



**THE ECONOMIC SOCIETY
OF SOUTH AFRICA**
(EST. 1925)

Annual Report 2006

The Economic Society of South Africa

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AGENDA

Agenda for the 81st Annual General Meeting of the Economic Society of South Africa

Date: 11 September 2007
Time: 10h00
Venue: Indaba Hotel, Johannesburg

- 1 Welcome and apologies
- 2 Adoption of the agenda
- 3 Confirmation of the minutes of the Annual General Meeting held on 22 October 2006
- 4 Adoption of the Annual Report of the Council and the financial statements of the Society and of the journals for 2006
- 5 Election of auditors for 2007 financial statements
- 6 Annual membership fees for 2008
- 7 Prize winners for 2007
- 8 Election of six Council members in terms of section 7(a)(iv) of the constitution
- 9 Any other business

<p>The presidential address (Prof Raymond Parsons) will take place at 9h00 on Wednesday 12 September “After Mugabe: the Economic and Political Reconstruction of Zimbabwe”</p>
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MINUTES

Minutes of the 80th Annual General Meeting of the Economic Society of South Africa

Date: Sunday 22 October 2006
Venue: South African Reserve Bank Conference Centre, Pretoria

- 1 Dr Barker welcomed all present to the AGM. Dr Barker would chair the AGM as Professor Parsons (President) was recovering from a throat infection.
- 2 The agenda was adopted without change.
- 3 The minutes of the previous Annual General Meeting, held on 8 September 2005, were approved without change.
- 4 The 2005 Annual Report of the Council and the 2005 financial statements of the Society and the journals were approved.
- 5 The annual membership fee was raised from R300 (2006) to R400 (2007) in the case of normal members, and from R120 to R200 in the case of student members.
- 6 The proposed constitutional changes were approved as set out in the 2006 AGM Agenda and Addendum. These related to the appointment of the immediate past President to Council and the Executive Committee (Schedule A), and the registration of ESSA as a public benefit organization (Schedule B).
- 7 The current auditors (C. van der Merwe Inc.) were elected as the auditors for 2006.
- 8 The Society's 2006 prize **winners**, as determined by Council, were announced as follows.

ABSA prize for Honours essay

D. von Fintel (Stellenbosch)

“Interval-coding Obstacles in the Earnings Framework - How Sharp are the Tools in the Shed?”

Supervisor: Prof S. van der Berg

Founders' medal for Master's dissertation in partial fulfilment of the degree

G. Dimopoulos (Nelson Mandela Metropolitan)

“Applying the Contingent Valuation Method to Value Fresh Water Inflows into the Knysna, Great Brak and Little Brak Estuaries”

Supervisor: Prof S. Hosking

Founders' medal for Master's dissertation in full fulfilment of the degree

C. Coetzee (Cape Town)

“The Impact of Highly Active Antiretroviral Therapy (HAART) on Perceived Health and Labour Supply in Khayelitsha”

Supervisor: Prof N. Natrass

AND

M. von Maltitz (Free State)

“The Relationship Between Social Capital, Welfare and Health in South Africa”

Supervisor: Prof F. Booysen

Founders' medal for Doctoral thesis

M. Sichei (Pretoria)

“South Africa – US Intra-industry Trade in Services”

Supervisor: Prof C. Harmse

AND

J. Snowball (Rhodes)

“The Economic Valuation of Cultural Events in Developing Countries: Combining Market and Non-Market Valuation Techniques at the South African National Arts Festival”

Supervisor: Prof A. Webb

Dr Barker congratulated the winners on their achievements.

- 9 Apart from the presidential address there was no other business.
- 10 The President, Prof RWK Parsons, delivered the 2006 presidential address, entitled “The Emergence of Institutionalised Social Dialogue in South Africa”.

Schedule A

Appointment of the immediate past President to Council and the Executive Committee

The required constitutional changes are shown *in italics*, as follows.

COUNCIL

7. (a) The affairs of the Society shall be managed by a Council consisting of:
- (i) the President;
 - (ii) two Vice-Presidents;
 - (iii) two members elected by every branch;
 - (iv) six members elected by the Annual General Meeting of the Society;
 - (v) the Managing Editors of the two Journals if not already a member under (i), (ii), (iii) or (iv);
 - (vi) *the immediate past President*; and
 - (vii) a maximum of three additional members co-opted by the Council.
- (b) ... (f) Unchanged.
- (g) There shall be an Executive Committee, responsible for the daily management of the Society and the execution of any matter referred to it by the Council. The Executive Committee shall consist of the President, the Vice-Presidents, *the immediate past President*, the Managing Editors of the two Journals, the Secretary, the Treasurer and any other members appointed by the Council from time to time.

