term best interest of all key constituencies. A conducive environment is always created to listen to both satisfied and dissatisfied strategic allies. Council endeavours to continue making a compelling need for the existence of the Council and the rationale for the new legislative arrangement with every opportunity to drive the point home. Notwithstanding the "stakeholder-is-king" viewpoint, Council will continuously challenge the status quo and engage

in meaningful discourse to influence the strategic changes.

The committee reviewed and developed a marketing plan that culminated in a national roadshow to major cities to interact with stakeholders broadly. A cocktail function was held in August to acknowledge the successful recognition of Voluntary Associations by the Council. Members of the public were invited through national newspapers, email, letters and the website for inputs regarding policy issues.

7. Review corporate plan and develop a work programme and performance agreement and budget

The following strategic focus areas as identified during a workshop held on 04 March 2003 as critical for Council's sustainability.

- Determination of the deadline for registration in terms of section 42 of the Act (No 48 of 2000)
- Revenue generation from registration fees
- Strengthening relationships with Voluntary Associations
- Finalisation of the Identification of Work

In all these programmes imperatives have been identified and were realised as the Minister determined a date for compulsory registration for 31 October 2004, which consequently impacted on revenue generation. The Council's strengthened relationship with Voluntary Associations ameliorates coalition for change. The Identification of Work was not finalised during the financial year as planned, however the process is at an advanced stage.

Outlook for the year

In assessing the outlook for the year the comparisons are made between the FY2003 and FY2005 using the following indicators:

Indicator	FY2004/2005	FY2003	Comments
Subscription Income	1 553 174	183 750	Increased income potential
Office space	300 m2	103 m2	Office space has tripled
Staff complement	5 permanent staff members and 3 contract members	3 permanent staff members	Significant increase in human resources
Office location	Midrand	Parktown	Located in the centre of Gauteng for easy accessibility.



Based on the information in the table, Council's operations have significantly improved for the financial year 2004/2005 as compared to the financial year 2003.

The key competitive advantage can be attributed to a number of success factors relating to capabilities and resources but the determination of the date by the Minister to end the transitional provisions in terms of section 42 of the Act (No 48 of 2000) was pivotal.

The next strategic issue to be addressed to take the Council to a new level is the enactment of section 26 of the Act (No 48 of 2000).

Registered Persons

The registration infrastructure was consolidated. Council is currently considering developing a recognition of prior learning (RPL) system to cater for persons with no qualifications. In the current financial year Council managed to register Professional as follows:

Professional Construction Project Managers	360
Professional Construction Managers	173
Candidate Construction Project Managers	209
Candidate Construction Managers	67
Total number for Professionals registered	533
Total number of candidates registered	276

The Council had received 5005 applications as at 31 March 2005. 38% of these were processed and approved applicants are only registered on payment of registration and annual fees.

It is worth noting that in terms of the registrations statistics, there is an insignificant number of women participating in the Construction and Project Management Professions.

Council might have to redirect some effort in future to address the inequity.

It is concerning to also note that a huge number difference of Professionals exist across the racial line but encouraging is that there is a significant number of blacks entering the market.

The Council might have to address the situation as recommended regarding women participation in the Professions.

Section 15 of the Act (No 48 of 2000) provides that the Council may establish and administer an education fund for the purpose of education, training and continuing education and training of registered persons and students in the Project and Construction Management Professions.

Identification of Work

CBE finalised the framework for the Identification of Work during the financial year under review. A consultative meeting was held with the Built Environment Professional Councils in August 2004 and subsequently PD Consulting was appointed to manage the national consultation process and align SACPCMP's Identification of Work with CBE framework. At the end of the financial year under review the consultants successfully embarked on the stakeholder identification process. The plan is to finalise the process by the end of December 2005 for submission to CBE in compliance with section 26(2) of the Act (No 48 of 2000).

Professional Fees

Tariff of Fees for Professional Construction Project Managers were developed in consultation with Voluntary Associations. A draft document was published inviting for comments in the government Gazette to be made by 31 July 2004.

Comments were received and considered by the fees committee; valuable inputs were incorporated in the draft document. The final document was gazetted in February 2005.

The tariff of fees for Professional Construction Manager is soon to be developed.



Marketing and Communication

Public relations activities were held in the format of the National Roadshow where the President of the Council and the Registrar visited the following major centres where various issues were discussed including the Identification of Work.

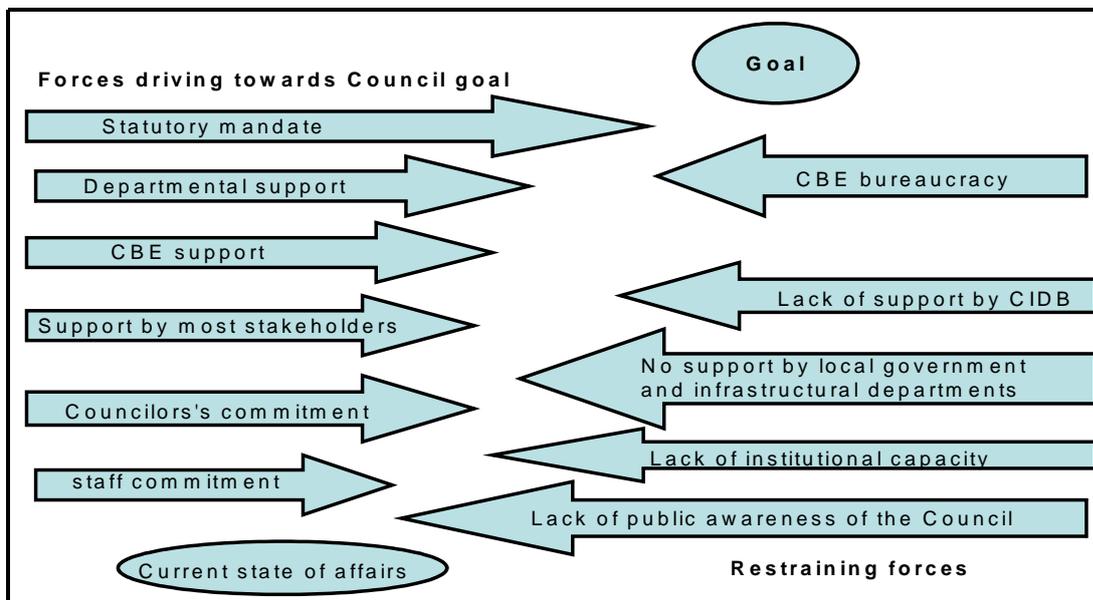
- Bloemfontein (13 October 2004)
- Kimberley (14 October 2004)
- Cape Town (28 October 2004)
- Port Elizabeth (29 October 2004)
- Durban (09 November 2004)

A cocktail function for Voluntary Associations was held at the Johannesburg Country Club on the 19 August 2004 as a public relations exercise.

Outlook for the coming year

The Councils priority in the new year will be focused on building sound communication strategies that includes an interactive website to take advantage of technology advancement to offer speedy services. It is also imperative for the Council to continue working on the identified forces below to strengthen the positive forces and device plans to address the negative forces in the interest of benefiting the Council and the industry in general.

Considerations and Constraints



The diagram above depicts identified forces driving the Council towards its goal and consideration for the restraining forces. There is a considerable need to focus on raising public awareness on the Council's role to secure support particularly from infrastructural institutions in both Public and private sector.



Regarding institutional capacity, Council has made recommendations to the Minister to consider increasing the number of Council members from 10 to 14 broken down as follows:

- 4 Registered practicing Construction Project Managers
- 4 Registered practicing Construction Managers
- 2 Academics
- 2 Professionals in the service of the state
- 2 Members of the public

Challenges

The biggest challenge is to finalise the Identification of Work and the enactment of section 26 to enable the Council to fully execute its mandate.

Paramount to the registration process is the consolidation of the examination logistics to further assess professional competency for applicants.

Financial Information

The Council's financial year runs from 01 March to 28 February. The audited statements for the period under review are attached. Please see Annexure C, page 88.

South African Council for the Property Valuers Profession





Legislative Background

The South African Council for the Property Valuers Profession is a (statutory) juristic person, established by section 2 of the Property Valuers Profession Act, 2000 (Act No 47 of 2000), and that its functions (powers and duties) are contained in the Act.

The Act is, therefore, its "founding document" and in effect its business plan. It has, however, become customary for bodies such as the Council to also have what is called a business plan. In this connection the Council wishes to record that it has finalized its business plan during the course of the year.

Vision and Mission Statement

Vision

To create a transformed property valuers profession that delivers world class valuation services.

