

Kronendal Music Academy of Hout Bay
(Registration number 060-215-NPO)
Annual Financial Statements
for the year ended 31 March 2021

Kronendal Music Academy of Hout Bay

(Registration number: 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Members	W Audagnotti D Giesel B Kellond J Pollok E Williams C Campbell
Registered office	153 Empire Avenue Hout Bay 7806
Postal address	P O Box 26292 Hout Bay 7872
Auditor	Temlett & Co Chartered Accountant (SA) Registered Auditor 4 Zoutman Close Hout Bay 7806
NPO registration number	060-215-NPO

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Members Responsibilities and Approval

The members are required to maintain adequate accounting records and are 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 Non-Profit Organization's 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 the basis of accounting as set out in Note 1 to the financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Non-Profit Organization and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the sets 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, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

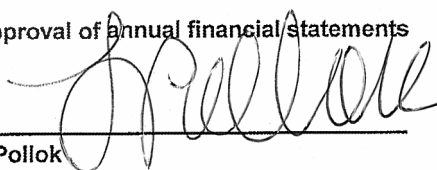
The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The members have reviewed the Non-Profit Organization's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, They are satisfied that the Non-Profit Organization has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditor and their report is presented on page 5.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the on 28 May 2021 and were signed on its behalf by:

Approval of annual financial statements



J Pollok



D Griesel

Hout Bay

28 May 2021

Kronendal Music Academy of Hout Bay

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Members Report

The members have pleasure in submitting their report on the annual financial statements of Kronendal Music Academy of Hout Bay for the year ended 31 March 2021.

1. The Non-profit organisation

The Non-Profit Organization was established January 2007 and registered on 13 February 2008 .

2. Main business and operations

The operating results and state of affairs of the Non-Profit Organization are fully set out in the attached annual financial statements.

The Kronendal Music Academy facilitated the training, workshops, monthly assistance and sponsorships and made it possible for 113 (2020:152) pupils to participate in musical events and training. These pupils consist 110 (2020:148) fully funded pupils and 3 (2020:4) paying pupils.

3. Members

The members in office at the date of this report are as follows:

Members	Changes
W Audagnotti	
D Griesel	
B Kellond	
J Pollok	
E Williams	
C Campbell	Appointed 18 August 2020
G Taylor	Resigned 18 August 2020

4. Events after the reporting period

The members are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

Temlett & Co continued in office as auditors for the organization for 2021.

They will continue in office for the 2022 financial year.

Temlett & Co

Chartered Accountants

Telephone: (021) 790-4871
PO Box 26932, Hout Bay 7872
Email: peter@temlettandco.co.za

Independent Auditor's Report

To the members of Kronendal Music Academy of Hout Bay

Opinion

I have audited the annual financial statements of Kronendal Music Academy of Hout Bay (the trust) set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including significant accounting policies.

In my opinion, except for the possible effect of the matter described in the basis for qualified opinion section of my report, the annual financial statements of Kronendal Music Academy of Hout Bay for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the basis of accounting as set out in Note 1 to the financial statements to the annual financial statements.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of my report. I am independent of the organization in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa.

Emphasis of matter

In common with similar organizations, Kronendal Music Academy of Hout Bay derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Kronendal Music Academy of Hout Bay, and we were not able to determine whether any adjustments might be necessary to donations revenues.

Responsibilities of the members for the Annual Financial Statements

The members are responsible for the preparation of the annual financial statements in accordance with the basis of accounting as set out in Note 1 to the financial statements, for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the Annual Financial Statements

My objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.



P Temlett
Chartered Accountant (SA)
Registered Auditor
IRBA Practice no: 645869

28 May 2021
Hout Bay

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Equipment	2	359 229	204 606
Current Assets			
Trade and other receivables	3	28 000	22 500
Cash and cash equivalents	4	121 542	186 574
		149 542	209 074
Total Assets		508 771	413 680
Reserves and Liabilities			
Reserves			
Donated instruments reserves		411 395	411 395
Accumulated deficit		(149 812)	(242 752)
		261 583	168 643
Liabilities			
Non-Current Liabilities			
Director's loan	5	72 800	140 000
Current Liabilities			
Trade and other payables		133 537	52 186
Other liability		40 851	52 851
		174 388	105 037
Total Liabilities		247 188	245 037
Total Reserves and Liabilities		508 771	413 680

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Statement of Comprehensive Income

	Note(s)	2021 R	2020 R
Income	6	2 996 122	3 190 629
Direct expenses		(546 692)	(557 101)
Gross surplus		2 449 430	2 633 528
Operating expenses		(2 333 337)	(2 720 778)
Operating surplus (deficit)		116 093	(87 250)
Investment revenue		3	868
Finance costs		(23 156)	(10 319)
Surplus (deficit) for the year		92 940	(96 701)