Schedule B

Constitutional additions for registration as a public benefit organization

The required constitutional **additions** are provided below. Note that paragraphs 10(a)–(g) are unchanged, and paragraphs 11 to 15 are unchanged. Paragraphs 10(h)–(k) and paragraph 16 are **additions** to the constitution, as proposed the Society’s auditors.

FINANCE

10. (a) ... (g) Unchanged
- (h) Council shall cause one or more banking accounts to be opened in the name of the Society with an institution registered and regulated in terms of the Banks Act of 1990, and any amount accruing to the Society shall be deposited in such banking account or accounts as the Council may direct.
- (i) All payments from the funds of the Society shall be effected by cheque or electronic fund transfer signed by the Secretary, Treasurer or person appointed by Council and countersigned by the Auditors or such person as Council may authorise thereto; provided that nothing herein contained shall prevent Council from maintaining and operating a petty cash fund, or paying in cash such ordinary and usual accounts as do not in total exceed a sum determined by Council, and provided further that the total sum for the payment of such accounts is drawn by cheque.
- (j) All property of the Society shall be vested in Council.
- (k) The income and property of the Society, from whatever source derived, including profits or gains, shall be applied solely to the promotion and furtherance of the objectives of the Society, and no part thereof shall be paid or transferred, directly or indirectly by way of dividend or bonus or otherwise, to any person: Provided that nothing herein contained shall prevent the payment in good faith of remuneration to any employee or other person/s for services rendered to the Society.
11. ... 15. Unchanged.

DISSOLUTION OF THE SOCIETY

16. If, upon winding up or dissolution of the Society, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, such property shall not be paid or distributed amongst the members of the Society, but shall be given or transferred to such other institution or institutions having objectives similar to those of the Society as may be determined by the majority decision of the general meeting of the Society and which is itself exempt from income tax in terms of section 30(8)(a) of the Ninth Schedule Part 1 of the Income Tax Act.

MEMBERSHIP

as at 31 December

Branch:	Normal		Honorary		Lifetime		Pension		Student		Total	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Cape Town	27	38	0	0	2	3	2	2	0	16	31	59
Eastern Cape	16	19	1	1	3	2	2	2	1	21	23	45
Free State	18	19	0	0	0	0	3	3	3	2	24	24
Johannesburg	102	101	0	0	3	3	3	4	7	12	115	120
KwaZulu-Natal	28	25	0	0	0	0	2	2	1	3	31	30
Limpopo	13	12	0	0	1	1	0	0	0	0	14	13
North West	9	15	0	0	0	0	1	1	29	33	39	49
Pretoria	234	254	3	3	3	3	0	0	10	10	250	270
Stellenbosch	36	31	1	1	0	0	2	1	12	28	51	61
Foreign	7	7	0	0	3	3	1	1	1	0	12	11
Total	490	521	5	5	15	15	16	16	64	125	590	682

COUNCIL MEMBERS

2006

President: RWK Parsons

Vice-Presidents: FS Barker
L Kritzinger-van Niekerk

Elected / appointed in terms of the Constitution:

7 (a) (iv) W Viviers
C Luüs
R Baxter
E Masilela
J Fedderke
S du Plessis

7 (a) (v) PA Black
M Holden

7 (a) (vi) JH van Heerden
E Loots
M Mnyande

Elected by branches in terms of 7 (a) (iii) of the Constitution:

Cape Town	M Leibbrandt	J Gerson
Eastern Cape	H Nel	CVR Wait
Johannesburg	R Cassim	J Luiz
Free State	F Booyesen	P Burger
KwaZulu-Natal	D Posel	R Dias
Limpopo	KSM Matjekana	A Gyekye
North West	M Mathee	W Krugell
Pretoria	C Harmse	FK Siebrits
Stellenbosch	BW Smit	SWF du Plessis