Mission

The vision of the Council will be achieved by:

- providing professionalism and high standards of competency through education and continuing education and training ("CET");
- promoting access to the profession by all members of the society;
- promoting awareness of the range of valuation services offered by the property valuers profession; and
- making the property valuers profession a career of choice to all members of the society.

Organisation

The following persons were appointed as members of the Council by the Minister of Public Works for a period of four years on 26 July 2001:

Section 3(1)(a) of the Act (six registered persons, nominated by the voluntary associations and registered persons):

KMK Bothongo (Randburg), AH Bray (Cape Town), Ms JL Falck (Cape Town) and Ms JK Louter (Durban).

Ms Falck resigned on 23 February 2005. The Minister of Public Works as well as the Registrar: Council for the Built Environment ("the CBE") were informed in writing as required by section 6(2)(b) of the Act.



Section 3(l)(b) of the Act (two professionals in the service of the State, nominated by any sphere of government):

TI Lehobye (City of Tshwane) and SA Mokweni (City of Cape Town).

Section 3(l)(c) of the Act (two members of the public):

SJ Erasmus (Pretoria) and TG Tsekoa (Florida).

Section 3(2) of the Act (two members of the former SA Council for Valuers, nominated by that Council):

JGC Smal and A Zybrands (both Pretoria).

Term of Office

It is with dismay that the Council must, once again, report that subsections (1) and (2) of section 4 and section 27 of the Act are still not in operation. The provisions of the said section 4 deal with the nomination procedures which must (a duty) be followed when any nomination in terms of section 4(1)(a), (b) or (c) of the Act becomes necessary.

In order to perform the said duty as required by the peremptory provisions concerned, being the clear and unambiguous instructions of Parliament, the legislative authority of the Republic of South Africa, of the said section 4, the Council must also make rules prescribing the manner in which certain persons and bodies must be invited to nominate persons for appointment on the Council.

Although the Council has already drafted such rules, the provisions of the said section 4, as well as those of section 27, are, for some unknown reason, still not in operation. The rules can, therefore, not be promulgated at this stage. The Council has on numerous occasions raised this matter with the CBE and the Department of Public Works, but despite the very real and compelling reasons advanced by the Council concerning this matter, all efforts by the Council have apparently fallen on deaf ears.

It goes without saying that the required "nomination rules" must be in place well before July 2005. The

Council must, therefore, once again urge the CBE to urgently take this matter up with the said Department - the legitimacy of the Council cannot, after all, be put in jeopardy or be compromised! As far as the said section 27 is concerned, see Identification of Work, *infra*.

Meetings

The Council met three times during the financial year, namely 21 July 2004 (10th meeting), 10 November 2004 (11th meeting) and 23 February 2005 (12th meeting).

Committees

The governance structure of the Council was reorganized and streamlined in terms of the business plan. As a result, the following committees were established:

Executive Committee

This Committee is responsible for:

- the implementation of the policies and decisions of the Council;
- the management and control of the budget and finances of the Council;
- policy issues and the functions referred to in the Act;
- co-ordination of the functioning of the Committees of the Council; and
- the day to day running of the Council between meetings, for which purpose the Registrar reports to the Committee with regard to administrative matters.

The ex officio members of the Committee are the President (Mr TI Lehobye), who is also the chairperson, and the chairpersons of the Registration and Complaints Committee (Mr JCG Smal), the Education Committee (Mr SA Mokweni) and the Public Relations Committee (Mr AH Bray).

Education Committee

This Committee is responsible for all matters relating to the professional development and education of (prospective) professionals as well as the functions referred to in section 13 of the Act. Its



members are Messrs Mokweni, Lehobye, Smal and Tsekoa. Mrs JL Falck, up until her resignation, was a member of the Education committee.

Public Relations Committee

This Committee's main responsibility relates to public awareness and the identity of the Council. Its members are Messrs Bray, Bothongo, Mokweni and Louter.

Registration and Complaints Committee

This Committee is tasked with the Council's functions with regard to registrations in terms of the Act and the appointment of investigating committee in terms of section 29 of the Act. Its members are Messrs Smal, Bothongo, Lehobye and Tsekoa.

Representation on the CBE

Since Mrs Falck's resignation from the Council, Mr Mokweni is the only representative of the Council on the CBE. The Council has nominated Mr Lehobye in terms of section 5(2)(c) of the Council of the Built Environment Act, 2000, in the place of Mrs Falck.

Institutional Arrangements

The Council's secretariate comprises of a Registrar (vacant), an Administrative Officer, a Receptionist, an Office Attendant and a part-time Bookkeeper.

As stated in the previous Annual Report, the previous Registrar left the services of the Council on 1 December 2003. The deputy Registrar, Mr TT Khoza, was appointed acting Registrar on the said date. It is with regret that it must be reported that the Council had to dismiss Mr Khoza on 10 November 2004 for misconduct and poor work performance. The CCMA upheld this decision on 5 February 2005. As a consequence of the said dismissal, Ms Vorster (Administrative Officer) was appointed as acting Registrar. Mr MC Seota will take up the post of Registrar on 1 May 2005.

Specific Activities

As far as the (statutory) functions of the Council are concerned, it must be pointed out that the day to day activities of the Council are mainly concerned with queries regarding the requirements for registration of

candidate valuers and professionals; the registration of persons in the various categories of registration in terms of the Act; investigations of charges of (alleged) improper conduct; and the financial affairs of the Council.

Registered Persons

The number of registered persons at the end of the past two financial years were as follows:

	2004	2005
- Professional Valuers	690	665
- Professional Associated Valuers	670	671
- Candidate Valuers	1 051	1 160
- Single Residential Property Assessors	0	0
- Candidate Single Residential Property Assessors	0	3
Total	2411	2499

As required by section 17(2) of the Act a list of registered persons is open for inspection at the offices of the Council. It is also available on the Council's website www.sacpvv.co.za.

Education and Training

So as to give proper effect to the provisions of section 13 (a) and (b) of the Act, namely accreditation visits and accreditation of educational programmes with regard to property valuation, respectively, the Council drew up a Policy Document on Accreditations, which document became effective on 1 March 2005.

Matters such as application procedures for accreditation and procedures during accreditation visits, charges, documentary evidence, reports, period of accreditation and renewal are addressed in the document concerned.

Code of Conduct

A Code of Conduct for Registered Persons was drawn up in accordance with section 28 of the Act. It came into operation on 10 November 2004. As a



consequence, rules 4 (code of professional conduct) and 5 (conduct constituting improper conduct) of the Valuers' Rules, made by the former SA Council for Valuers and kept in force by virtue of section 43(6) of the Act, were repealed.

Communication

The Council attended numerous meetings and commented on various matters which have a bearing or are related to property valuation and the property valuers profession in South Africa.

Voluntary Associations

As required by section 26 of the Act, read with section 4(k)(vii) of the Council for the Built Environment Act, 2000, the framework for the requirements for recognition of a voluntary association was finalised during the course of the year.

On 21 July 2004 the following two voluntary associations were recognised as such for a period of one year from that date:

- Black Valuers Association of South Africa, Cape Town.
- Professional Valuer's Association, Durban.

As far as the South African Institute of Valuers (branches: Southern, Eastern Cape, Central, Northern and KwaZulu-Natal) is concerned, it must be borne in mind that this Institute enjoys recognition in terms of section 43(4) of the Act for the first term of office of the Council.

Disciplinary Matters

So as to augment and complement the said Code of Conduct and the provisions of sections:

- 29 (investigation of charge of improper conduct),
- 30 (charge of improper conduct),
- 31 (appointment of disciplinary tribunal),
- 32 (disciplinary hearing),
- 33 (proceedings after hearing), and
- 34 (appeal against decision of disciplinary tribunal)

of the Act, the Council made rules for disciplinary proceedings under section 37 of the Act. The said Rules came into operation on 1 November 2004. It deals with, inter alia, lodging of a complaint, processing of a complaint, composition of investigating committee, recording of proceedings, dismissal of a charge, auxiliary procedures and notice of appeal.

Rules for the Valuers' Profession

The said Valuers' Rules was finally repealed by the Rules for Disciplinary Proceedings.

