

**KRONENDAL MUSIC ACADEMY OF HOUT BAY
(Registration number 060-215-NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2014

General Information

Country of incorporation and domicile	South Africa
Members	J Braaf D Gascoigne D Giesel O Leonard J Mannikam P Remondi B Schmuck S Zimoshile J Anderson
Registered office	153 Empire Avenue Hout Bay 7806
Postal address	P O Box 26292 Hout Bay 7872
Auditor	Temlett & Co Chartered Accountant (S.A.)
NPO registration number	060-215-NPO

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

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

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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 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 International Financial Reporting Standard for Small and Medium-sized Entities. 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 International Financial Reporting Standard 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 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 2015 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.

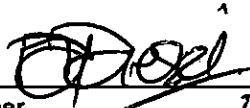
The external auditor is responsible for independently reviewing and reporting on the Non-Profit Organization's annual financial statements. The annual financial statements have been examined by the trust's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board on 04 June 2014 and were signed on its behalf by:



Member

Chairperson



Member

Director

Hout Bay

04 June 2014

Independent Auditor's Report

To the members of Kronendal Music Academy of Hout Bay

I have audited the accompanying annual financial statements of Kronendal Music Academy of Hout Bay, which comprise the members report, the statement of financial position as at 31 March 2014, the statement of comprehensive income, the statement of changes in reserves and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

Members Responsibility for the Financial Statements

The Non-Profit Organization's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard 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.

Auditor's Responsibility

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 auditor's 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 members, as well as evaluating the overall presentation of the annual financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 donation revenues.

Opinion

In my opinion, except for the effect on the annual financial statements of the matters referred to in the preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of Non-Profit Organization as of 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.



P Temlett
Chartered Accountant (S.A.)

04 June 2014

6, 36 Victoria Avenue
Hout Bay
7806

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Members Report

The members submit their report for the year ended 31 March 2014.

1. The Non-profit organisation

The Non-Profit Organization was established in January 2007 and registered on 2008/02/13.

2. Review of activities

Main business and operations

The Non-Profit Organization 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 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 175 (2013:120) pupils to participate in musical events and training. These pupils consist of 104 (2013:65) fully funded pupils and 71 (2013:55) paying pupils who pay the teachers directly.

3. Events after the reporting period

The members are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. Members

The members of the Non-Profit Organization during the year and to the date of this report are as follows:

Name	Changes
D Gascoigne	
D Griesel	
O Leonard	
J Mannikam	
P Remondi	
B Schmuck	
J Anderson	Appointed 01 July 2013
J Braaf	Appointed 01 September 2013
S Zimoshile	Appointed 01 March 2014
Y Dzotsi	Resigned 30 September 2013
L Human	Resigned 28 February 2014

5. Auditor

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

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Annual Financial Statements for the year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

	Note(s)	2014 R	2013 R
Assets			
Non-Current Assets			
Equipment	2	710 184	229 600
Current Assets			
Other financial assets	3	54 964	-
Trade and other receivables	4	23 605	21 877
Cash and cash equivalents	5	219 256	36 064
		297 825	57 941
Total Assets		1 008 009	287 541
Reserves and Liabilities			
Reserves			
Donated instruments reserves		312 245	260 375
Accumulated surplus		695 764	(34 945)
		1 008 009	225 430
Liabilities			
Current Liabilities			
Other financial liabilities	6	-	62 111
Total Reserves and Liabilities		1 008 009	287 541

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Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Revenue	7	393 940	518 349
Cost of sales	8	(504 345)	(359 113)
Gross (deficit) surplus		(110 405)	159 236
Other income		2 080 337	743 446
Operating expenses		(1 243 255)	(858 300)
Operating surplus		726 677	44 382
Investment revenue		4 032	2 176
Surplus for the year		730 709	46 558

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Statement of Changes in Reserves

	Instruments donated R	Accumulated surplus R	Total R
Balance at 01 April 2012	139 792	(81 503)	58 289
Surplus for the year	-	46 558	46 558
Musical instruments & equipment donated	120 583	-	120 583
	120 583	-	120 583
Balance at 01 April 2013	260 375	(34 945)	225 430
Surplus for the year	-	730 709	730 709
Musical instruments & equipment donated	51 870	-	51 870
	51 870	-	51 870
Balance at 31 March 2014	312 245	695 764	1 008 009

Note(s)

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Statement of Cash Flows

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Cash generated from operations	9	783 254	54 237
Interest income		4 032	2 176
Net cash from operating activities		787 286	56 413
Cash flows from investing activities			
Purchase of equipment	2	(487 019)	(3 030)
Sale of financial assets		(54 964)	-
Net cash from investing activities		(541 983)	(3 030)
Cash flows from financing activities			
Proceeds from other financial liabilities		(125 643)	-
Repayment of other financial liabilities		63 532	(35 493)
Net cash from financing activities		(62 111)	(35 493)
Total cash movement for the year		183 192	17 890
Cash at the beginning of the year		36 064	18 174
Total cash at end of the year	5	219 256	36 064

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard 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 Equipment

Equipment are tangible items that:

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

Costs include 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, which is as follows:

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period.

1.2 Impairment of assets

The trust assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

1.3 Provisions and contingencies

Provisions are recognised when:

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

1.4 Revenue

Revenue 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.