Honorary Secretary: F Fouché / P Perkins

Honorary Treasurer: P Perkins / AM Pretorius

BRANCH SECRETARIES

2006

Branch and Secretary	Address	Phone and Email
Cape Town Jeremy Wakeford	School of Economics, University of Cape Town, Private Bag, Rondebosch, 7701	(021) 650 2782 jeremy.wakeford@uct.ac.za
Eastern Cape Jen Snowball	Department of Economics, Rhodes University, Grahamstown, 6140	(046) 603 8303 j.snowball@ru.ac.za
Johannesburg Alain Kabundi	Department of Economics, University of Johannesburg, PO Box 542, Auckland Park, 2006	(011) 489 2061 akabundi@uj.ac.za
Free State Antonie Pool	Department of Economics, University of the Free State, PO Box 339, Bloemfontein, 9300	(051) 401 3596 poolan.blms@ufs.ac.za
KwaZulu-Natal Rosa Dias	Department of Economics, University of KwaZulu-Natal, King George V Avenue, Durban, 4001	(031) 260 2311 diasr@ukzn.ac.za
Limpopo L Tala	School of Economics and Management, University of the North, P/Bag X1106, Sovenga, 0727	(015) 268 2434 ltala@unorth.ac.za
North West Jacqueline van der Merwe	School for Economics, Risk Management and International Trade, P/Bag X6001, North-West University, (Potchefstroom Campus), 2521	(018) 299 1444 Jacqueline.vanderMerwe@nwu.ac.za
Pretoria Krige Siebrits	Department of Economics, UNISA, PO Box 392, Pretoria, 0003	(012) 429 4878 siebrfk@unisa.ac.za
Stellenbosch Sophia du Plessis	Department of Economics, University of Stellenbosch, P/Bag X1, Matieland, 7602	(021) 808 2247 sophia@sun.ac.za

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ESSA PRIZE ENTRIES

2006

See www.essa.org.za for further explanation and details relating to prizes.

See the 2006 AGM minutes (above) for a list of the 2006 winners.

The following entries were received for 2006:

ABSA prize for Honours essay

- Kerr, A *Internal Labour Migration in South Africa: An Analysis of Recent Trends and an Exploration of the Motivations for Remittances*
- Jimmy, C *Should South Africa Have a Fiscal Rule?*
- Axelson, C *The Effect of the Credit Spread Between the United States and SA on the Rand/Dollar Exchange Rate*
- Masia, A *Currency Value Effects on the South African Economy and the Estimation of its Underlying Equilibrium*
- Lessem, N *Interconnection and Strategic Competition in the South African Mobile Sector*
- Von Fintel, D *Interval-coding Obstacles in the Earnings Framework - How Sharp are the Tools in the Shed?*
- Hofmeyr, A *Income Inequality, Reciprocity and Public Good Provision: An Experimental Analysis*
- Mafereka, RO *The Impact of HIV/AIDS on Household Savings in Two Local Free State Communities*
- Maharajah, SP *Inter-market Inefficiency: The Gold Between the Equity and Commodity Markets*
- Ferreira, S *Estimating a Taylor Rule for SA Monetary policy*
- Nortrop, A *Optimal Harvesting Strategies for the Hake Stock of the West Coast of SA*
- Law, M *Contingent Valuation Study of the Local Willingness to Pay for the Improvements and Maintenance of the Makana Botanical Gardens, Grahamstown*
- Troskie, F *The African 'Hangover': Growth, the Debt Overhang Hypothesis and Debt Relief*

Founders' medal for Master's dissertation in partial fulfilment of the degree

- Le Roux, JC *Inflation Forecasting in the South African Economy: A VECM Approach*
- Schoer, V *Job Search Strategies and Social Networks: Evidence from the Khayelitsha/Mitchell's Plain Survey*
- Kotze, KL *Midas Models: The Use of Asset Prices to Forecast Inflation*
- Cloete, B *The Impact of the Digitalisation of Music on the Market for Popular Music: a Micro-theoretic Analysis*
- Mahomed, AC *Trade Openness and Labour Demand Elasticities: Is There Empirical Evidence from South Africa?*
- Dimopoulos, G *Applying the Contingent Valuation Method to Value Fresh Water Inflows into the Knysna, Great Brak and Little Brak Estuaries*
- Moolman, CE *Modelling the Marginal Revenue of Water in Selected Agricultural Commodities: A Panel Data Approach*

