

**KRONENDAL MUSIC ACADEMY OF HOUT BAY  
(Registration number 060-215-NPO)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

Temlett & Co  
Chartered Accountants (S.A.)  
Issued 06 August 2009

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Trustees</b>	J Borain N Dube D Griesel J Julius S Kieivts G Maree C Mongwe
<b>Registered office</b>	24 Andrews Road Hout Bay 7806
<b>Business address</b>	24 Andrews Road Hout Bay 7806
<b>Postal address</b>	P O Box 26292 Hout Bay 7872
<b>Auditors</b>	Temlett & Co Chartered Accountants (S.A.)
<b>Non-profit Organisation registration number</b>	060-215-NPO

# Kronendal Music Academy of Hout Bay

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

# Report of the Independent Auditors

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## To the trustee of Kronendal Music Academy of Hout Bay

We have audited the accompanying annual financial statements of Kronendal Music Academy of Hout Bay, which comprise the trustees' report, the balance sheet as at 31 March 2009, the income statement and the statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on

### Trustees' Responsibility for the Financial Statements

The non-profit organisation's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In common with similar organisations, 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 donation revenues.

### Opinion

In our opinion, except for the effect of the matter referred to in the preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of non-profit organisation as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

**Temlett & Co**

**06 August 2009**

**6, 36 Victoria Avenue  
Hout Bay  
7806**

# **Kronendal Music Academy of Hout Bay**

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## **Trustees' Responsibilities and Approval**

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The trustees 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 organisation 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 South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit organisation and place considerable importance on maintaining a strong control environment. The trustees 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 trustees have reviewed the non-profit organisation's cash flow forecast for the year to 31 March 2010 and, in the light of this review and the current financial position, they are satisfied that the non-profit organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the non-profit organisation's annual financial statements. The annual financial statements have been examined by the non-profit organisation's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the board on 06 August 2009 and were signed on its behalf by:

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**Trustee**

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**Trustee**

**Hout Bay**

**06 August 2009**

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## Trustees' Report

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The trustees submit their report for the year ended 31 March 2009.

### 1. The trust

The non-profit organisation was established in January 2007 and registered on 13 February 2008.

### 2. Review of activities

#### Main business and operations

The non-profit organisation is engaged in projects that support and implement the education, training and preservation of musical culture within the community, with specific emphasis on the under-privileged areas and thereby also ensuring the promotion of social and racial integration.

The operating results and state of affairs of the non-profit organisation 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 66 pupils to participate in musical events and training. These pupils consist of 19 sponsored and fully funded pupils and 47 paying pupils who pay the teachers directly.

### 3. Post balance sheet events

The trustees are not aware of any matter or circumstance arising since the end of the financial year.

### 4. Trustees

The trustees of the non-profit organisation during the year and to the date of this report are as follows:

Name  
J Borain  
N Dube  
D Giesel  
J Julius  
S Kievts  
G Maree  
C Mongwe

### 5. Auditors

Temlett & Co will continue in office for the next financial period.

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## Balance Sheet

	Note(s)	2009 R
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2	3,246
<b>Total Assets</b>		<b>3,246</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Accumulated deficit		(159,167)
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Other financial liabilities	3	150,000
<b>Current Liabilities</b>		
Other financial liabilities	3	6,000
Trade and other payables	4	6,413
		<b>12,413</b>
<b>Total Liabilities</b>		<b>162,413</b>
<b>Total Equity and Liabilities</b>		<b>3,246</b>

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## Income Statement

	Note(s)	2009 R
<b>Revenue</b>	5	<b>50,178</b>
<b>Cost of sales</b>	6	<b>78,973</b>
<b>Gross deficit</b>		<b>(28,795)</b>
<b>Other income</b>		
Government grants		130,000
<b>Operating expenses</b>		
Accounting fees		7,866
Administration fees		10,536
Advertising		16
Audio video and photographic		1,120
Bank charges		1,487
Community singing fees		10,080
Costume and decor		1,348
Courier and postage		451
Entertainment of funders		1,072
Equipment upgrade, repairs and maintenance		4,055
Food for pupils		2,040
Hire of computers, copiers and printers		800
Honouria		44,700
Lease rentals on operating lease		18,000
Printing and stationery		1,338
Purchase of equipment		2,399
Teacher skills development		625
Telephone and fax		9,898
Text books		501
Transport for pupils		8,956
Travel - local		29,000
Utilities		1,445
Van hire and vehicle costs		1,200
Workshops and performances		5,506
		<b>164,439</b>
<b>Deficit for the year</b>		<b>(63,234)</b>



# Kronendal Music Academy of Hout Bay

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## Statement of Changes in Equity

	Trust capital	Accumulated deficit	Total equity
	R	R	R
<b>Balance at 01 April 2008</b>	-	<b>(95,933)</b>	<b>(95,933)</b>
Changes in equity			
Deficit for the year	-	(63,234)	(63,234)
Total changes	-	(63,234)	(63,234)
<b>Balance at 31 March 2009</b>	-	<b>(159,167)</b>	<b>(159,167)</b>

Note(s)

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2009

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Financial instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

#### 1.2 Provisions and contingencies

Provisions are recognised when:

- the non-profit organisation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised.

#### 1.3 Revenue

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

Interest is recognised, in profit or loss, using the effective interest rate method.

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

#### 1.4 Government grants

Government grants are reflected as other income in the income statement.

# Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2009

## Notes to the Annual Financial Statements

2009  
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### 2. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3,246
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### 3. Other financial liabilities

#### At amortised cost

M Moose	6,000
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The loan is interest free and repayable when sufficient funds are available.

Loan from D Giesel	150,000
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The loan is interest free, and the trustee has agreed to subordinate the loan in favour of other creditors, until the organisation's assets, fairly valued, exceed its liabilities.

	<b>156,000</b>
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#### Non-current liabilities

At amortised cost	150,000
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#### Current liabilities

At amortised cost	6,000
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	<b>156,000</b>
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### 4. Trade and other payables

Trade payables	6,413
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### 5. Revenue

Pupil sponsorship	36,678
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Donations	13,500
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	<b>50,178</b>
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### 6. Cost of sales

#### Rendering of services

Community singers administration expenses	3,375
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Fees for individually sponsored pupils	8,580
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Fund raising	230
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Group administration fees	4,612
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Group tuition fees	32,060
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KMA sponsored tuition	1,716
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Kronendal assembly pianist	6,300
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Teachers paid direct	22,100
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	<b>78,973</b>
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