

**KRONENDAL MUSIC ACADEMY OF HOUT BAY  
(Registration number 060-215-NPO)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

Temlett & Co  
Chartered Accountants (S.A.)  
Issued 21 April 2011

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2011

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Members</b>	D Griesel C Wanliss D Banda S Hoffmeyer D Gascoigne J Sibindi J Mannikam
<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>Auditor's</b>	Temlett & Co Chartered Accountants (S.A.)
<b>Trust 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 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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# Independent Auditor's report

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## To the members 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 statement of financial position as at 31 March 2011, the statement of comprehensive income, the statement of changes in equity 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 organisation'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

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 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.

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 2011, 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.

Temlett & Co

21 April 2011

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 2011

## Members Responsibilities and Approval

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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 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 International Financial Reporting Standard 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 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 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 members have reviewed the non-profit organisation's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the board on 21 April 2011 and were signed on its behalf by:

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**Member**

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**Member**

**Hout Bay**

**21 April 2011**

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2011

## Members Report

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The members submit their report for the year ended 31 March 2011.

### 1. The non-profit organisation

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 61 (2010:64) pupils to participate in musical events and training. These pupils consist of 18 (2010:37) sponsored and fully funded pupils and 43 (2010: 27) 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.

### 4. Members

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

Name	Changes
N Dube	Resigned 19 January 2011
D Griesel	
J Sanders	Resigned 26 May 2010
C Wanliss	
D Miller	Resigned 09 December 2010
D Classen	Removed 30 July 2010
N Yeowart	Resigned 16 June 2010
D Banda	Appointed 12 October 2010
S Hoffmeyer	Appointed 12 October 2010
D Gascoigne	Appointed 12 October 2010
J Sibindi	Appointed 12 October 2010
J Mannikam	Appointed 03 January 2011

### 5. Auditor's

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

# Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2011

## Statement of Financial Position

	Note(s)	2011	2010
<b>Assets</b>			
<b>Non-Current Assets</b>			
Musical equipment	2	145 420	70 194
<b>Current Assets</b>			
Trade and other receivables		500	-
Cash and cash equivalents	3	44 309	10 071
		<b>44 809</b>	<b>10 071</b>
<b>Total Assets</b>		<b>190 229</b>	<b>80 265</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves		139 792	59 470
Accumulated deficit		(65 351)	(128 578)
		<b>74 441</b>	<b>(69 108)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	4	116 607	149 372
<b>Current Liabilities</b>			
Trade and other payables	5	(819)	1
		<b>115 788</b>	<b>149 373</b>
<b>Total Liabilities</b>		<b>115 788</b>	<b>149 373</b>
<b>Total Equity and Liabilities</b>		<b>190 229</b>	<b>80 265</b>

# Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2011

## Statement of Comprehensive Income

	Note(s)	2011	2010
Revenue	6	203 217	248 933
Cost of sales	7	(87 982)	(85 534)
<b>Gross surplus</b>		<b>115 235</b>	<b>163 399</b>
Government Grants		150 000	-
Operating expenses		(202 006)	(132 810)
<b>Operating surplus</b>		<b>63 229</b>	<b>30 589</b>
Finance costs		(2)	-
<b>Surplus for the year</b>		<b>63 227</b>	<b>30 589</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>63 227</b>	<b>30 589</b>



# Kronendal Music Academy of Hout Bay

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## Statement of changes in equity

	Trust capital	Non distributable reserve	Accumulated deficit	Total equity
<b>Balance at 01 April 2009</b>	-	-	(159 167)	(159 167)
Changes in equity				
Total comprehensive income for the year	-	-	30 589	30 589
Musical instruments donated	-	59 470	-	59 470
Total changes	-	59 470	30 589	90 059
<b>Balance at 01 April 2010</b>	-	<b>59 470</b>	<b>(128 578)</b>	<b>(69 108)</b>
Changes in equity				
Total comprehensive income for the year	-	-	63 227	63 227
Musical instruments donated	-	80 322	-	80 322
Total changes	-	80 322	63 227	143 549
<b>Balance at 31 March 2011</b>	-	<b>139 792</b>	<b>(65 351)</b>	<b>74 441</b>

Note(s)

# Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

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## Statement of Cash Flows

	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	78 630	31 976
Finance costs		(2)	-
<b>Net cash from operating activities</b>		<b>78 628</b>	<b>31 976</b>
<b>Cash flows from investing activities</b>			
Purchase of musical equipment	2	(11 625)	(18 524)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(32 765)	(6 628)
<b>Net cash from financing activities</b>		<b>(32 765)</b>	<b>(6 628)</b>
<b>Total cash movement for the year</b>		<b>34 238</b>	<b>6 824</b>
Cash at the beginning of the year		10 071	3 246
<b>Total cash at end of the year</b>	3	<b>44 309</b>	<b>10 070</b>

# Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2011

## Accounting Policies

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### 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

- 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.