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Statement of Changes in Equity

	Donated Instruments R	Accumulated deficit R	Total equity R
Balance at 01 April 2019	411 395	(146 051)	265 344
Deficit for the year	-	(96 701)	(96 701)
Balance at 01 April 2020	411 395	(242 752)	168 643
Surplus for the year	-	92 940	92 940
Balance at 31 March 2021	411 395	(149 812)	261 583

Note(s)

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Statement of Cash Flows

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from operations	7	231 455	39 019
Interest income		3	868
Finance costs		(23 156)	(10 319)
Net cash from operating activities		208 302	29 568
Cash flows from investing activities			
Purchase of equipment	2	(194 134)	-
Cash flows from financing activities			
Proceeds from director's loan		-	140 000
Repayment of director's loan		(67 200)	-
Loan repaid to D Goldberg		-	(77 851)
Movement in other liability		(12 000)	52 851
Loan from SJ Stevens repaid		-	(25 000)
Net cash from financing activities		(79 200)	90 000
Total cash movement for the year		(65 032)	119 568
Cash at the beginning of the year		186 574	67 006
Total cash at end of the year	4	121 542	186 574

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Equipment

Equipment are tangible items that are held for use in the production or supply of goods and services, or for rental to others, or for administrative purposes; and which are expected to be used for more than one period.

Cost includes costs incurred initially to acquire or construct an item of equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised.

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

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.2 Impairment of assets

The Non-Profit Organization assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.3 Provisions and contingencies

Provisions are recognised when the Non-Profit Organization has an obligation at the reporting date as a result of a past event; it is probable that the Non-Profit Organization will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

1.4 Income

Income is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Government grants are reflected as income in the income statement.

Fees received or receivable for lessons and donations received for pupil assistance are included in revenue .

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Annual Financial Statements

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	32 190	(22 633)	9 557	32 190	(19 464)	12 726
Motor vehicles	387 801	(387 801)	-	387 801	(426 581)	(38 780)
Office equipment	36 559	(35 218)	1 341	36 559	(32 058)	4 501
IT equipment	49 811	(26 343)	23 468	24 977	(21 508)	3 469
Musical equipment	805 451	(486 113)	319 338	636 151	(423 859)	212 292
Recording instruments	50 129	(44 604)	5 525	50 129	(39 731)	10 398
Total	1 361 941	(1 002 712)	359 229	1 167 807	(963 201)	204 606

Reconciliation of equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture & Fittings	12 726	-	(3 169)	9 557
Motor vehicles	(38 780)	-	38 780	-
Office equipment	4 501	-	(3 160)	1 341
IT equipment	3 469	24 834	(4 835)	23 468
Musical Equipment	212 292	169 300	(62 254)	319 338
Recording Instruments	10 398	-	(4 873)	5 525
	204 606	194 134	(39 511)	359 229

Reconciliation of equipment - 2020

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	15 895	(3 169)	12 726
Motor vehicles	38 781	(77 561)	(38 780)
Office equipment	7 661	(3 160)	4 501
IT equipment	11 794	(8 325)	3 469
Musical Equipment	275 907	(63 615)	212 292
Recording Instruments	15 271	(4 873)	10 398
	365 309	(160 703)	204 606

3. Trade and other receivables

Deposits	22 500	22 500
Other receivables	5 500	-
	28 000	22 500

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	131	3 835
Bank balances	121 411	182 739
	121 542	186 574

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Notes to the Annual Financial Statements

	2021 R	2020 R
5. Director's loan		
At amortised cost		
Loan from D Griesel	72 800	140 000
The loan is unsecured, interest free and has no fixed terms of repayment		
Non-current liabilities		
At amortised cost	72 800	140 000
The fair values of the financial liabilities were determined as follows:		
6. Income		
Concerts and soirees	18 482	32 158
Donations and grants	2 754 780	2 684 979
Fees, tours and other income	222 860	473 492
	2 996 122	3 190 629
7. Cash generated from operations		
Surplus (deficit) before taxation	92 940	(96 701)
Adjustments for:		
Depreciation and amortisation	39 511	160 703
Interest received	(3)	(868)
Finance costs	23 156	10 319
Changes in working capital:		
Trade and other receivables	(5 500)	-
Trade and other payables	81 351	(34 434)
	231 455	39 019

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Statement of Financial Performance