Founders' medal for Master's dissertation in full fulfilment of the degree

- Coetzee, C *The Impact of Highly Active Antiretroviral Therapy (HAART) on Perceived Health and Labour Supply in Khayelitsha*
- Von Maltitz, M *The Relationship Between Social Capital, Welfare and Health in South Africa*
- Boshoff, W *The Properties of Cycles in South African Financial Variables and Their Relation to the Business Cycle*
- Koster, M *A Macroeconomic Model for South Africa: A Non-Linear Econometric Modelling Approach*

Founders' medal for Doctoral thesis

- Du Plessis, SWF *Institutions and Institutional Change as Explanation for Differences in Economic Development: A Study of the First Three Decades of the Post-Colonial Experience of Zambia and Botswana*
- Krugell, WF *The Geographical Economy of South Africa*
- Sichei, MM *South Africa – US Intra-industry Trade in Services*
- Snowball, JD *The Economic Valuation of Cultural Events in Developing Countries: Combining Market and Non-Market Valuation Techniques at the South African National Arts Festival*
- Thurlow, J *Trade Liberalisation and Poverty in South Africa: A Computable General Equilibrium and Micro-Simulation Analysis of Past and Potential Trade Policies*
- Van Walbeek, C *The Economics of Tobacco Control in South Africa*

BRANCH ACTIVITIES

2006

Cape Town / Investec Forum (2006)

6 March (Inv. Forum)	John Whittaker, Jos Gerson (discussant)	The future of the eurozone – interest rates, the European central bank and the challenges facing the euro
25 May (Inv. Forum)	Rachel Jafta, Colin McCarthy, Nicola Theron	South African Competition Policy

Cape Town Branch members were invited to all of the seminars (20) that were held in the 2006 UCT School of Economics Monday Seminar Series

Eastern Cape (2006)

May	John Hart	How to be a good economist
7 September	Raymond Parsons	The Accelerated and Shared Growth Initiative for SA (ASGISA) - will it make a big difference to economic policy and economic performance?
7-8 October	Various	ESSA/RU Post-graduate Conference (Report follows)
7 October	Andrew Donaldson	Poverty and development challenges
1 November	Prof Upmeier	The German health care system by International Comparison Structure and Performance of the World's oldest health insurance system

ESSA/RU Post-graduate Conference: A successful conference was held at Rhodes University on 7–8 October. Andrew Donaldson was invited as the guest speaker and in excess of 40 presentations were made by students. Apart from the Rhodes students, who made up the majority, NMMU students and, for the first time, a student from Fort Hare made contributions. The ESSA conference sponsorship of R4 500 is acknowledged and on behalf of the Rhodes University Economics Department staff and especially the Rhodes, NMMU and Fort Hare student participants, the Eastern Cape branch would like to thank ESSA for their generous sponsorship.

Free State (2006)

31 March	Antonie Pool	Poverty and migration in a transforming South Africa
21 April	Karen Thomas	Teaching economics at first-year level: Are we doing the right stuff?
26 May	Johan Coetzee	Relationship banking
9 June	Lizelle Janse van Rensburg	Price volatility in South African property markets
28 July	Ivan van der Merwe	Financial instability in emerging markets

25 August	Stanley du Plessis	The miracle of the Septuagint and the promise of data mining in economics
6 October	Johannes Fedderke	Infrastructure and Growth in South Africa: Direct and Indirect Productivity Impacts of 19 Infrastructure Measures
20 October	Tobias Knedlik	Forced to freedom? Empirical relationships between aid and economic freedom
27 October	Marina Marinkov	Inflation in South Africa
3 November	Joris Mahieu	Economic analysis of the traditional health care sector in South Africa
10 November	Arno van Niekerk	Critique of the IMF, World Bank and WTO
17 November	JP Geldenhuys	Health reform and equity in post-apartheid South Africa
22 November	Servaas van der Berg	How can Economics of Education inform educational practices?

North West (2006)

22 February	Waldo Krugell	The demand for Lotto
8 March	Andrea Saayman	The real equilibrium Rand/US\$ exchange rate
22 March	Marianne Matthee	Analysis of the SA floriculture industry
19 April	Ewert Kleynhans	Production frontiers
26 April	Jeandre Swanepoel	Portfolio rebalancing
3 May	Waldo Krugell	Determinants of the spending of biltong hunters
10 May	Andrea Saayman	The impact of exchange rate volatility on SA's international tourism
17 May	Riaan Rossouw	General equilibrium modelling and NW SAM
17 May	Lullu Krugell	Inflation and wages negotiations
23 May	Stephanie Rossouw	Quality of life: Experimental analysis
1 August	Ettienne Le Roux	Oil prices and interest rates – the State of the South African economy

