

**WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
(Registration number 2000/001140/08)
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2004**

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2004

The reports and statements set out below comprise the annual financial statements presented to members:

Index	Page
Report of the independent auditors	1
Report of the directors	2
Balance sheet	3
Income statement	4
Notes to the financial statements	5 - 8

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

Detailed income statement	9 - 10
Detailed income statement - branches and divisions	11

Approval and statement of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with South African Auditing Standards. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company'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 directors 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 directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The financial statements which appear on pages 2 to 11 were approved by the board of directors on 13 June 2005 and signed on their behalf by:

Alison Chapman

Director

Jakobus Willem Wilken

Director

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

We have audited the annual financial statements of Water Institute of Southern Africa set out on pages 2 to 8 for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. 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 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 company at 31 December 2004 and the results of its operations for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, appropriate to the business and in the manner required by the Companies Act in South Africa.

Supplementary information

The supplementary schedules set out on pages 9 to 11 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

MOORES ROWLAND

Per: **Moores Rowland**

CHARTERED ACCOUNTANTS (S.A.)
REGISTERED ACCOUNTANTS AND AUDITORS
Pretoria
14 June 2005

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
REPORT OF THE DIRECTORS
for the year ended 31 December 2004

The directors present their report for the year ended 31 December 2004. This report forms part of the audited financial statements.

1. Business and operations

The company's business and operations and the results thereof are clearly reflected in the attached financial statements.

The nature of the business of your company is still that of exchange of information and views to improve water resource management and no major change therein has taken place during the accounting period.

2. Fixed assets

During the accounting period under review your directors found it necessary to acquire fixed assets amounting to R31,139 (2003 - R40,224). There have been no major changes in the fixed assets during the period or any changes in the policy relating to their use.

3. Events subsequent to the year end

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

4. Holding company

The company is not a subsidiary of a holding company.

5. Directors

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

A Chapman	
A S Louw	Resigned 31 May 2004
F O Otieno	
J W Wilken	
J N Bhagwan	
M A Bowers	
Dr M van der Merwe-Botha	
N P Walker	British, resigned 31 May 2004
Y V N Musvoto	Zimbabwean, resigned 20 January 2005
S D Freese	Appointed 20 January 2005
S J Modise	Appointed 01 August 2004

6. Auditors

Moores Rowland will continue in office in accordance with section 270(2) of the Companies Act.

13 June 2005

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
BALANCE SHEET
31 December 2004

	Note	2004 R	2003 R
Assets			
Non-current assets			
Fixed assets	2	59,404	652,804
Investments		59,404	55,326
		-	597,478
Current assets			
Stock	3	4,423,942	3,068,434
Debtors		13,806	11,587
Prepayments - Conference 2004		433,507	47,905
Cash and cash equivalents	4	-	137,675
		3,976,629	2,871,267
Total assets		<u>4,483,346</u>	<u>3,721,238</u>
Equity and liabilities			
Capital and reserves			
Accumulated funds	6	4,393,647	3,671,943
Current liabilities			
Creditors		89,699	49,295
Income received in advance		89,699	30,594
		-	18,701
Total equity and liabilities		<u>4,483,346</u>	<u>3,721,238</u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
INCOME STATEMENT
for the year ended 31 December 2004

	Note	2004 R	2003 R
Gross revenue		511,934	986,922
Other income		1,192,047	131,547
Operating costs		<u>1,204,854</u>	<u>1,493,875</u>
Operating profit/(loss)	9	499,127	(375,406)
Investment income		275,973	387,865
Finance costs		<u>(53,396)</u>	<u>(61,781)</u>
Profit/(Loss)		<u><u>721,704</u></u>	<u><u>(49,322)</u></u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

1 Basis of preparation

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the company which are consistent with those of the previous year.

Unless otherwise specifically stated, this basis is consistent with that of the previous year.

1.1 Fixed assets

Fixed assets are shown at cost less accumulated depreciation. They are depreciated over their expected economic life on the straight line basis. The most important rates of depreciation are as follows:

- Exhibition Equipment	33.33 %
- Furniture and fitting	20.00 %
- Photographic Equipment	33.33 %
- Office equipment	20.00 %
- Computer equipment	33.33 %
- Computer software	50.00 %
- Mine Water - Audio Equipment	20.00 %

1.2 Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined at actual cost calculated on the first in, first out method.

