

**KRONENDAL MUSIC ACADEMY OF HOUT BAY
(Registration number 060-215-NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2013

General Information

Country of incorporation and domicile	South Africa
Members	D Gascoigne L Human D Griesel Y Dzotsi O Leonard J Mannikam P Remondi O Leonard
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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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.

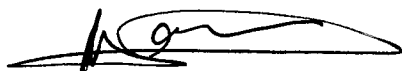
The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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 2014 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 Non-Profit Organization's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 4 to 13, which have been prepared on the going concern basis, were approved by the board on 07 June 2013 and were signed on its behalf by:



Member

CHAIRMAN



Member

DIRECTOR.

Hout Bay

07 June 2013

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 2013, 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.

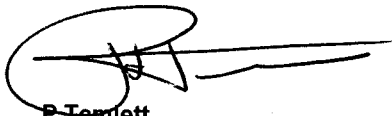
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether 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 2013, 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

07 June 2013

6, 36 Victoria Avenue
Hout Bay
7806

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2013

Members Report

The members submit their report for the year ended 31 March 2013.

1. The Non-profit organisation

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

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 120 (2012:153) pupils to participate in musical events and training. These pupils consist of 65 (2012:104) sponsored and fully funded pupils and 55 (2012:49) 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 Organisation during the year and to the date of this report are as follows:

Name

Y Dzotsi

D Gascoigne

D Griesel

L Human

O Leonard

J Mannikam

P Remondi

B Schmuck

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 2013

Statement of Financial Position as at 31 March 2013

	Note(s)	2013 R	2012 R
Assets			
Non-Current Assets			
Musical equipment	2	229 600	136 839
Current Assets			
Trade and other receivables	4	21 877	880
Cash and cash equivalents	5	36 064	18 174
		57 941	19 054
Total Assets		287 541	155 893
Reserves and Liabilities			
Reserves			
Reserves		260 375	139 792
Accumulated deficit		(34 945)	(81 503)
		225 430	58 289
Liabilities			
Current Liabilities			
Other financial liabilities	6	62 111	97 604
Total Reserves and Liabilities		287 541	155 893

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Statement of Comprehensive Income

	Note(s)	2013 R	2012 R
Revenue	7	862 605	226 243
Cost of sales	8	(134 498)	(154 204)
Gross surplus		728 107	72 039
Other income		182 000	181 850
Operating expenses		(865 725)	(270 180)
Operating surplus (deficit)		44 382	(16 291)
Investment revenue		2 176	137
Surplus (deficit) for the year		46 558	(16 154)

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Statement of Changes in Reserves

	Non distributable reserve R	Accumulated deficit R	Total equity R
Balance at 01 April 2011	139 792	(65 349)	74 443
Deficit for the year	-	(16 154)	(16 154)
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
Total contributions by and distributions to owners of company recognised directly in equity	120 583	-	120 583
Balance at 31 March 2013	260 375	(34 945)	225 430

Note(s)

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Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Cash generated from operations	9	54 235	2 079
Interest income		2 176	137
Net cash from operating activities		56 411	2 216
Cash flows from investing activities			
Purchase of musical equipment	2	(3 030)	(9 348)
Cash flows from financing activities			
Repayment of other financial liabilities		(35 493)	(19 003)
Net cash from financing activities		(35 493)	(19 003)
Total cash movement for the year		17 888	(26 135)
Cash at the beginning of the year		18 174	44 309
Total cash at end of the year	5	36 062	18 174

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Annual Financial Statements for the year ended 31 March 2013

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 Musical equipment

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

Contingent assets and contingent liabilities are not recognised.