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.

1.6 Government Grants

Government grants are reflected as other income in the income statement

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Notes to the Annual Financial Statements

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	19 790	(3 289)	16 501	9 850	(1 310)	8 540
Motor vehicles	387 801	(19 390)	368 411	-	-	-
Office equipment	16 259	(5 219)	11 040	14 055	(1 968)	12 087
Musical equipment	369 211	(93 354)	275 857	231 267	(64 543)	166 724
Recording instruments	48 729	(10 354)	38 375	47 730	(5 481)	42 249
Total	841 790	(131 606)	710 184	302 902	(73 302)	229 600

Reconciliation of equipment - 2014

	Opening balance	Additions	Equipment donated	Depreciation	Total
Furniture and fixtures	8 540	9 940	-	(1 979)	16 501
Motor vehicles	-	387 801	-	(19 390)	368 411
Office equipment	12 087	2 204	-	(3 251)	11 040
Musical Equipment	166 724	86 074	51 870	(28 811)	275 857
Recording instruments	42 249	1 000	-	(4 874)	38 375
	229 600	487 019	51 870	(58 305)	710 184

3. Other financial assets

At amortised cost

Loans to D Griesel	54 964	-
The loan is interest free and has no fixed repayment terms.		

Current assets

At amortised cost	54 964	-
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4. Trade and other receivables

Trade receivables	2 505	877
Deposits	22 500	22 500
Other receivables	(1 400)	(1 500)
	23 605	21 877

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 287	550
Bank balances	164 164	25 314
Short-term deposits	49 805	10 200
	219 256	36 064

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Notes to the Annual Financial Statements

	2014 R	2013 R
6. Other financial liabilities		
At amortised cost		
Loan to D Griesel	-	62 111
The loan is interest free and has no fixed repayment terms.		
Current liabilities		
At amortised cost	-	62 111
7. Revenue		
Individual tuition paid by pupils	255 220	217 190
Equipment hire	6 250	-
Pupil and event sponsorship	132 470	301 159
	393 940	518 349
8. Cost of sales		
Rendering of services		
Fees for individually sponsored pupils	66 583	26 741
Admin costs staff	-	30 507
Transport for pupils	40 107	7 425
Group tuition fees	142 435	69 165
KMA sponsored tuition	-	7 885
Direct operating costs	-	200
	249 125	141 923
9. Cash generated from operations		
Surplus before taxation	730 709	46 558
Adjustments for:		
Depreciation and amortisation	58 305	30 853
Interest received	(4 032)	(2 176)
Changes in working capital:		
Trade and other receivables	(1 728)	(20 998)
	783 254	54 237
10. Related parties		
Relationships		
Member with significant influence	D Griesel	
Related party balances and transactions		
Related party balances		
Loan accounts - Owing (to) by related parties		
D Griesel	54 964	(62 111)
Related party transactions		
Administration fees paid to related parties		
D Griesel	260 000	195 000

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Statement of Financial Performance

	Note(s)	2014 R	2013 R
Revenue			
Individual tuition paid by pupils		255 220	217 190
Equipment hire and rental income		6 250	-
Pupil and event sponsorship		132 470	301 159
	7	393 940	518 349
Cost of services			
KMA Tuiton		(249 125)	(141 923)
Tuition paid directly to tutors		(255 220)	(217 190)
	8	(504 345)	(359 113)
Gross (deficit) surplus		(110 405)	159 236
Other income			
Community Heart		797 750	162 049
Department of Cultural Affairs and Sport grant		85 000	77 000
National Lottery		588 440	-
National Arts Council Grant		223 000	105 000
General donations		386 147	399 397
Interest received		4 032	2 176
		2 084 369	745 622
Expenses (Refer to page 14)		(1 243 255)	(858 300)
Surplus for the year		730 709	46 558

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Statement of Financial Performance

	Note(s)	2014 R	2013 R
Operating expenses			
Accounting fees		24 050	6 591
Advertising		21 174	11 443
Audio video and photographic		2 647	369
Bank charges		1 442	1 147
Cleaning		2 900	6 207
Community Singing fees		60 070	30 688
Computer expenses		4 985	2 798
Consumables		8 001	5 458
Costume & Decor		47 100	29 539
Delivery expenses		1 669	756
Depreciation, amortisation and impairments		58 305	30 853
Donations		5 958	2 039
Employee costs		394 449	195 000
Entertainment		15 914	5 436
Food for pupils		52 314	24 576
General expenses - other		-	29 868
Gifts		6 750	1 694
Instrument repairs		35 412	-
Insurance		2 744	-
Lease rentals on operating lease		217 500	203 536
Motor vehicle expenses		15 810	7 005
Motor vehicle expenses		74	276
Passport and Visa expenses		2 641	-
Printing and stationery		30 615	10 705
Pupil exam fees		525	-
Pupil welfare		4 328	-
Repairs and maintenance		134 605	101 056
Sewing project		7 218	-
Staff welfare		3 413	3 843
Telephone and fax		21 101	18 454
Text books		19 001	1 979
Training		-	1 385
Travel - local		14 428	16 059
Travel - overseas		-	79 956
Utilities		23 762	18 243
Van hire and vehicles costs		-	9 101
Workshops and performances		2 350	2 240
		1 243 255	858 300