1.3 Conference account

The bi-annual conference account is audited every two years, at the conclusion of the year in which the event is held.

1.4 Accounting treatment of branches and divisions

All funds available to branches and divisions are shown as branch and division funds. All income and expenditure is accounted for in the company's income statement. The net result of the branches and divisions is then transferred to their fund accounts at the end of the year.

2. Fixed assets

	Cost / valuation	2004 Accumulated depreciation	Carrying value	Cost / valuation	2003 Accumulated depreciation	Carrying value
Owned assets						
Exhibition equipment	15,390	4,361	11,029	15,390	1,283	14,107
Furniture and fittings	13,162	11,715	1,447	13,162	9,083	4,079
Photographic equipment	5,482	3,787	1,695	5,482	1,960	3,522
Office equipment	15,670	14,765	905	15,670	11,631	4,039
Computer equipment	106,515	86,735	19,780	83,664	78,167	5,497
Computer software	22,291	14,851	7,440	13,948	6,974	6,974
Mine water - Audio Equipment	17,108	-	17,108	17,108	-	17,108

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

2. Fixed assets (continued) -

<u>195,618</u>	<u>136,214</u>	<u>59,404</u>	<u>164,424</u>	<u>109,098</u>	<u>55,326</u>
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The carrying amounts of fixed assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Depreciation	Carrying value at end of year
2004				
Owned assets				
Exhibition equipment	14,107	-	(3,078)	11,029
Furniture and fittings	4,079	-	(2,632)	1,447
Photographic equipment	3,522	-	(1,827)	1,695
Office equipment	4,039	-	(3,134)	905
Computer equipment	5,497	22,850	(8,567)	19,780
Computer software	6,974	8,343	(7,877)	7,440
Mine water - Audio Equipment	17,108	-	-	17,108
	<u>55,326</u>	<u>31,193</u>	<u>(27,115)</u>	<u>59,404</u>
	2004			2003
	R			R

3. Stock

The amounts attributable to the different categories are as follows:

Design guides	4,064	4,374
Operators' handbook	8,868	5,928
Operators' handbook on compact disk	874	1,285
	<u>13,806</u>	<u>11,587</u>

4. Bank balances and cash

Bank balances and investment accounts	3,976,629	1,621,454
FNB Investment account	1,601,347	1,323,336
Call Account	7,305	5,897
Bank account	1,816,906	290,131
Bursary Scheme	512,796	-
Conference Accounts	35,577	-
Petty Cash	2,698	2,090
Loan Account Omnipact Investments 9 (Pty) Ltd	-	1,249,813
Call accounts	-	755,939
Bursary fund	-	493,874
	<u>3,976,629</u>	<u>2,871,267</u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

	2004	2003
	R	R
5. Branches and Divisions		
Eastern Cape	22,913	21,303
Free State	(1,064)	(1,064)
Kwazulu-Natal	2,297	779
Western Cape	10,115	9,921
Anaerobic and Sludge Processes	107,141	99,656
Community Water Supply and Sanitation	78,099	72,367
Industrial Water	22,617	12,787
Management and Institutional Affairs	132,370	122,466
Membrane Technology	101,724	106,170
Nutrient Management	12,965	11,995
River Basin Management	132,897	122,954
Water Care	19,377	17,927
Water Distribution	45,494	42,630
Water Related Health	2,925	2,706
Water Scientists	6,697	6,417
Mine Water	162,948	159,156
	<u>859,515</u>	<u>808,170</u>

The above funds are represented by bank and cash balances included in the balance sheet (see note 6)

6. Accumulated funds

Own Funds	3,063,414	2,387,869
Balance at the beginning of the year	2,387,869	2,650,986
(Loss) / Profit for the year	721,704	(49,322)
Less: Profit - Branches and division	(51,345)	(157,263)
Less: Nett effect - Bursary fund	5,186	(56,532)
Bursary fund	470,718	475,904
Balance at the beginning of the year	475,904	419,373
Plus: Receipts	6,637	22,000
Plus: Interest received	2,057	67,212
Less: Bursaries paid	(13,880)	(32,681)
Branches and divisions	859,515	808,170
Balance at the beginning of the year	808,170	648,417
Other (opening balance correction and bank accounts closed)	-	2,490
Profit for the year	51,345	157,263
	<u>4,393,647</u>	<u>3,671,943</u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