Amendment of the Act

It is common knowledge that the Act contains many inconsistencies and omissions which require the urgent attention of the legislature. Suggestions and recommendations regarding these matters have been submitted to the CBE on many occasions, the last occasion being on 8 November 2004 when the Council was informed by the CBE that "... (t)he Department (of Public Works) is reviewing the Professional Acts, based on issues that came up ... and would like to incorporate concerns relating to the implementation of the legislation. In order to finalise this ... forward submissions via the CBE ... by 12 November 2004" - four days! The Council's proposals were submitted on that date. Almost eight months (at the date of this Report) have now elapsed without any indication that the matter concerned is, in fact, receiving proper attention. The CBE is, therefore, kindly requested to give the matter its urgent attention.

Other Activities in terms of the Act

The following matters are still receiving attention:

- Period of Validity of the Registration of a Registered Person - rules to be made under section 11(b) of the Act. Draft rules will be published shortly for Comments.
- Continuing Education and Training - determination of conditions in terms of section 13(k) of the Act.



- Recognition of Prior Learning - determination of relevant education outcomes in terms of section 20(2)(b)(iii) of the Act.
- Renewal of Registration - determination of conditions for the renewal of registration in terms of section 23, in conjunction with sections 1 I(b) and 13(k) of the Act

Disciplinary Matters

Three inquiries into alleged improper conduct were finalised. Fifteen complaints are being investigated and, where applicable, inquiries will be instituted shortly.

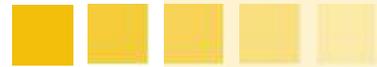
Financial Statements

It is with regret that the Council wishes to record that it had to sever its ties with the firm PriceWaterhouse-Coopers Inc and to (re)appoint Messrs Geysers & Du Plessis as auditors for the purposes of section 16(7) of the Act. In this connection the Council is pleased to report that the new auditors completed the audit within a period of three days, at the completion of which the auditor responsible for the audit remarked "the Council's financial records are in an excellent condition - it was a pleasure doing your books".

The Council's financial year runs from 01 April to 31 March. The audited statements for the period under review are attached. Please see Annexure D, page 100.

South African Council for the Quantity Surveying Profession





Legislative Background

The Quantity Surveying profession has benefitted from a governing institution in one form or another since 1905. The Association of South African Quantity Surveyors was formed in 1971 with the proclamation of Act 36 of 1970. This legislation, with amendments, governed the profession up until the establishment of the South African Council for the Quantity Surveying Profession (SACQSP) in terms of the Quantity Surveying Profession Act (Act No 49 of 2000), which was promulgated on 26 November 2000 and commenced on 26 January 2001.

Vision and Mission Statements

Vision

To facilitate world class professional practice in Quantity Surveying.

Mission

Continuous evaluation and enhancement of internationally acclaimed standards of education, performance and ethics which supports integrated development and public protection.

Council Membership

First term 2001/2005

The Minister called for nominations and appointed the first members of the Council for the first 4-year term from 2001/2005. Its first meeting in terms of the new legislation took place in August 2001. The Council consisted of 17 members and was led by its President, Mr RL Chauke, and Vice-President, Mr A Varachhia.

The other members of the Council (in alphabetical order) were:

Ms B Africa, Mr M Grant, Mr JN Jansen Van Vuuren, Mr MP Kgole, Ms A Krüger, Mr M Laatoe, Prof GK Le Roux, Prof RN Nkado, Mr H Ntene, Mr FF Ntumbu, Mr FJ Pretorius, Mr BW Probert, Ms NC Van der Hoven, Mr J Van Jaarsveld and Prof JJP Verster.

Second term 2005/2009

The first term of the Council expired during August 2005 and nominations were called for the new appointments on the Council for the second term of 2005/2009. After nominations were called for in terms of sections 4(1) to (7) of the Quantity Surveying Professions Act (Act 49 of 2000), the recommendations made to the Minister of Public Works have been approved and ratified.



The Council members (in alphabetical order) for the second term 2005/2009 will therefore be the following persons:

Prof PA Bowen, Mr GT Chaane, Mr RL Chauke, Mr M Grant, Mr MP Kgole, Prof NJ Maritz, Ms KM Mogodi, Ms JS Moodley, Mr MN Mteza, Prof RM Nkado, Ms G Pasley, Prof RG Pearl, Ms I Pieterse, Mr FJ Pretorius, Ms NC van den Hooven, Mr HB van der Kolf and Prof JJP Verster.

The first full Council meeting has been scheduled for 04 October 2005, at which meeting the executive positions of President and Vice President will be filled for the period 2005/2009.

Institutional Arrangements

The organisation is managed by its Registrar, Mr EF Wortmann, and nine other personnel members responsible for office administration, registration, programmes and finances. The personnel and infrastructure are shared between the SACQSP and the Association of South African Quantity Surveyors (ASAQS).

The Council holds two full Council meetings and approximately six Executive Committee meetings per year. Over and above the Executive Committee there are eight other committees in place to achieve compliance with all regulatory requirements, they are:

- Education and Standards Committee
- Professional Fees Committee
- Finance and Resources Committee
- Professional Disciplinary Committee
- Legal and Legislative Committee
- Registration Committee
- Empowerment Committee
- Public Relations Committee

Registered Persons

As at 28 August 2005, the Council had a total of 2 351 registered persons, made up as follows:

Professional Quantity Surveyors (PrQS)	1 750
Candidate Quantity Surveyors (Candidate QS)	601
Total	2 351

Registration Categories

In terms of the above, the Council had since its inception elected to limit the total number of registration categories to only one professional PrQS category. This was the situation for the entire period under review. The decision has however recently been taken that a tiered level of registration process will be introduced during the second term of the Council.

The introduction of the tiered level of registration categories will be linked to the completion of the work currently being undertaken by the Quantity Surveying Standards Generating Body (QS SGB). The QS SGB is currently writing and preparing unit standards and whole qualifications for the Quantity Surveying profession where the outcomes will be in line with the National Qualifications Framework (NQF) levels 4 to 7.

When this process has been completed and approved by the South African Qualifications Authority (SAQA), the tiered level of registration will be introduced.

The proposed registration categories will be as follows:

- Reg QS Assistant (NQF level 4)
- Reg QS Technician (NQF level 5)
- Reg QS Technologist (NQF level 6)
- Candidate QS (NQF level 7)
- Professional QS (PrQS) (NQF level 7)

It is anticipated that these new registration categories will be introduced by no later than mid-year 2006.

Identification of Work

The Identification of Work document of the Quantity Surveying profession was presented to the CBE during 2002 and has formed the basis of the single registration category to date.

With the advent of the proposed tiered level of registration categories as detailed above, it will be necessary to re-define the necessary competencies at each of these categories. Again, this can only be done once the QS SGB has completed its work, the NQF levels 4 to 7 have been approved by SAQA and the tiered levels of registration introduced. We are hopeful



that this process will be completed by no later than mid-year 2006.

Recommended Tariff of Fees

The Council has published the Tariff of Professional Fees 2005 for the Quantity Surveying profession which was gazetted during January 2005. In the preparation of the recommended tariff of fees, wide consultation was conducted with the voluntary associations and other interest groups such as the Association of South African Quantity Surveyors (ASAQS), the South African Property Owners Association (SAPOA), SABTACO and the Department of Public Works (DPW).

Education and Training

The courses that are currently accredited by the SACQSP are BSc Quantity Surveying, BSc Construction Management, B Tech Quantity Surveying and B Tech Construction Management. There are currently six Universities and two Technikons (Universities of Technologies) accredited by the SACQSP in South Africa.

The Council has liaised with the Council on Higher Education (CHE) in order to establish a Memorandum of Understanding in terms of which the SACQSP will be entitled to accredit further training institutions in compliance with the Higher Education Act, 1997. The priorities of the process forward still need to be clarified and agreed with Council on Higher Education (CHE) before further accreditation visits are undertaken.

Eight professional councils are represented on a sub-committee of the Construction Education and Training Authority (CETA), called the CETA Built Environment Professional Councils' Technical Advisory committee by their registrars. In addition to professions falling within the ambit of the Council for the Built Environment (CBE), the Planners and Land surveyors are represented in an observer status.

Communication

The Council has ongoing communication with the other Councils of the Built Environment on matters of joint

interest. These communications are conducted under the auspices of the Registrars Forum where such meetings are generally held bi-monthly. It has also initiated liaison with the Royal Institution of Chartered Surveyors (RICS) on matters relating to education standards and accreditation of tertiary institutions for international recognition.

Voluntary Associations

There are currently only two existing voluntary associations of the SACQSP, including the Association of South African Quantity Surveyors (ASAQS) and SABTACO. One further application is currently under consideration. The criteria by which such applications are considered have been agreed and finalised and are generally available on request.