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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Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 R	2012 R
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2. Musical equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	9 850	(1 310)	8 540	3 255	(325)	2 930
Office equipment	14 055	(1 968)	12 087	-	-	-
Musical equipment	231 267	(64 543)	166 724	168 956	(41 417)	127 539
Recording instruments	47 730	(5 481)	42 249	7 078	(708)	6 370
Total	302 902	(73 302)	229 600	179 289	(42 450)	136 839

Reconciliation of musical equipment - 2013

	Opening balance	Additions	Additions through donations	Disposals	Depreciation	Total
Furniture and fixtures	2 930	-	6 595	(1 970)	985	8 540
Office equipment	-	-	14 055	-	(1 968)	12 087
Musical Equipment	127 539	3 030	59 281	-	(23 126)	166 724
Recording instruments	6 370	-	40 652	-	(4 773)	42 249
	136 839	3 030	120 583	(1 970)	(28 882)	229 600

Reconciliation of musical equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	3 255	(325)	2 930
Musical Equipment	142 690	1 745	(16 896)	127 539
Recording instruments	2 730	4 348	(708)	6 370
	145 420	9 348	(17 929)	136 839

3. Other financial assets

4. Trade and other receivables

Trade receivables	877	880
Deposits	22 500	-
Other receivables	(1 500)	-
	21 877	880

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	550	1 305
Bank balances	25 314	16 869
Short-term deposits	10 200	-
	36 064	18 174

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Notes to the Annual Financial Statements

	2013 R	2012 R
6. Other financial liabilities		
At amortised cost		
Loan to D Griesel	62 111	97 604
The loan is interest free, bears no interest and has no fixed repayment terms.		
Current liabilities		
At amortised cost	62 111	97 604
7. Revenue		
Transport sponsorship	-	39 163
Pupil sponsorship	564 523	52 519
General Donations	298 082	134 561
	862 605	226 243
8. Cost of sales		
Rendering of services		
Community singers administration expenses	-	26 021
Fees for individually sponsored pupils	26 741	26 134
Admin costs staff	30 507	-
Group administration fees	-	18 700
Group tuition fees	69 165	74 692
KMA sponsored tuition	7 885	3 257
Kronendal assembly pianist	-	5 400
Direct operating costs	200	-
	134 498	154 204
9. Cash generated from operations		
Surplus (deficit) before taxation	46 558	(16 154)
Adjustments for:		
Depreciation and amortisation	30 853	17 929
Interest received	(2 176)	(137)
Changes in working capital:		
Trade and other receivables	(21 000)	(380)
Trade and other payables	-	821
	54 235	2 079

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Statement of Financial Performance

	Note(s)	2013 R	2012 R
Revenue			
Transport sponsorship		-	39 163
Pupil sponsorship		564 523	52 519
General donations		298 082	134 561
	7	862 605	226 243
Cost of sales			
Purchases		(134 498)	(154 204)
Gross surplus		728 107	72 039
Other income			
Discount received		-	1 500
Individual tuition paid by pupils		217 190	189 038
Tuition paid directly to tutors		(217 190)	(189 038)
Friends of KMA		-	350
Interest received		2 176	137
Government grants		182 000	180 000
		184 176	181 987

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Statement of Financial Performance

	Note(s)	2013 R	2012 R
Operating expenses			
Accounting fees		6 591	5 896
Advertising		11 443	6 110
Bank charges		1 147	(208)
Cleaning		6 207	1 204
Computer expenses		2 798	5 684
Consumables		5 458	225
Delivery expenses		756	669
Depreciation, amortisation and impairments		30 853	17 929
Donations		2 039	1 372
Director's fees		195 000	46 500
Entertainment		5 436	7 813
Costume & Decor		29 539	15 384
Audio video and photographic		369	-
Workshops and performances		2 240	6 085
Community Singing fees		30 688	2 750
Food for pupils		24 576	5 293
Text books		1 979	600
Transport for pupils		14 430	5 125
Van hire and vehicles costs		9 101	5 918
Gifts		1 694	7 696
Lease rentals on operating lease		203 536	21 420
Motor vehicle expenses		276	91
General expenses - other		29 868	34 169
Petrol and oil		88 370	1 469
Printing and stationery		10 705	12 327
Repairs and maintenance		12 686	18 883
Royalties and license fees		-	900
Staff welfare		3 843	-
Telephone and fax		18 454	19 728
Training		1 385	-
Travel - local		16 059	14 810
Travel - overseas		79 956	-
Utilities		18 243	4 338
		865 725	270 180
Surplus (deficit) for the year		46 558	(16 154)