Musical equipment is carried at cost less accumulated depreciation and any impairment losses.

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:

Item	Average useful life
Musical equipment	10 years

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

#### 1.2 Impairment of assets

The trust assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the trust estimates the recoverable amount of the asset.

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 period date as a result of a past event;
- it is probable that the non-profit organisation will be required to settle the obligation; 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.

# Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2011

## Notes to the Annual Financial Statements

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Musical equipment	167 211	(24 521)	142 690	77 994	(7 800)	70 194
Other property, plant and equipment	2 730	-	2 730	-	-	-
<b>Total</b>	<b>169 941</b>	<b>(24 521)</b>	<b>145 420</b>	<b>77 994</b>	<b>(7 800)</b>	<b>70 194</b>

### Reconciliation of musical equipment - 2011

	Opening Balance	Additions	Assets donated	Depreciation	Total
Musical equipment	70 194	8 895	80 322	(16 721)	142 690
Recording instruments	-	2 730	-	-	2 730
	<b>70 194</b>	<b>11 625</b>	<b>80 322</b>	<b>(16 721)</b>	<b>145 420</b>

### Reconciliation of musical equipment - 2010

	Opening Balance	Additions	Assets donated	Depreciation	Total
Office equipment	-	18 524	59 470	(7 800)	70 194

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 403	-
Bank balances	42 906	10 071
	<b>44 309</b>	<b>10 071</b>

### 4. Other financial liabilities

#### At amortised cost

Loan from D Griesel

The loan is interest free, and the member has agreed to subordinate the loan in favour of other creditors, until the organisation's assets, fairly valued, exceed its liabilities.

116 607      149 372

#### Non-current liabilities

At amortised cost

116 607      149 372

### 5. Trade and other payables

Trade payables	(819)	1
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# Kronendal Music Academy of Hout Bay

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## Notes to the Annual Financial Statements

	2011	2010
<b>6. Revenue</b>		
Event sponsorship	5 100	1 905
Transport sponsorship	29 667	19 500
Pupil sponsorship	36 897	11 750
General donations	131 553	215 778
	<b>203 217</b>	<b>248 933</b>
<b>7. Cost of sales</b>		
<b>Rendering of services</b>		
Community singers administration expenses	26 484	23 812
Fees for individually sponsored pupils	7 560	-
Fund raising	1 500	-
Group administration fees	5 540	26 400
Group tuition fees	23 643	20 940
KMA sponsored tuition	17 105	382
Kronendal assembly pianist	3 750	14 000
Teachers paid direct	2 400	-
	<b>87 982</b>	<b>85 534</b>
<b>8. Cash generated from operations</b>		
Surplus before taxation	63 227	30 589
<b>Adjustments for:</b>		
Depreciation and amortisation	16 721	7 800
Finance costs	2	-
<b>Changes in working capital:</b>		
Trade and other receivables	(500)	-
Trade and other payables	(820)	(6 413)
	<b>78 630</b>	<b>31 976</b>

# Kronendal Music Academy of Hout Bay

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## Statement of Financial Performance

	Note(s)	2011	2010
<b>Revenue</b>	6	<b>203 217</b>	<b>248 933</b>
<b>Cost of sales</b>	7	<b>(87 982)</b>	<b>(85 534)</b>
<b>Gross surplus</b>		<b>115 235</b>	<b>163 399</b>
<b>Other income</b>			
Individual tuition paid by pupils		141 065	124 900
Tuition paid directly to tutors		(141 065)	(124 900)
Government grants		150 000	-
		<b>150 000</b>	<b>-</b>
<b>Operating expenses</b>			
Accounting fees		6 498	1 140
Bank charges		1 141	30
Computer expenses		7 024	367
Purchase of equipment		1 089	-
Courier and postage		701	-
Depreciation, amortisation and impairments		16 721	7 800
Donations		-	600
Entertainment of funders		2 335	2 006
Costume and decor		4 421	-
Audio video and photographic		479	-
Workshops and performances		1 730	7 124
Community singing fees		1 200	6 200
Food for pupils		3 602	5 289
Honouraria		55 000	45 000
Text books		400	-
Transport for pupils		7 049	7 400
Van hire and vehicle costs		723	-
Fee/Income Collection expenses		55	-
Gifts		1 604	1 330
Lease rentals on operating lease		19 317	18 000
Motor vehicle expenses		9	-
General expenses - other		19 545	-
Printing and stationery		5 640	2 072
Equipment upgrade, repairs and maintenance		11 223	1 200
Telephone and fax		19 703	18 407
Travel - local		10 422	5 282
Utilities		4 375	3 563
		<b>202 006</b>	<b>132 810</b>
<b>Operating surplus</b>		<b>63 229</b>	<b>30 589</b>
Finance costs		(2)	-
<b>Surplus for the year</b>		<b>63 227</b>	<b>30 589</b>