Reciprocity agreement with RICS

The Council is pleased to announce that on 18 May 2005 it signed a Reciprocity Agreement with the Royal Institution of Chartered Surveyors (RICS), a worldwide body based in the United Kingdom and boasting of a membership of over 110 000 members. This agreement is the result of the acknowledgement and respect of each other's rigorous registration criteria. It was formally agreed that reciprocal membership would be offered all members of the respective organisations, subject to certain conditions. We are thrilled about this historic development which will give the Council international recognition and help to strengthen liaison and contact on an international level.

Financial Information

On the request of the CBE, the Council has agreed to change the future financial years to end on 31 March every year, in line with the other Councils of the Built Environment. In order to fall in line with this revised cycle, the attached audited financial statement are for the period 1 March 2004 to 31 March 2005, a 13-month year. The audited statements for the period under review are attached. Please see Annexure E, page 112.





Financial Statements of the Councils for the Professions

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Financial Statements of the South African Council for the Architectural Profession



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Report of the Independent Auditors

to the members of the South African Council for the Architectural Profession

We have audited the annual financial statements of the South African Council for the Architectural Profession set out on pages 66 to 74 for the year ended 31 March 2005. These financial statements are the responsibility of the executive committee. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council at 31 March 2005 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Supplementary Information

The detailed income statements set out on page 74 does not form part of the annual financial statements and is presented as additional information. We have not audited this detailed income statement and accordingly we do not express an opinion on it.

KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Per R Cooper
Director

1 July 2005



Income Statement

for the year ended 31 March 2005

	note	Year ended 31 March 2005 R	Nine months ended 31 March 2004 R
Operating Income			
Fees		2,454,965	1,413,897
Operating Expenditure		<u>(2,012,435)</u>	<u>(1,413,087)</u>
Operating Profit	4	442,530	810
Interest received		77,303	102,054
Surplus for the period		<u>519,833</u>	<u>102,864</u>

Balance Sheet

at 31 March 2005

	notes	31 March 2005 R	31 March 2004 R
Assets			
Property, plant and equipment	2	1,608,395	1,662,865
Investments	3	1,483,553	1,293,730
Current assets		77,362	265,420
Annual fees in arrears		15,478	193,741
Sundry Debtors		16,242	16,070
Bank and cash		45,642	55,609
Total assets		<u>3,169,310</u>	<u>3,222,015</u>
Accumulated surplus and liabilities			
Accumulated surplus		2,862,358	2,342,525
Current liabilities		306,952	879,490
Fees received in advance		23,823	670,706
Accounts payable and provisions	7	283,129	208,784
Total surplus and liabilities		<u>3,169,310</u>	<u>3,222,015</u>

Statement of Changes in Accumulated Surplus

for the year ended 31 March 2005

	Accumulated surplus R
Balance at 1 July 2003	2,239,661
Surplus nine month period	<u>102,864</u>
Balance at 31 March 2004	2,342,525
Surplus for the year	519,833
Balance at 31 March 2005	<u>2,862,358</u>

Cash Flow Statement

for the year ended 31 March 2005

	notes	Year ended 31 March 2005 R	Nine months ended 31 March 2004 R
Cash flows from operating activities			
Cash generated by operating activities	5	114,926	751,890
Interest received		77,303	102,054
Cash inflow from operating activities		<u>192,229</u>	<u>853,944</u>
Cash flows from investing activities			
Acquisition of fixed assets		(12,373)	(1,576,472)
(Increase)/decrease in investments		(189,823)	701,875
Cash outflow from investing activities		<u>(202,196)</u>	<u>(874,597)</u>
Net decrease in cash		(9,967)	(20,653)
Cash and cash equivalents at beginning of period		55,609	76,262
Cash and cash equivalents at end of period		<u>45,642</u>	<u>55,609</u>

Notes to the Financial Statements

for the year ended 31 March 2005

1. Accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.1 Statement of compliance

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

1.2 Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial instruments and recognised assets and liabilities that are hedged.

1.3 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated on the straight line basis at rates considered appropriate to reduce their cost to residual value over their estimated useful lives.

1.4 Operating income

Operating income comprises of annual fees, exam fees and registration fees receivable from members and are accounted for on the accrual basis.

1.5 Tax

The receipts and accruals to the council are exempt from income tax in terms of the provisions of section 10(1)(cA)(i) of the Income Tax Act (the Act).

1.6 Provisions

Provisions are recognised when the council has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the council unless otherwise stated.

1.8 Comparative figures

Where necessary comparative figures have been restated.

2. Property, plant and equipment

	Cost R	Accumulated depreciation R	Net book value R
31 March 2005			
Buildings	1,557,828	22,037	1,535,791
Motor vehicles	99,000	99,000	-
Furniture and equipment	144,906	90,682	54,224
Computer equipment	301,731	283,351	18,380
	<u>2,103,465</u>	<u>495,070</u>	<u>1,608,395</u>
31 March 2004			
Buildings	1,557,828	6,458	1,551,370
Motor vehicles	99,000	74,250	24,750
Furniture and equipment	141,980	77,431	64,549
Computer equipment	292,283	270,087	22,196
	<u>2,091,091</u>	<u>428,226</u>	<u>1,662,865</u>

2.1 Reconciliation of book value of property, plant and equipment

	Buildings R	Motor vehicles R	Furniture & equipment R	Computer equipment R	Total R
31 March 2005					
Net book value at 31 March 2004	1,551,370	24,750	64,549	22,196	1,662,865
Acquired during the year	-	-	2,926	9,447	12,373
Depreciation	(15,579)	(24,750)	(13,251)	(13,263)	(66,843)
Net book value at 31 March 2005	<u>1,535,791</u>	-	54,224	18,380	<u>1,608,395</u>
30 June 2003					
Net book value at 31 March 2004	-	43,313	72,373	27,044	142,730
Acquired during the year	1,557,828	-	2,243	16,401	1,576,472
Depreciation	(6,458)	(18,563)	(10,067)	(21,249)	(56,337)
Net book value at 31 March 2004	<u>1,551,370</u>	<u>24,750</u>	<u>64,549</u>	<u>22,196</u>	<u>1,662,865</u>

	2005 R	2004 R
3. Investments		
First National Bank - call account	533,041	890,460
Investec 32 day notice account	334,476	312,897
NIB money fund	107,214	90,373
FNB 32 day call	508,822	-
Total investments	<u>1,483,553</u>	<u>1,293,730</u>
4. Operating profit		
Operating profit includes the following:		
Administrative expenses	529,422	411,027
Audit fee	17,550	15,500
Council for the Built Environment	165,986	135,595
Depreciation	66,843	56,337
Salaries and wages	<u>946,207</u>	<u>615,121</u>
5. Notes to the cash flow statement		
Cash generated by operating activities		
Surplus for the period ended	519,833	102,864
Adjustments for:		
- depreciation	66,843	56,337
- interest received	(77,303)	(102,054)
Operating surplus before working capital changes	<u>509,373</u>	<u>57,147</u>
Working capital changes		
Decrease/(increase) in annual fees in arrears and accounts receivable	178,091 (572,538)	(23,381) 718,124
(Decrease)/increase in current liabilities	<u>114,926</u>	<u>751,890</u>

6. Related Parties

The South African Council for the Architectural Profession controls the Education Fund for the South African Council for the Architectural Profession.