	2004	2003
	R	R
7. Cash in Bursary Fund account		
Balance at the beginning of the year	493,874	419,374
Amounts received	480,412	20,000
Interest received	34,441	54,500
	<u>1,008,727</u>	<u>493,874</u>
Payments made	(495,931)	-
	<u><u>512,796</u></u>	<u><u>493,874</u></u>
8. Taxation		
No provision has been made for taxation as the company is exempt of tax as follows:		
a) receipts by or accruals to the association are exempt in terms of section 10(1)(d)(iv)(bb) of the Income Tax Act and,		
b) donations by or to the association are exempt from donations tax in terms of section 56(1)(h) of the aforementioned act.		
9. Operating profit/(loss)		
Operating profit/(loss) is stated after:		
Income		
Profit on disposals of fixed assets	-	250
Profit on disposal of investments	679,912	-
Expenditure		
Auditors' remuneration	42,863	29,000
- Audit fee	30,000	23,000
- Prior year under-provision	4,700	6,000
- Expenses	8,163	-
Depreciation		
- Fixed assets	27,115	38,249
	<u><u> </u></u>	<u><u> </u></u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
DETAILED INCOME STATEMENT (INCLUDING BRANCHES AND DIVISIONS)
for the year ended 31 December 2004

	2004	2003
	R	R
Revenue	511,934	986,922
Admin / management fees received	1,900	4,000
Conference / workshop income	62,197	501,453
Publications	20,766	50,511
Sales of promotional items and badges	217	-
Subscriptions	426,854	430,958
Other income	1,468,020	519,412
Bad debts recovered	1,830	-
Bursary Fund - Interest received	2,057	67,214
Bursary Fund - Sponsorships received	-	22,000
Bursary fund - Expenses refunded	6,637	-
Conference 2004	389,377	-
Dividends received	-	30,720
Donations received	-	13,774
Interest received	275,973	357,145
Postage received	559	3,043
Profit on disposal of fixed assets	-	250
Profit on disposal of investments	679,912	-
Secretarial fees received	7,500	18,200
Web and other sundry income	104,175	7,066
Total income	1,979,954	1,506,334
Expenditure (Refer to page 10)	1,258,250	1,555,656
Profit/(loss)	<u>721,704</u>	<u>(49,322)</u>

WATER INSTITUTE OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)
DETAILED INCOME STATEMENT (INCLUDING BRANCHES AND DIVISIONS)
for the year ended 31 December 2004

	2004	2003
	R	R
Expenditure	1,258,250	1,555,656
Accounting fees	55,338	6,635
Admin / management fees paid	6,500	-
Auditors' remuneration	42,863	29,000
Bad debts	-	5,736
Bank charges	3,271	4,882
Branches and divisions movements	12,328	-
Bursary Fund - Payments	13,880	32,681
Cleaning	4,341	-
Consulting fees	-	2,999
Consumables	4,427	5,964
Depreciation	27,115	38,249
Entertainment and Patron Lunch	27,354	28,923
General expenses	8,646	4,389
Gifts and awards	8,364	16,164
IT expenses	21,184	19,527
Insurance	25,091	7,649
Interest	53,395	61,781
Legal expenses	1,950	750
Office sundries	914	2,898
Postage	9,020	18,615
Printing and stationery	30,372	17,177
Promotional items	17,611	15,480
Publications	7,317	25,219
RSC levies	1,897	9,521
Refreshments	1,180	2,126
Rent paid	106,281	103,874
Repairs and maintenance	-	1,883
Salaries	614,083	606,798
Stander evening	19,178	-
Strategic planning	184	45,133
Subscriptions	2,064	1,884
Telephone and fax	29,013	35,119
Training	-	7,501
Travel - local	72,697	104,171
Water week	18,272	24,012
Workshop/Symposia - expenditure	12,120	268,916

WATER INSTITUTE OF SOUTHERN AFRICA
(Registration number 2000/001140/08)
SCHEDULES TO THE FINANCIAL STATEMENTS
at 31 December 2004