Pretoria (2006)

17 February	Andrew Donaldson, Abri Meiring, Dawie Roodt	The 2006/07 Budget (co-hosted with the Gauteng North Chamber of Commerce and Industry)
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Stellenbosch (2006)

13 February	Estian Calitz and Krige Siebrits	The legacy and challenge of fiscal policy in sub-Saharan Africa
27 February	Servaas van der Berg	How effective are poor schools? Poverty and educational outcomes in South Africa
6 March	Rulof Burger	Returns to Race: Labour market discrimination in post-apartheid South Africa
13 March	Johann Fedderke	How rights matter

20 March	Wimpie Boshoff	The business cycle and financial variables in SA
27 March	Wolfgang Maennig	The regional and urban economic effects of sport (facilities) – the cases of the World Cups 2006-2010
27 March	Raymond Parsons	The accelerated and shared growth initiative for SA (ASGISA) – will it make a big difference to economic policy and economic performance?
10 April	Basil Moore	National savings and international imbalances
12 April	Carl-Erick Schultz	On the economics of ecological nuisance
19 April	Janine Aron and John Muellbauer	Estimates of household sector wealth for SA, 1970 - 2003
24 April	Nicola Viegi	Aiming at the bull's eye: Optimal inflation targeting under uncertainty
4 May	Tito Mboweni	Why is a SADC monetary union a policy priority?
8 May	George Kershoff	The South African macro-economy: current performance and outlook for the next two years
15 May	Stan du Plessis	The miracle of the Septuagint and the reality of data mining in economics
22 May	Cecil Mlatsheni	Youth expectations and the labour market
31 July	Murray Leibbrandt	Schooling as a Lottery: Assessing progress through secondary school of a panel of adolescents in urban South Africa
7 August	Megan Louw	Unravelling the mystery: Understanding South African schooling outcomes in regional context
14 August	Sophia du Plessis	Institutions and Institutional change in Zambia
21 August	Wimpie Boshoff	On markets, stationarity tests and prices
22 August	Sylvain Boko	Institutional. Reform, decentralisation and economic growth in Africa
28 August	Johan Fourie	Economic infrastructure in South Africa: Building on a legacy of the past
28 August	Rudolf Gouws	Die Ekonomie: Hoe steek dinge inmekaar?
4 September	Shirly Robinson & Bulelwa Boqwana	Provincial Economic Review & Outlook
18 September	Emmanuel Carré	Limits to the Macroeconomic foundations of inflation targeting
21 September	Emmanuel Carré	Inflation Targeting: The gap between theory and practice
2 October	Malcolm Keswell	Individual, ethnic diversity and social networks
3 October	Tito Mboweni	Monetary Policy in South Africa
5 October	Andrew Donaldson	Agency, information and organisation in the public sector
09 October	Corne van Walbeek	Official revisions to national accounting aggregates
16 October	Ada Jansen	Water demand and the urban poor
23 October	Pieter Laubscher	Prospects for the SA economy
30 October	Rosemary Leaver and Corne van Walbeek	"Gender-bias" in multiple-choice questions: does the type of question make a difference?

ESSA (2006)

16 October
(co-hosted with
SAIIA)

Raghuram Rajan

Why does capital not flow from rich countries to poor countries?

THE ECONOMIC SOCIETY OF SOUTH AFRICA
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2006

C van der Merwe Incorporated
Chartered Accountants (SA)
Registered Auditors

The Economic Society of South Africa
Annual Financial Statements for the year ended 31 December 2006

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

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The Economic Society of South Africa

Annual Financial Statements for the year ended 31 December 2006

Council's Responsibilities and Approval

The Council is required by the Society's constitution, to maintain adequate records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effectively monitored throughout the period and all officers are required to maintain the highest ethical standards in ensuring the Society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Society is on identifying, assessing, managing and monitoring all known forms of risk across the Society. While operating risk cannot be fully eliminated, the Society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by officers, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council is satisfied that the Society has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Council is primarily responsible for the financial affairs of the Society, they are supported by the external auditors.