Provision for leave pay	Provision for staff gratuity	Total
R	R	R

7. Provisions

Included in the accounts payable and provision -

Balance at 1 April 2004	47,886	90,372	138,528
Provisions made during the year	37,033	16,842	53,875
Balance at 31 March 2005	<u>84,919</u>	<u>107,214</u>	<u>192,133</u>

Detailed Income Statement

for the year ended 31 March 2005

	31 March 2005	Nine months ended 31 March 2004
	R	R
Operating income	2,532,268	1,515,951
Annual fees	2,113,311	1,166,044
Annual fees recovered	32,594	29,769
Exam fees	98,868	86,883
Interest received	77,303	102,054
Labels/lists	5,857	4,637
Registration fees	204,335	126,564
Operating expenditure	2,012,435	1,413,087
Advertising	39,772	-
Audit fee	17,550	15,500
Bad debts	5,579	-
Bank charges	12,295	8,421
Building expenses	4,456	2,718
Computer expenses	45,076	36,966
Cost of Website	7,685	8,470
Council for the Built Environment	165,986	135,595
Delivery expenses	1,868	186
Depreciation	66,843	56,337
Electricity and water	7,115	4,144
Entertainment and travel	13,408	11,040
Exam expenses	31,597	32,945
Insurance	28,545	25,934
Interest paid	24	-
Internet usage	1,125	-
Legal expenses	2,100	-
Licences	6,496	4,018
Maintenance contracts	19,850	9,816
Meeting expenses	183,329	162,834
Membership certificate costs	-	1,560
Motor vehicle expenses	21,699	11,955
Postage	68,807	27,023
Printing and stationery	157,081	69,028

	31 March 2005	Nine months ended 31 March 2004
	R	R
Rates and taxes	10,221	1,525
Refreshments	2,190	2,348
Rent	-	68,096
Rental office equipment	31,570	25,654
Repairs and maintenance	2,636	710
RSC levies	3,028	2,047
Salaries and wages	946,207	615,121
Security	15,550	12,360
Staff welfare	1,255	1,119
Subscriptions	2,826	1,144
Sundry expenses	31	81
Telephone	88,635	58,392
Surplus for the period ended	<u>519,833</u>	<u>102,864</u>

Financial Statements of the Engineering Council of South Africa



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Report of the Independent Auditors

to the members of the Engineering Council of South Africa

We have audited the financial statements set out on pages 78 to 86 for the year ended 31 March 2005. These financial statements are the responsibility of the Council. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of the South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining on a test basis, evidence supporting the amount and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the financial statements fairly present, in all material aspects, the financial position of the Council at 31 March 2005 and the results of its activities, changes in funds and cash flows for the year then ended, in accordance with South African Statements of Generally Accounting Practice, except for the accounting policies referred to in Note 1, and according to the rules of the Council.

VAN WYK

Chartered Accountants (S.A.)

19 September 2005

Pretoria



Balance Sheet

at 31 March 2005

	notes	2005 R	2004 R
ASSETS			
Non-current assets		10,638,237	11,833,959
Fixed property and -assets	2	1,330,001	1,330,001
Investments	3	9,308,236	10,503,958
Current assets		4,156,103	2,785,341
Accounts receivable and prepayments	4	2,981,545	2,628,458
Inventory	5	1	1
Cash at bank and in hand	11.3	1,174,557	156,882
Total assets		14,794,340	14,619,300
RESERVES AND LIABILITIES			
Reserves		10,410,840	9,939,808
Accumulated funds		7,346,231	7,188,432
Funds reserved for future expenses	6	3,064,609	2,751,376
Non-current liabilities			
Long-term liabilities	7	1,123,133	1,498,477
Current liabilities		3,260,367	3,181,015
Accounts payable		2,174,172	2,203,368
Annual- and application fees received in advance		677,202	594,861
Current portion of interest bearing borrowings	7	408,993	382,786
Total reserves and liabilities		14,794,340	14,619,300

Income Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
INCOME			
Fees	1.3	18,129,320	17,589,042
Annual fees		15,108,638	14,309,468
Application fees		1,405,750	1,414,789
		16,514,388	15,724,257
OTHER INCOME	8	1,614,932	1,864,785
EXPENDITURE			
		17,344,254	14,402,875
Council and committee meetings	9	2,843,116	2,415,396
Administrative expenditure	10	12,739,280	10,866,227
Auditors' remuneration		-	34,750
Consulting fees		566,030	584,928
Fixed assets written off		96,421	1,198
Legal costs and inquiry expenses		996,163	356,624
Interest on long-term liabilities		103,244	143,752
NET SURPLUS for the year		785,066	3,186,167

Statement of Changes in Funds

for the year ended 31 March 2005

	Accumulated funds R	Funds reserved R	Total R
Balance at 31 March 2003	4,506,754	2,827,887	7,334,641
Net surplus for the period	3,186,167	-	3,186,167
Transfer to funds reserved	(504,489)	504,489	-
Funds expenditure	-	(581,000)	(581,000)
Balance at 31 March 2004	<u>7,188,432</u>	<u>2,751,376</u>	<u>9,939,808</u>
Net surplus for the year	785,066	-	785,066
Transfer to funds reserved	(627,267)	627,267	-
Reserved funds expenditure	-	(314,034)	(314,034)
Balance at 31 March 2005	<u>7,346,231</u>	<u>3,064,609</u>	<u>10,410,840</u>

Cash Flow Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
Cash flows generated from operating activities		197,294	2,811,819
Operating surplus/(deficit) before working capital changes	11.1	(438,169)	1,562,966
Working capital changes	11.2	(273,739)	206,652
Cash flows applied to operations		(711,908)	1,769,618
Interest and dividends received		1,012,446	1,185,953
Interest paid on long-term liabilities		(103,244)	(143,752)
Cash flow from investing activities		1,195,722	(3,911,936)
Increase/(decrease) in investments		1,195,722	(3,911,936)
Cash flow from financing activities		(375,342)	421,152
Increase/(decrease) in long-term liabilities		(375,342)	421,152
Net increase/(decrease) in cash and cash equivalents		1,017,674	(678,965)
Cash and cash equivalents at beginning of this year		156,882	835,847
Cash and cash equivalents at the end of this year	11.3	1,174,556	156,882

Notes to the Financial Statements

for the year ended 31 March 2005

1. Accounting Policies

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, except for note 1.1 and 1.2. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties.

1.1 Fixed assets

- Fixed assets are reflected at a nominal value. Replacements and additions are written off in the year of purchase. Fixed property is shown at cost. No depreciation is provided on fixed property.
- Fixed assets leased under financial leases are not capitalised. Lease payments are charged against income as incurred.

1.2 Investments

No provision is made for differences between the cost and market value of long-term investments, which are to be held to maturity.

1.3 Revenue recognition

Fees are recorded in the financial statements at the date when the fees are raised.

	2005 R	2004 R
2. Fixed Property and -Assets		
Property at cost	1,330,000	1,330,000
Property consist of :		
- Sections 9 and 10, Waterview corner (South) Bruma, Johannesburg		
Fixed assets at nominal value	1	1
Fixed assets comprise of a motor vehicle, computer equipment, office furniture and equipment.		
	<u>1,330,001</u>	<u>1,330,001</u>
3. Investments		
Long - Term Investments		
Standard Bank fixed and call investments	450,000	1,815,694
Investec Bank Ltd	-	7,839,354
Momentum Endowment Policy - at cost	767,790	568,371
SIS Inflation and Money Markets	8,090,446	-
BOE Private Bank	-	280,539
	<u>9,308,236</u>	<u>10,503,958</u>
4. Accounts Receivable		
Annual- and application fees outstanding	248,091	335,687
Prepaid expenses and sundry debtors	1,133,787	909,304
SETA's financing Engineering Standards Generating Board expenses	<u>1,599,667</u>	<u>1,383,467</u>
	<u>2,981,545</u>	<u>2,628,458</u>
5. Inventory		
Inventory consists of De Jongh Graphic Posters		
Estimated value	<u>1</u>	<u>1</u>

	notes	2005 R	2004 R
6. Funds reserved			
Funds set aside on an ongoing basis to provide for the replacement of:			
Motor Vehicle			
Balance - beginning of this year		165,610	135,610
Funds set aside		30,000	30,000
Balance - end of this year		<u>195,610</u>	<u>165,610</u>
Computer software			
Balance - beginning of this year		15,125	13,126
Funds set aside		11,979	10,890
Expenditure		(16,731)	(8,891)
Balance - end of this year		<u>10,373</u>	<u>15,125</u>
Professional services			
Balance - beginning of this year		2,570,641	2,679,151
Funds set aside		585,288	463,599
Expenditure		(297,303)	(572,109)
Balance - end of this year		<u>2,858,626</u>	<u>2,570,641</u>
Total funds reserved		<u>3,064,609</u>	<u>2,751,376</u>
7. Long term liabilities			
ABSA Bank - Mortgage Bond		939,326	1,060,463
Pension Fund Deficit - Liability	12	592,800	820,800
		<u>1,532,126</u>	<u>1,881,263</u>
Less: Short-term portion transferred to current liabilities		408,993	382,786
		<u>1,123,133</u>	<u>1,498,477</u>

The bond is:

- Secured by fixed property with a cost price of R1,330,000.
- Interest is payable at a rate of prime plus 1.25% per annum.
- Repayable in monthly payments of R18,698.87.

