

Kronendal Music Academy of Hout Bay
(Registration number 060-215-NPO)
Annual Financial Statements
for the year ended 31 March 2018

Kronendal Music Academy of Hout Bay

(Registration number: 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2018

General Information

Country of incorporation and domicile	South Africa
Members	W Audagnotti D Griesel B Kellond A Oosthuizen E Williams
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
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 external auditor is engaged to express an independent opinion on the annual 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. 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 2019 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 08 June 2018 and were signed on its behalf by:

Approval of annual financial statements



D Griesel



B Kellond

Hout Bay

Friday, 08 June 2018

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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 2018.

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 180 (2017:174) paying pupils to participate in musical events and training. These pupils consist of 121 (2017:113) fully funded pupils and 59 (2017:61) paying pupils.

3. Members

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

Members

W Audagnotti
L Steglin
D Griesel
B Kellond
D Langford
H Currier
A Oosthuizen
P Tomes
S Guile
T Zacho
E Williams

Changes

Appointed Friday, 01 September 2017
Appointed Monday, 01 May 2017, resigned Tuesday, 29 August 2017
Appointed Thursday, 01 June 2017, resigned Monday, 30 April 2018
Resigned Friday, 30 March 2018
Resigned Tuesday, 29 August 2017
Resigned Wednesday, 31 May 2017
Resigned Tuesday, 29 August 2017

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 2018.

They will continue in office for the 2019 financial year.

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 set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2018, 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 emphasis of matter section of my report, the annual financial statements present fairly, in all material respects, the financial position of Kronendal Music Academy of Hout Bay as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988.

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 trust 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. I have fulfilled my other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 and fair presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the , 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
Practice no: 942642

08 June 2018
Hout Bay

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

	Note(s)	2018 R	2017 R
Assets			
Non-Current Assets			
Equipment	2	472 312	543 983
Current Assets			
Trade and other receivables	3	22 500	41 353
Cash and cash equivalents	4	17 332	733 339
		39 832	774 692
Total Assets		512 144	1 318 675
Reserves and Liabilities			
Reserves			
Donated instruments reserves		411 395	411 395
Accumulated surplus		(77 792)	233 464
		333 603	644 859
Liabilities			
Current Liabilities			
Trade and other payables		58 541	21 736
Lotto payment received in advance		-	652 080
Loan from D Goldberg		120 000	-
		178 541	673 816
Total Reserves and Liabilities		512 144	1 318 675

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Statement of Comprehensive Income

	Note(s)	2018 R	2017 R
Income	5	2 859 639	2 574 523
Direct expenses		(1 461 676)	(799 246)
Gross surplus		1 397 963	1 775 277
Operating expenses		(1 705 643)	(1 762 457)
Operating (deficit) surplus		(307 680)	12 820
Investment revenue		801	818
Finance costs		(4 377)	(8 054)
(Deficit) surplus for the year		(311 256)	5 584

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Statement of Changes in Equity

	Donated Instruments R	Accumulated surplus R	Total equity R
Balance at 01 April 2016	411 395	227 880	639 275
Surplus for the year	-	5 584	5 584
Balance at 01 April 2017	411 395	233 464	644 859
Deficit for the year	-	(311 256)	(311 256)
Balance at 31 March 2018	411 395	(77 792)	333 603

Note(s)

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Statement of Cash Flows

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Cash (used in) generated from operations	6	(155 374)	96 486
Interest income		801	818
Finance costs		(4 377)	(8 054)
Net cash from operating activities		(158 950)	89 250
Cash flows from investing activities			
Purchase of equipment	2	(24 977)	(25 501)
Cash flows from financing activities			
Proceeds from lotto payment received in advance		-	652 080
Lotto payment received in advance expensed in year		(652 080)	(5 000)
Loan from D Goldberg		120 000	-
Net cash from financing activities		(532 080)	647 080
Total cash movement for the year		(716 007)	710 829
Cash at the beginning of the year		733 339	22 510
Total cash at end of the year	4	17 332	733 339

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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

	2018 R	2017 R
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2. Equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	25 690	(12 626)	13 064	25 690	(10 057)	15 633
Motor vehicles	387 801	(271 460)	116 341	387 801	(193 900)	193 901
Office equipment	36 559	(25 738)	10 821	36 559	(21 294)	15 265
IT equipment	24 977	(4 857)	20 120	-	-	-
Musical equipment	588 451	(296 629)	291 822	531 951	(237 784)	294 167
Recording instruments	50 129	(29 985)	20 144	50 129	(25 112)	25 017
Total	1 113 607	(641 295)	472 312	1 032 130	(488 147)	543 983

Reconciliation of equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture & Fittings	15 633	-	(2 569)	13 064
Motor vehicles	193 901	-	(77 560)	116 341
Office equipment	15 265	-	(4 444)	10 821
IT equipment	-	24 977	(4 857)	20 120
Musical Equipment	294 167	56 500	(58 845)	291 822
Recording Instruments	25 017	-	(4 873)	20 144
	543 983	81 477	(153 148)	472 312

Reconciliation of equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	14 702	3 500	(2 569)	15 633
Motor vehicles	271 461	-	(77 560)	193 901
Office equipment	21 676	-	(6 411)	15 265
Musical Equipment	325 362	22 001	(53 196)	294 167
Recording Instruments	29 890	-	(4 873)	25 017
	663 091	25 501	(144 609)	543 983

3. Trade and other receivables

Trade receivables	-	(147)
Prepayments	-	19 000
Deposits	22 500	22 500
	22 500	41 353

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 714	1 729
Bank balances	14 674	98 291
Nedbank Lotto Current Account	(56)	633 319
	17 332	733 339

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Notes to the Annual Financial Statements