The external auditors are responsible for the reviewing and reporting on the Society's annual financial statements. The annual financial statements have been examined by the Society's external auditors and their report is presented on page 2. The annual financial statements set out on pages 3 to 9, which have been prepared on the going concern basis, were approved by the Council on 27 August 2007 to 10 September 2007 and were signed on its behalf by:

Secretary

Johannesburg

Treasurer

Report of the Independent Auditors

We have audited the annual financial statements of The Economic Society of South Africa set out on pages 3 to 9 for the year ended 31 December 2006. These annual financial statements are the responsibility of the Society's Council. Our responsibility is to express an opinion on these annual financial statements based on our audit.

We were engaged to audit the annual financial statements of the Economic Society of South Africa set out on pages 3 to 9 for the year ended 31 December 2006. These annual financial statements are the responsibility Society's Council.

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 annual financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting policies 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.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the society at 31 December 2006 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 constitution.

Accounting and secretarial duties

Without qualifying our opinion, we draw your attention to the fact that with the written consent of council, we have performed certain accounting and secretarial duties

C van der Merwe Incorporated
Chartered Accountants (SA)
Registered Auditors

Pretoria
27 August 2007

The Economic Society of South Africa

Annual Financial Statements for the year ended 31 December 2006

Balance Sheet

Figures in Rand	Note(s)	2006	2005
Assets			
Non-Current Assets			
Office Equipment	1	3,166	-
		<u>3,166</u>	<u>-</u>
Current Assets			
The Economic Society of South Africa			
Investment Accounts		523,525	488,441
Money market accounts		91,254	85,243
Cash and cash equivalents		149,980	140,919
Trade and other receivables		2,572	10,445
		<u>767,331</u>	<u>725,048</u>
EHD Arndt Fund			
Equities held		134	198
Investment accounts		175,661	163,892
Money market accounts		122,840	114,748
Cash and cash equivalents		(77,293)	(77,293)
Broker accounts		-	-
		<u>221,342</u>	<u>201,545</u>
Owen Horwood Fund			
Investment account		73,387	68,470
Money market accounts		60,072	56,115
		<u>133,459</u>	<u>124,585</u>
Total Assets		1,125,298	1,051,178
Funds and Liabilities			
Funds			
The Economic Society of South Africa		596,014	510,922
EHD Arndt Fund		221,342	201,545
Owen Horwood Fund		133,459	124,585
		<u>950,815</u>	<u>837,052</u>
Liabilities			
Non-Current Liabilities			
The Economic Society of South Africa			
The South African Journal of Economics		126,096	182,836
		<u>126,096</u>	<u>182,836</u>
Current Liabilities			
The Economic Society of South Africa			
Trade and other payables		28,660	12,613
Capital endowment fund	2	19,727	18,677
		<u>48,387</u>	<u>31,290</u>
Total Funds and Liabilities		1,125,298	1,051,178

The Economic Society of South Africa

Annual Financial Statements for the year ended 31 December 2006

Income Statement

Figures in Rand	Note(s)	2006	2005
Income			
Members' dues received		157,147	144,789
Transfer from conference surplus		27,276	-
Prize entry fees		8,150	1,200
Investment income		42,112	47,154
		234,685	193,143
Expenses			
Auditors remuneration		6,271	5,221
Bank charges		652	735
Branch grants		2,500	2,500
Capital endowment fund		1,050	1,050
Courier services		702	-
Depreciation		1,217	-
Entertainment and refreshments		1,692	4,890
Gifts		-	528
Members' dues written off		-	1,077
Prize adjudications		6,700	2,212
Seminars	3	1,380	-
South African Journal of Economics		125,246	115,831
Stationery, printing and postage		633	180
Travel and accommodation		1,550	-
		149,593	134,224
Surplus / (Deficit)		85,092	58,919
Owen Horwood Fund			
Investment income		8,874	9,555
		8,874	9,555
Surplus		8,874	9,555
EHD Arndt Fund			
Income			
Investment income		19,861	21,133
Profit on sale of shares		-	333
		19,861	21,466
Expenses			
Learning online		-	81,022
Fair value adjustment on investments - MTN shares		64	-
		64	81,022
		19,797	(59,556)

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Balance Sheet - Central Council Conference

Figures in Rand	Note(s)	2006	2005
Assets			
Current			
Investment accounts		368,437	343,752
Cash and cash equivalents		(10,253)	121,186
Money market accounts		42,253	39,469
Trade and other receivables		10,000	-
Total Assets		410,437	504,407
Funds and Liabilities			
Funds		410,437	504,407
Total Funds and Liabilities		410,437	504,407