	2005 R	2004 R
8. Other income		
Bad debts recovered	103,952	116,050
Evaluation of qualifications	5,526	-
Interest received - on long-term investments	1,012,446	1,185,953
Inspection of register and duplicate certificate fees	3,836	3,888
Rent received	383,054	446,024
Sundry income	106,118	112,870
	<u>1,614,932</u>	<u>1,864,785</u>
9. Council and Committee meetings		
Member expenses for attending meetings	1,094,577	844,509
Travel, accommodation and refreshments	1,748,539	1,570,887
	<u>2,843,116</u>	<u>2,415,396</u>
10. Administrative expenditure		
Bank charges	101,417	114,264
General expenses	172,900	18,894
Insurance	104,910	71,878
Leasing of computer equipment	375,697	306,763
Leasing of office equipment	502,648	415,021
Maintenance of computer and office equipment	34,910	64,613
Maintenance of offices	100,987	92,120
Personnel recruitment	132,360	250,688
Personnel travel and related expenses	109,829	68,663
Printing, stationery and publications	533,284	509,462
Rent, electricity and parking	1,380,982	1,434,446
Salaries and related expenses	8,613,078	6,934,107
Secretarial services	42,717	112,147
Telephone and postage	533,561	473,161
	<u>12,739,280</u>	<u>10,866,227</u>

	2005 R	2004 R
11. Cash flow statement		
11.1 Cash flow from operations		
Net surplus for the period	785,066	3,186,167
Adjustment for:		
- reserve funds expenditure	(314,034)	(581,000)
- interest received	(1,012,446)	(1,185,953)
- interest paid on long-term liabilities	103,244	143,752
Operating surplus/(deficit) before working capital changes	<u>(438,169)</u>	<u>1,562,966</u>
11.2 Working capital changes		
Increase in accounts receivable	(353,091)	(1,293,616)
Increase in accounts payable	79,352	1,500,268
	<u>(273,739)</u>	<u>206,652</u>
11.3 Bank and cash		
Current Bank account	1,169,370	152,465
Cash on hand	5,187	4,417
	<u>1,174,557</u>	<u>156,882</u>

12. Staff retirement funding

It is the policy of the Council to provide retirement benefits for staff by way of a separate pension fund.

The pension fund consists of a defined benefits plan and a defined contribution fund and is governed by the Pension Fund Act, No 24 of 1956. Current service contributions are included with salaries and related expenses in the financial statements.

The fund was last valued as at 31 March 2002 and the independent actuary's opinion was that the fund is in a deficit of R820,800. The deficit has been provided for and will be paid to the pension fund over a Period of 36 months. On balance sheet date there were 26 payments outstanding.

13. Taxation

The Council is exempt from taxation.



Financial Statements of the South African Council for the Project and Construction Management Professions



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Report of the Independent Auditors

to the members of the South African Council for the Project and Construction Management Professions

We have audited the annual financial statements of the South African Council for the Project and Construction Management Profession set out on pages 90 to 97 for the 15 months period ended 31 March 2005. These financial statements are the responsibility of the council's Councillors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes:

- examining on a test basis, evidence supporting the amount and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Council at 31 March 2005 and the results of its operations and cash flows for the 15 months period then ended in accordance with South African Statements of Generally Accepted Accounting Practice, appropriate to the business.

G Naidoo and Associates
Chartered Accountants (S.A.)
Registered Accountants and Auditors

08 July 2005



Balance Sheet

at 31 March 2005

	note	31 March 2005 R	31 December 2003 R
ASSETS			
Non-current assets			
Fixed assets	2	151,634	26,777
Current assets			
Accounts receivable		15,212	14,039
Cash and cash equivalents		1,581,863	1,178,676
Total assets		<u>1,748,709</u>	<u>1,219,492</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		1,649,819	1,080,387
Current liabilities			
Accounts payable		98,890	5,143
Provisions		-	133,962
Total equities and liabilities		<u>1,748,709</u>	<u>1,219,492</u>

Income Statement

for the 15 months period ended 31 March 2005

	notes	15 months ended 31 March 2005 R	31 December 2003 R
Subscription received	3	1,553,174	183,750
Other income		1,000,927	1,003,074
Grant received	4	1,000,000	1,000,000
Sundry income		927	3,074
Operating costs		2,096,872	721,168
Operating surplus	5	457,229	465,656
Interest received		118,116	75,416
Finance costs		(5,913)	(271)
Net surplus for the year		569,432	540,801

Statement of Changes in Equity

for the 15 months period ended 31 March 2005

	Accumulated surplus R
Balance at 01 January 2003	539,586
Net profit for the period	540,801
Balance at 01 January 2004	1,080,387
Net profit for the period	569,432
Balance at 31 March 2005	1,649,819

Cash Flow Statement

for the 15 months period ended 31 March 2005

	notes	31 March 2005 R	31 December 2003 R
Cash flows from operating activities		558,438	668,100
Cash receipts from members		1,553,174	183,750
Cash paid to suppliers and employees		(1,106,939)	409,205
Cash generated by operating activities	8.1	446,235	592,955
Interest received		118,116	75,416
Interest paid		(5,913)	(271)
Cash flow from investing activities		(155,251)	(7,567)
Fixed assets required		(156,251)	(7,567)
Proceeds of disposals of fixed assets		1,000	-
Increase in cash and cash equivalents		403,187	660,533
Cash and cash equivalents at beginning of the period	8.2	1,178,676	518,143
Cash and cash equivalents at end of the period	8.2	1,581,863	1,178,676

Notes to the Financial Statements

for the 15 months period ended 31 March 2005

1. Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost basis and incorporate the following principal accounting policies which are consistent with that of the previous years.

1.1 Revenue recognition

Subscription fees are accounted for as and when the members register with the council.

1.2 Fixed assets

All fixed assets are initially recorded at cost and adjusted for any impairment in value.

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of fixed assets are as follows:

Furniture and fittings	20 %
Office equipment	20 %
Computer equipment	33.3 %

1.3 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.4 Provisions

Provisions are recognised when the council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.5 Employee benefits

Contributions to defined contribution provident funds are recognised as an expense in the income statement as incurred.

1.6 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

1.7 Financial instruments

Trade and other receivables are stated at cost less provision for doubtful debts.

Cash and cash equivalent are measured at fair value as at the balance sheet date.

1.8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investments in money market instruments, all of which are available for use by the council.

1.9 Impairment of assets

The carrying value of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

2. Fixed assets

	Cost R	2005 Accumulated depreciation R	Carrying value R	Cost R	2003 Accumulated depreciation R	Carrying value R
Furniture and fittings	82,076	11,227	70,849	18,386	4,877	13,509
Office equipment	5,522	3,072	2,450	5,102	1,720	3,382
Computer equipment	101,900	23,565	78,335	17,039	7,153	9,886
	<u>189,498</u>	<u>37,864</u>	<u>151,634</u>	<u>40,527</u>	<u>13,750</u>	<u>26,777</u>

The carrying amounts of fixed assets can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
2003					
Furniture and fittings	17,186	-	-	(3,677)	13,509
Office equipment	4,403	-	-	(1,021)	3,382
Computer equipment	7,368	7,567	-	(5,049)	9,886
	<u>28,957</u>	<u>7,567</u>	<u>-</u>	<u>(9,747)</u>	<u>26,777</u>
2005					
Furniture and fittings	13,509	63,690	-	(6,350)	70,849
Office equipment	3,382	420	-	(1,352)	2,450
Computer equipment	9,886	92,141	(2,225)	(21,467)	78,335
	<u>26,777</u>	<u>156,251</u>	<u>(2,225)</u>	<u>(29,169)</u>	<u>151,634</u>

3. Gross revenue

Gross revenue comprises turnover, which excludes value-added tax and represents the subscription fees received.

	2005 R	2003 R
4. Government grants		
Government grants released	<u>1,000,000</u>	<u>1,000,000</u>

There are no unfulfilled conditions of contingencies attaching to these grants.

5. Operating profit

Operating surplus is stated after:

Expenditure

Auditor's remuneration	15,850	8,400
Current year	15,750	8,400
Prior year under-provision	100	-
Fixed assets	29,169	9,746
Computer equipment	21,467	5,049
Furniture and equipments	6,350	3,677
Office equipment	1,352	1,020
Lease rentals		
Premises	91,921	49,038
Loss on disposals of fixed assets	1,225	-

6. Taxation

No provision has been made for 2005 taxation as the council is exempt from income tax under section 10(1)(cA) (i) of the income tax act.

7. Comparative figures

Comparative figures are in respect of the twelve month period ended 31 December 2003.