	2021	2020
Note(s)	R	R
Revenue		
Grants		
Funder: NAC	73 386	80 000
Funder: Lottery	400 000	848 000
Funder: DCAS	160 000	130 000
Funder: Community Heart		42 403
Funder: Peresoft	75 000	90 000
Funder: Derek Lubner	190 000	200 000
Funder: Baragwanath	207 527	168 663
Funder: Uthando SA	157 500	30 000
Funder: Klein Family Foundation	292 174	186 318
Funder: Joan St Ledger		50 000
Funder: SAMRO		20 000
Funder: Chiappini Trust		25 000
Funder: Chic Mamas	11 500	24 000
Funder: Maria Marina Foundation	150 000	359 546
Funder: Rupert Music Foundation	55 000	45 500
Funder: Given Gain	29 183	19 650
Funder: Macfarlane Family Foundation	450 000	
Funder: Investec	25 000	
Funder: AW Blekton Charitable Trust	40 000	
Donations - Other	252 760	365 899
Concerts & Soirees - Income	18 482	32 159
Fees, Materials & Other Income		
Edinburg Tour Income		
Fees: Non-Funded Individuals	18 375	26 421
Instrument sales		800
Fees: Funded individuals	26 356	29 630
Sponsor Fees In	45 000	
KMA Friends	16 450	
Fundraising events		25 187
Cape Cycle Tour Income	40 987	19 050
Back-a-Buddy	2 854	447
Donations: Executive board	300	1 500
Donations: Musical Instruments	169 300	
Overseas Donations	19 688	258 711
Pupil bursaries	-	109 280
Snapscan	-	2 465
Covid-19 Income	69 300	
	2 996 122	3 190 630
Cost of sales		
Fees: Funded Individuals	316 756	226 060
Fees: Funded Groups		-
Fees: Non-funded Individuals		5 400
Fees: Non-Funded Groups	215 447	242 595
Costs of Performances	700	32 582
Cape Cycle Tour Expenses		2 775
Costs of Concerts & Soirees	13 789	38 829
Sound & Equipment		8 860
	546 692	557 101
Other income		
Interest Received - Nedbank Current Acc	3	868
	2 449 432	2 634 396
Expenses (Refer to page 14)	2 333 336	2 720 778
Operating (Deficit) Surplus for the year	116 096	-86 381
Finance Costs	-23 156	-10 351
(Deficit) Surplus for the year	92 940	-96 732

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Statement of Financial Performance

	2021	2020
Note(s)	R	R
Operating Expenses		
Staff costs		
Salaries	634 689	652 190
Casual Wages	94 493	69 255
Directors Fees	557 100	540 000
Other Staff Costs		
Staff Development	-	4 320
Staff Welfare	13 126	8 734
UIF Expense	7 819	8 040
Services		
Accounting Fees	28 456	17 931
Audit Fees	10 925	12 900
Bank Charges	15 669	14 815
Consulting fees	194 779	55 000
Co-ordinator Fees	-	35 000
Fundraising Costs	71 220	418 705
KMA: Instrument Repairs & Maintenance	5 219	10 010
Depreciation		
Depreciation: Music Equip	62 254	63 615
Depreciation: Furniture & Fittings	3 169	3 169
Depreciation: Other	4 873	4 873
Depreciation: Office Equip	3 160	3 160
Depreciation: Motor Vehicles	-38 780	77 560
Depreciation: Computer Equipment	4 835	8 326
Premises & Equipment Costs		
Rental - Oakburn House	210 000	258 500
Rental: Oakburn Cottage	60 000	44 000
Equipment Hire	-	-
Electricity & Water	19 000	25 552
Repairs & Maintenance	16 520	33 704
Security	6 237	7 460
Computer Expenses	11 955	9 419
House General Expenses	14 082	12 005
Supplies		
Printing & Stationery	11 945	14 829
Music Books and CDs	13 172	21 340
Food	70 051	77 308
Instrument Accessories	12 989	11 030
Costumes & Uniforms	-	-
Awards & Certificates	1 317	2 055
Music Exams & Eisteddfods	-3 530	3 530
Pupil Development	7 130	845
Pupil Welfare	20 979	11 014
Covid-19 Expenses	46 416	1 100
Communication Costs		
Telephone	945	11 912
Internet & Email	16 375	12 504
Postage & Courier	-	1 257
Website Costs	7 071	16 698
Cellphone Expenses	8 244	6 667
Entertainment & Meeting Expenses	1 652	4 678
Advertising & Promotions	11 962	11 156
Gifts and Goodwill	6 192	5 590
Travel & Transport		
Fuel & Oil	32 610	42 655
Vehicle Insurance	26 149	25 114
Vehicle Maintenance	6 650	6 330
Other Vehicle Costs	24 006	34 535
Public Transport	210	140
Teachers Petrol Claim	-	247
	2 333 336	2 720 778