Income Statement - Central Council Conference

Income			
Investment income		27,469	31,281
Conference surplus		-	111,721
Branch allocations		2,500	2,500
		29,969	145,502
Expenses			
Branch activities			
Eastern Cape		4,500	4,500
Free State		5,000	-
North West		1,400	800
Stellenbosch		1,318	5,000
Allocation to The South African Journal of Economics		40,000	-
Allocation to The Journal of Development Perspectives		44,445	-
Allocation to The Economic Society of South Africa		27,276	-
		123,939	10,300
Surplus / (Deficit)		(93,970)	135,202

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Balance Sheet - Journal of Development Perspectives

Figures in Rand	Note(s)	2006	2005
Assets			
Current			
Cash and cash equivalents		48,479	80,000
Total Assets		48,479	80,000
Funds and Liabilities			
Funds		40,124	75,555
Liabilities			
Current			
Trade and other payables		8,355	4,445
Total Funds and Liabilities		48,479	80,000

Income Statement - Journal of Development Perspectives

Income			
Allocation from conference		44,445	-
Sponsorships		-	121,306
		44,445	121,306
Expenses			
Auditors remuneration		855	-
Bank charges		1,255	-
Employee costs		39,000	6,000
Publication costs		38,766	39,751
		79,876	45,751
Surplus / (Deficit)		(35,431)	75,555

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Balance Sheet - South African Journal of Economics

Figures in Rand	Note(s)	2006	2005
Assets			
Non-Current Assets			
Office Equipment	1	6,878	10,946
		<u>6,878</u>	<u>10,946</u>
Current Assets			
Cash and cash equivalents		92,338	41,369
Economic Society of South Africa		126,096	182,837
		<u>218,434</u>	<u>224,206</u>
Total Assets		225,312	235,152
Funds and Liabilities			
Funds		147,754	161,949
		<u>147,754</u>	<u>161,949</u>
Current Liabilities			
Trade and other payables		77,558	73,203
		<u>77,558</u>	<u>73,203</u>
Total Funds and Liabilities		225,312	235,152

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Income Statement - South African Journal of Economics

Figures in Rand	Note(s)	2006	2005
Income			
Membership revenue		127,608	115,831
Blackwell Publishing revenue		74,744	98,219
Conference allocation		40,000	-
Profit on sale of shares		-	1,982
Sponsorship received		62,124	-
Submission fees		11,307	8,175
Dalro income		17,222	15,625
Investment Income		-	151
Profit on exchange differences		198	-
		333,203	239,983
Expenses			
Auditors remuneration	4	10,261	251
Bank charges		4,491	2,848
Communication costs		7,976	6,744
Depreciation		4,068	1,260
Employee costs		157,725	136,787
Lease rentals		245	451
Publication costs		131,606	137,186
Printing and stationery		4,736	4,421
Repairs and maintenance		-	2,275
Travel and accommodation		26,290	30,298
Utility charges		-	295
		347,398	322,816
Surplus / (Deficit)		(14,195)	(82,833)

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Annual Financial Statements for the year ended 31 December 2006

Notes to the Annual Financial Statements

Figures in Rand 2006 2005

Basis of preparation

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

These accounting policies are consistent with the previous period.

1.) Fixed Assets

All fixed assets are initially recorded at cost. Depreciation is calculated on the straight line method to write off costs off each assets, or revalued amounts, to their residual values over the estimated useful lives.

The depreciation rates applicable to each class of fixed assets are as follows:

Office equipment	33.33%	10.00%
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The rate change was effected to bring depreciation in line with the write-off periods set forth by the South African Revenue Service.

	2006			2005		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Office equipment - SAJE	12,206	(5,328)	6,878	12,206	(1,260)	10,946
Office equipment - ESSA	4,383	(1,217)	3,166	-	-	-
	16,589	(6,545)	10,044	12,206	(1,260)	10,946

2.) Capital endowment fund - ESSA

Balance as at 1 January	18,677	17,627
Unattached member's dues	1,050	1,050
Balance as at 31 December	19,727	18,677

3.) Seminar expenses - ESSA

Sponsorship received	(10,000)	-
Seminar expenses	11,380	-
	1,380	-

4.) Auditors remuneration - SAJE

Audit fee - 2004 financial year	3,991	251
Audit fee - 2005 financial year	6,270	-
	10,261	251