2005
R2003
R

8. Notes to the cash flow statement

8.1 Cash generated by operating activities

Net profit	569,432	540,801
Adjustments for:		
Depreciation	29,169	9,747
Interest received	(118,116)	(75,416)
Finance costs	5,913	271
Movement in provisions	(133,962)	115,557
Loss on disposals of fixed assets	1,225	-
	<u>353,661</u>	<u>590,960</u>
Movements in working capital		
(Increase)/decrease in accounts receivable	(1,173)	981
Increase in accounts payable	93,747	1,014
	<u>446,235</u>	<u>592,955</u>

8.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	<u>1,581,863</u>	<u>1,178,676</u>
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Detailed Income Statement

for the 15 months period ended 31 March 2005

	15 months ended 31 March 2005	31 December 2003
	R	R
Gross revenue		
Subscription fees	1,553,174	183,750
Other income	1,119,043	1,078,490
Interest received	118,116	75,416
Grant received	1,000,000	1,000,000
Sundry income	927	3,074
Total income	2,672,217	1,262,240
Expenditure	2,102,785	721,439
Refer to page 99		
Net surplus for the year	569,432	540,801

	15 months ended 31 March 2005	31 December 2003
	R	R
Expenditure	2,102,785	721,439
Accounting fees	85,582	12,000
Advertising	33,448	1,119
Allowance - Councillors	50,500	120,000
Assessment fees	109,156	-
Auditors' remuneration	15,850	8,400
Bank charges	18,429	4,978
CBE levies	35,852	5,111
Cleaning	13,985	7,204
Computer expenses	31,837	4,777
Computer network and website	4,715	5,731
Consulting fees	185,756	-
Depreciation	29,169	9,748
Entertainment	6,770	-
Examination and learner guides	3,500	-
General expenses	13,960	1,967
Honorarium - President	62,000	24,000
Insurance	9,087	2,599
Interest	5,913	271
Lease rentals	91,921	49,038
Leasing charges	14,778	5,997
Legal expenses	880	2,239
Loss on disposal of fixed assets	1,225	-
Market costs	7,032	4,622
Meetings	9,463	4,207
Printing and stationery	100,697	17,280
Recruitment fees	31,348	-
Refreshments	6,009	1,266
Regional Service Council levies	4,891	1,509
Repairs and maintenance	825	3,972
Salaries	883,910	328,387
Security	9,620	4,428
Software expenses	-	640
Staff training	22,590	1,285
Telephone and fax	95,739	44,087
Travel and accommodation	84,394	44,577
Voluntary association	22,224	-

Financial Statements of the Council for the Property Valuers Profession



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Report of the Independent Auditors

to the members of the South African Council for the Property Valuers Profession

We have audited the annual financial statements set out on pages 114 to 118 for the year ended 31 March 2005. These financial statements are the responsibility of the Council Members. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our audit opinion.

Audit opinion

In our opinion, the financial statements fairly present in all material respects, the financial position of the Council at 31 March 2005 and of the results of their operations for the year then ended.

GEYSER & DU PLESSIS
Registered Accountants (S A)

Per:
AUDITORS

27 July 2005



Balance Sheet

at 31 March 2005

	notes	2005 R	2004 R
ASSETS			
Non-current assets			
Property, plant and equipment	1	1,080,219	1,087,003
Current assets			
Cash and cash equivalents	2	448,672	399,927
Deposits		433,679	392,549
Receivables		3,326	2,890
		11,667	4,448
Total assets		<u>1,528,891</u>	<u>1,486,930</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated funds		1,463,953	1,448,897
Current liabilities			
Payables		64,938	38,033
Provisions	3	48,275	27,466
		16,663	10,567
Total equities and liabilities		<u>1,528,891</u>	<u>1,486,930</u>

Income Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
Gross Revenue	4	1,257,433	1,230,904
Other operating income	5	142,167	80,240
		<u>1,399,600</u>	<u>1,311,144</u>
Council and Committee meetings		(125,585)	(98,032)
Staff costs		(536,399)	(729,984)
Depreciation		(18,700)	(23,024)
Other operating expenses		<u>(745,039)</u>	<u>(564,727)</u>
Deficit from Operations	6	(26,123)	(104,623)
Net finance income	7	41,179	63,399
Net Surplus/(Deficit) from Operations		<u>15,056</u>	<u>(41,224)</u>

Statement of Changes in Equity

for the year ended 31 March 2005

	Accumulated funds R	Total R
Balance at 31 March 2003	1,490,121	1,490,121
Net deficit for the year	<u>(41,224)</u>	<u>(41,224)</u>
Balance at 31 March 2004	1,448,897	1,448,897
Net income for the year	15,056	15,056
Balance at 31 March 2005	<u>1,463,953</u>	<u>1,463,953</u>

Cash Flow Statement

for the year ended 31 March 2005

	notes	2005 R	2004 R
Cash flow from operating activities		53,046	(29,053)
Cash received from registered persons		1,391,985	1,338,296
Cash paid to suppliers and employees		(1,380,118)	(1,430,748)
Cash generated from operations	1	11,867	(92,452)
Interest paid		-	(9)
Investment income		41,179	63,408
Cash flow from investing activities			
Acquisition of fixed assets		(11,916)	-
Increase/(decrease) in cash and cash equivalents		41,130	(29,053)
Cash and cash equivalents at beginning of year		392,549	421,602
Cash and cash equivalents at the end of year	2	433,679	392,549

Notes to the Cash Flow Statement

for the year ended 31 March 2005

Reconciliation of Net Income/(Loss) before interest
with cash generated from operations

1. Cash generated from operations

Net income/(loss)	15,056	(41,224)
Adjustments	-	9
- Interest paid	(41,179)	(63,408)
- Investment income	18,700	23,024
- Depreciation	19,290	(10,853)
Changes in working capital		
- Decrease/(increase) in creditors	26,905	(38,005)
- Decrease/(increase) in debtors	(7,179)	27,152
- Increase in deposits	(436)	-
	<u>11,867</u>	<u>(92,452)</u>

2. Cash and cash equivalents

Cash on hand and in bank	<u>433,679</u>	<u>392,549</u>
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Notes to the Financial Statements

for the year ended 31 March 2005

Presentation of financial statements

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those applied in the previous year.

Accounting policies

The financial statements are prepared in accordance with the historical cost convention.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates.

1. Property, plant and equipment

Land and buildings are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on the straight-line-basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

- Equipment @ 10% per annum
- Furniture and fittings @ 20% per annum
- Computer equipment @ 33.3% per annum
- Computer software @ 50% per annum

Major improvements to buildings, plant and equipment and to computer equipment are capitalized. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Gains or losses on disposal or retirement of an asset are determined by reference to their carrying amount and are taken into account in determining operating profit.

Impairment of assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

2. Financial instruments

Financial assets

The entity's principal financial assets are bank balances and cash and trade receivables. Trade receivables are stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value.

Recognition

Financial instruments are initially recognised using the trade date accounting method.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and bank overdrafts.

Revenue

Revenue from annual registration and other fees is recognised on receipt and is net of value-added tax.

Provisions

Provisions are recognised when the following conditions have been met:

- The Council has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when the Council has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision.

Property, plant and equipment (continued)

	Total R	Office buildings R	Office equipment R	Office furniture R	Computer equipment R	Software R
2005						
Carrying value beginning of year	1,087,003	1,037,940	23,047	21,890	4,122	4
- At cost	1,198,128	1,037,940	66,894	52,195	29,612	11,487
- Accumulated depreciation	(111,125)	-	(43,847)	(30,305)	(25,490)	(11,483)
Purchases	11,916	-	1,380	1,716	8,820	-
Depreciation	(18,700)	-	(10,567)	(3,528)	(4,605)	-
Carrying value end of year	1,080,219	1,037,940	13,860	20,078	8,337	4
- At cost	1,210,044	1,037,940	68,274	53,911	38,432	11,487
- Accumulated depreciation	(129,825)	-	(54,414)	(33,833)	(30,095)	(11,483)

2004

Carrying value beginning of year	1,110,027	1,037,940	33,449	25,775	9,086	3,777
- At cost	1,198,128	1,037,940	66,894	52,195	29,612	11,487
- Accumulated depreciation	(88,101)	-	(33,445)	(26,420)	(20,526)	(7,710)
Depreciation	(23,024)	-	(10,402)	(3,885)	(4,964)	(3,773)
Carrying value end of year	1,087,003	1,037,940	23,047	21,890	4,122	4
- At cost	1,198,128	1,037,940	66,894	52,195	29,612	11,487
- Accumulated depreciation	(111,125)	-	(43,847)	(30,305)	(25,490)	(11,483)

2005
R

2004
R

Office building situated at 77 Kariba Street, Pretoria is described as Erf 221, Lynnwood Glen, Pretoria