	2018 R	2017 R
5. Income		
Concerts and soirees	59 921	52 897
Donations and grants	2 332 053	1 966 809
Fees, tours and other income	467 665	554 817
	2 859 639	2 574 523
6. Cash (used in) generated from operations		
(Deficit) surplus before taxation	(311 256)	5 584
Adjustments for:		
Depreciation and amortisation	153 148	144 609
Interest received	(801)	(818)
Finance costs	4 377	8 054
Other non-cash - Musical instruments donated	(56 500)	-
Changes in working capital:		
Trade and other receivables	18 853	(19 000)
Trade and other payables	36 805	(41 943)
	(155 374)	96 486

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Statement of Financial Performance

	2018	2017
Note(s)	R	R
Revenue		
Grants		
Funder: NAC	180 000	175 000
Funder: Lottery	815 100	-
Funder: DCAS	37 309	
Funder: City of Cape Town	58 000	
Funder: Peresoft	60 000	56 000
Funder: Derek Lubner	50 000	
Funder: D Goldberg	-	295 000
Funder: EPWP IRP (DCAS)	124 503	240 871
Funder: CAF America	-	-
Funder: Community Heart	-	-
Funder: Uthando SA	73 000	34 000
Donations - Other	934 141	1 165 938
Concerts & Soirees - Income	59 921	52 897
Fees & Materials		
Fees: Non-Funded Individuals	392 372	406 966
Fees: Non-funded groups	-	6 660
Theory Books Income	300	1 308
Instrument Hire Fees	1 450	4 560
IRP: Instrument Repairs	845	360
Fees: Funded individuals	8 335	9 290
Fees: Funded groups	10 730	9 910
Grahamstown Tour Income	3 350	3 985
Performance Fees	19 000	26 500
Sponsor Fees IN	1 025	7 440
Exam fees	-	1 255
Fundraising events	8 660	
Cape Cycle Tour Income	21 599	66 883
Sales		
Secondhand Instrument Sales		9 700
	<u>2 859 639</u>	<u>2 574 523</u>
Cost of sales		
Fees: Funded Individuals	206 945	109 749
Fees: Funded Groups	189 205	256 530
Fees: Non-funded Individuals	165 315	314 365
Fees: Non-Funded Groups	15 510	-
Costs of Performances	5 200	18 636
Cape Cycle Tour Expenses	3 394	8 760
Costs of Concerts & Soirees	56 605	34 975
Grahamstown Tour Expenses	8 666	56 230
Lotto Approved Expenses	810 836	
	<u>1 461 676</u>	<u>799 245</u>
Other income		
Interest Received - Nedbank Current Acc	801	818
	<u>1 398 764</u>	<u>1 776 096</u>
Expenses (Refer to page 14)	<u>1 705 643</u>	<u>1 762 458</u>
Operating (Deficit) Surplus for the year	<u>-306 879</u>	<u>13 638</u>
Finance Costs	-4 377	-8 054
(Deficit) Surplus for the year	<u>-311 256</u>	<u>5 584</u>

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Statement of Financial Performance

	2018	2017
Note(s)	R	R
Operating Expenses		
Staff costs		
Salaries	424 609	180 801
Casual Wages	143 973	222 847
IRP Salaries	-	109 978
IRP Materials & Training		
Staff Incentives / Bonus		
Directors Fees	299 376	294 840
Other Staff Costs		
Staff Development	6 224	23 438
Staff Welfare	12 702	34 592
UIF Expense	8 551	6 877
Fundraising Courses & Costs	5 609	41 982
Services		
Accounting Fees	26 954	21 386
Audit Fees	21 390	12 528
Bank Charges	8 507	3 491
Commision paid		-
Consulting fees	6 000	3 990
KMA: Instrument Repairs & Maintenance	45 375	15 371
Depreciation		
Depreciation: Music Equip	58 846	53 195
Depreciation: F & F	2 569	2 569
Depreciation: Other	4 873	4 873
Depreciation: Office Equip	4 444	6 412
Depreciation: Motor Vehicles	77 560	77 560
Depreciation: Computer Equipment	4 856	
Premises & Equipment Costs		
Rental - Oakburn House	133 500	208 849
Rental: Oakburn Cottage	32 000	44 000
Equipment Hire	-	250
Electricity & Water	16 092	28 104
Cleaning & Consumables		1 900
Repairs & Maintenance	32 074	26 965
Repairs & Maintenance - Pool	930	903
Security	8 838	6 500
Computer Expenses	2 917	2 766
House General Expenses	37 147	26 093
Supplies		
Printing & Stationery	14 687	37 788
Music Books and CDs	9 797	13 525
Food	60 215	40 186
Instrument Accessories	6 534	30 729
Costumes & Uniforms	-	4 488
Awards & Certificates	4 396	2 705
UCT Payments		-
Music Exams & Eisteddfods	-	8 230
Pupil Development: Tour Expenses	9 698	6 190
Pupil Welfare	9 009	12 656
Discount Allowed		3 553
Communication Costs		
Telephone	12 791	11 406
Internet & Email	8 729	10 607
Postage & Courier	820	2 669
Website Costs	23 216	2 054
Cellphone Expenses	3 449	3 712
Entertainment & Meeting Expenses	11 552	9 651
Advertising & Promotions	2 295	3 010
Gifts and Goodwill	12 633	21 579
Travel & Transport		
Fuel & Oil	35 544	34 553
Vehicle Insurance	18 782	14 908
Vehicle Maintenance	15 742	14 612
Other Vehicle Costs	15 260	6 747
Flights		
Car Hire		
Public Transport	1 008	1 723
Accommodation		-
Teachers Petrol Claim	3 570	2 117
	<u>1 705 643</u>	<u>1 762 458</u>