- Land and buildings (at cost) 1,037,940 1,037,940

	2005 R	2004 R
2. Cash and cash equivalents		
Bank balance	432,340	391,981
Cash on hand	1,339	568
	<u>433,679</u>	<u>392,549</u>
3. Provision		
Additional provision		
- Bonus	7,917	10,567
- Leave	8,746	-
	<u>16,663</u>	<u>10,567</u>
The provision for bonus is calculated in respect of all employees at year-end and is based on one month's salary.		
4. Gross revenue		
Annual fees	1,187,371	1,163,172
Registration fees	41,663	60,539
Examination fees	28,399	7,193
	<u>1,257,433</u>	<u>1,230,904</u>
5. Other operating income		
Rent received	82,511	76,755
Duplicate certificates	1,053	526
Practical exams and appeals	-	263
Other	5,643	2,696
CBE levies	52,960	-
	<u>142,167</u>	<u>80,240</u>
6. Surplus/(Deficit) from operations		
Operating surplus/(deficit) is stated after:		
Expenditure		
- Audit services	19,600	18,640
- Depreciation	18,700	23,024
	<u>38,300</u>	<u>41,664</u>
7. Net finance income		
Interest received	41,179	63,408
Interest paid	-	(9)
	<u>41,179</u>	<u>63,399</u>

Other Operating Expenses

for the year ended 31 March 2005

	2005 R	2004 R
Consulting fees	156,379	13,419
Subsistence and travel expenses	98,499	106,920
Postage and communications	69,883	62,048
CBE levies	64,775	14,496
Remuneration for Council work	55,985	74,575
Funds for training	46,465	14,035
Repair and maintenance	43,080	22,562
Municipal rates, taxes and levies	40,000	32,478
Fees for bookkeeper	31,723	19,470
Subscriptions	25,781	7,627
Printing and stationery	24,435	28,516
Auditors' remuneration	19,600	18,640
Bank charges	14,910	11,241
Refreshments	13,132	33,961
Insurance	11,610	10,378
Security	8,734	11,051
Staff training	4,950	3,864
Penalties and interest	4,774	3,877
Examination expenses	4,425	1,050
Metropolitan levy	3,301	2,350
Computer expenses	2,428	7,448
Publications	170	2,120
Recording and transcriptions	-	1,450
Legal fees	-	57,490
Miscellaneous	-	3,661
	<u>745,039</u>	<u>564,727</u>

Financial Statements of the Council for the Quantity Surveying Profession



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Report of the Independent Auditors

to the South African Council for the Quantity Surveying Profession

We have audited the financial statements of the South African Council for the Quantity Surveying Profession set out on pages 102 to 110 for the 13 months period ended 31 March 2005. These financial statements is the responsibility of the Council. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with the statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Council as at 31 March 2005 and the results of its operations and cash flows for the 13 months period then ended in accordance with South African Statements of Generally Accepted Accounting Practice, appropriate to the business .

Supplementary information

The supplementary schedule set out on page 111 does not form part of the financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

G Naidoo and Associates
Chartered Accountants (S.A.)
Registered Accountants and Auditors

02 August 2005



Balance Sheet

at 31 March 2005

	2005 R	2004 R
ASSETS		
Current assets	330,270	405,269
Accounts receivable	228,125	128,810
Cash and cash equivalents	102,145	276,459
Total assets	<u>330,270</u>	<u>405,269</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Accumulated surplus	73,849	9,404
Current liabilities	256,421	395,865
Accounts payable	83,217	153,217
The Association of South African Quantity Surveyors	173,204	242,648
Total equities and liabilities	<u>330,270</u>	<u>405,269</u>

Income Statement

for the 13 months period ended 31 March 2005

	notes	2005 R	2004 R
Gross revenue	2	1,783,658	1,348,573
Other income		122,994	93,797
Operating costs		1,847,886	1,433,049
Operating surplus	3	64,766	9,321
Interest received		-	288
Finance costs		(321)	(1,924)
Net surplus for the year		64,445	7,685

Statement of Changes in Equity

for the 31 months period ended 31 March 2005

	Distributable reserve R
Balance at 01 March 2003	1,719
Net profit for the period (2002 - 2003)	7,685
Balance at 01 March 2004	9,404
Net profit for the period (2004 - 2005)	64,445
Balance at 31 March 2005	73,849

Cash Flow Statement

for the 13 months period ended 31 March 2005

	notes	2005 R	2004 R
Cash flows from operating activities		(174,314)	223,011
Cash receipts from customers		1,815,995	1,142,830
Cash paid to suppliers and employees		(1,989,988)	(918,183)
Cash (utilised in) generated by operating activities	5.1	(173,993)	224,647
Interest received		-	288
Interest paid		(321)	(1,924)
(Decrease)/increase in cash and cash equivalents		(174,314)	223,011
Cash and cash equivalents at beginning of the period	5.2	276,459	53,448
Cash and cash equivalents at end of the period	5.2	102,145	276,459

Notes to the Financial Statements

for the 13 months period ended 31 March 2005

1. Basis of preparation

The financial statements are prepared under the historical basis and incorporate the following principal accounting policies which are consistent with that of the previous year's and comply with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost basis.

1.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Subscription fees are recorded in the financial statements at the date when services are performed.

1.2 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that the asset has been impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

1.3 Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.4 Financial instruments

Accounts receivables are stated at cost less provision for doubtful debts.

Cash and cash equivalents are measured at fair value.

Financial liabilities are recognised at their original debt less principal payments and amortisation.

1.5 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held with banks, net of bank overdrafts.

1.6 Accounts receivables

Accounts receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

2. Gross revenue

Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of services supplied, and includes one-twelfth of the fee billed in April 2005.

	2005 R	2004 R
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3. Operating surplus

Operating surplus is stated after:

Expenditure

Auditors' remuneration	11,300	10,000
Audit fee	11,250	10,000
Prior year under-provision	50	-
Lease rentals		
Premises	171,171	142,800

4. Taxation

No provision has been made for 2005 taxation as the Council is exempt from income tax under section 10(1) (cN) of the Income tax Act.

5. Notes to the cash flow statement

5.1 Cash (utilised in)generated by operating activities

Net profit	64,445	7,685
Adjustments for:		
Interest received	-	(288)
Finance costs	321	1,924
	64,766	9,321
Movements in working capital		
Increase in accounts receivable	(99,315)	(41,553)
(Decrease)increase in accounts payable	(139,444)	256,879
	(173,993)	224,647

5.2 Cash and cash equivalents

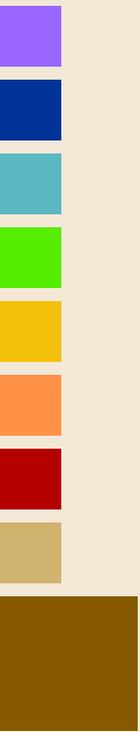
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	102,145	276,459
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Detailed Income Statement

for the 13 months period ended 31 March 2005

	2005 R	2004 R
Gross Revenue		
Subscription fees received	1,783,658	1,348,573
Other income	122,994	94,085
Council examination and assessment of professional competence fees	67,527	63,809
Interest received	-	288
Other income	30,250	-
Registration fees	25,217	29,988
Total income	1,906,652	1,442,658
Expenditure	1,842,207	1,434,973
Accreditation costs	35,000	-
Auditors' remuneration	11,300	10,000
Bad debts	230,977	122,807
Bank charges	28,251	21,339
CPD Administration	70,421	60,000
Computer expenses	73,420	72,370
Contingencies	2,353	-
Council for Built Environment levies	97,346	41,780
Discount allowed	1,677	42,944
Electricity and water	9,750	8,056
Inscribing Certificates	-	7,142
Insurance	13,220	11,000
Interest	321	1,924
Lease rentals	171,171	142,800
Legal expenses	-	1,096
Meeting expenses	120,419	121,782
Metropolitan Council Levies	2,704	2,280
Postage	19,211	31,842
Printing and stationery	56,173	40,013
Repairs and maintenance	6,929	5,160
Salaries	754,566	577,070
Staff benefits - retirement and medical aid	64,989	51,840
Sundry expenses	-	1,425
Telephone and fax	71,586	59,205
Transport	423	1,098
Net surplus for the year	64,445	7,685



Block N & R • SABS Campus • Groenkloof
PO Box 915 • Groenkloof • 0027
Tel: + 27 12 343 4811 • Fax: + 27 12 344 1506
E-mail: info@cbe.org.za • Web: www.cbe.org.za