

**KRONENDAL MUSIC ACADEMY OF HOUT BAY
(Registration number 060-215-NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2017

General Information

Country of incorporation and domicile

South Africa

Members

D Griesel
B Kellond
H Currier
A Oosthuizen
P Tomes
S Guile
T Zacho
E Williams

Registered office

153 Empire Avenue
Hout Bay
7806

Postal address

P O Box 26292
Hout Bay
7872

Auditor's

Temlett & Co
Chartered Accountant (S.A.)
Registered Auditor

NPO registration number

060-215-NPO

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

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

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Annual Financial Statements for the year ended 31 March 2017

Members Responsibilities and Approval

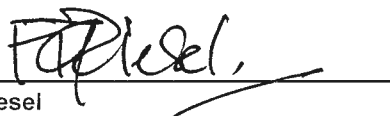
The members are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the 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 described in note 1 to the annual financial statements. The external auditor's are 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 described in note 1 to the annual 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.

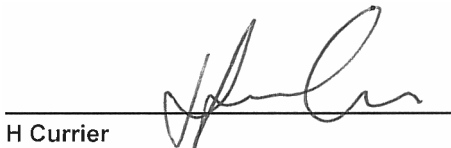
The members have reviewed the Non-Profit Organization's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Non-Profit Organization has or has access to adequate resources to continue in operational existence for the foreseeable future.

Approval of financial statements



D Griesel
Hout Bay

15 May 2017



H Currier

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 2017, and the Statement of Comprehensive Income, Statement of Changes in Reserves 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 2017, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as described in note 1 to the annual financial statements.

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 academy 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 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 donation 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 described in note 1 to the annual financial statements, 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.



Temlett & Co
Chartered Accountant (S.A.)
Registered Auditor

15 May 2017
Hout Bay

Kronendal Music Academy of Hout Bay

(Registration number 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2017

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 2017.

1. The Non-profit organisation

The Non-Profit Organization was established in 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 174 (2016:175) paying pupils to participate in musical events and training. These pupils consist of 113 (2016:110) fully funded pupils and 61 (2016:64) paying pupils.

3. Members

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

Members	Changes
D Gascoigne	Resigned 31 August 2016
D Griesel	
B Kellond	Appointed 30 November 2016
H Currier	
D Olivier	Resigned 29 April 2016
A Oosthuizen	
A Erens	Resigned 31 August 2016
P Tomes	
S Guile	
T Zacho	
E Williams	Appointed 31 August 2016

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 2017.

They will continue in office for the 2018 financial year.

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Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Equipment	2	543 983	663 091
Current Assets			
Trade and other receivables	3	41 349	22 348
Cash and cash equivalents	4	733 339	22 510
		774 688	44 858
Total Assets		1 318 671	707 949
Reserves and Liabilities			
Reserves			
Donated instruments reserves		411 395	411 395
Accumulated surplus		233 464	227 880
		644 859	639 275
Liabilities			
Non-Current Liabilities			
Lotto payment received in advance		-	5 000
Current Liabilities			
Trade and other payables		21 732	63 674
Lotto payment received in advance		652 080	-
		673 812	63 674
Total Liabilities		673 812	68 674
Total Reserves and Liabilities		1 318 671	707 949

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Income	5	2 574 523	1 876 837
Direct expenses		(799 246)	(523 469)
Gross surplus		1 775 277	1 353 368
Operating expenses		(1 762 457)	(1 420 968)
Operating surplus (deficit)		12 820	(67 600)
Investment revenue		818	224
Finance costs		(8 054)	-
Surplus (deficit) for the year		5 584	(67 376)

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Reserves

	Donated Instruments R	Accumulated surplus R	Total equity R
Balance at 01 April 2015	323 745	382 906	706 651
Deficit for the year	-	(67 376)	(67 376)
Musical Instruments & equipment donated	87 650	(87 650)	-
Total changes	87 650	(87 650)	-
Balance at 01 April 2016	411 395	227 880	639 275
Surplus for the year	-	5 584	5 584
Balance at 31 March 2017	411 395	233 464	644 859

Note(s)

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	6	96 486	123 705
Interest income		818	224
Finance costs		(8 054)	-
Net cash from operating activities		89 250	123 929
Cash flows from investing activities			
Purchase of equipment	2	(25 501)	(131 651)
Cash flows from financing activities			
Proceeds from lotto payment received in advance		(5 000)	-
Repayment of lotto payment received in advance		652 080	5 000
Net cash from financing activities		647 080	5 000
Total cash movement for the year		710 829	(2 722)
Cash at the beginning of the year		22 510	25 232
Total cash at end of the year	4	733 339	22 510

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared 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 or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Cost 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 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 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 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 when the academy's right to receive payment has been established.

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.

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
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2. Equipment

	2017			2016		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	25 690	(10 057)	15 633	22 190	(7 488)	14 702
Motor vehicles	387 801	(193 900)	193 901	387 801	(116 340)	271 461
Office equipment	36 559	(21 294)	15 265	36 559	(14 883)	21 676
Musical equipment	531 951	(237 784)	294 167	509 951	(184 589)	325 362
Recording instruments	50 129	(25 112)	25 017	50 129	(20 239)	29 890
Total	1 032 130	(488 147)	543 983	1 006 630	(343 539)	663 091

Reconciliation of equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture & Fittings	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

Reconciliation of equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	14 521	2 400	(2 219)	14 702
Motor vehicles	349 021	-	(77 560)	271 461
Office equipment	7 788	20 300	(6 412)	21 676
Musical Equipment	268 807	107 550	(50 995)	325 362
Recording Instruments	33 502	1 401	(5 013)	29 890
	673 639	131 651	(142 199)	663 091

3. Trade and other receivables

Trade receivables	(151)	(152)
Prepayments	19 000	-
Deposits	22 500	22 500
	41 349	22 348

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 729	3 271
Bank balances	98 291	19 239
Nedbank Lotto Current Account	633 319	-
	733 339	22 510

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Notes to the Annual Financial Statements

	2017 R	2016 R
5. Income		
Concerts and soirees	52 897	42 760
Donations and grants	1 966 809	1 443 440
Fees, tours and other income	554 817	390 637
	2 574 523	1 876 837
6. Cash generated from operations		
Surplus (deficit) before taxation	5 584	(67 376)
Adjustments for:		
Depreciation and amortisation	144 609	142 199
Interest received	(818)	(224)
Finance costs	8 054	-
Changes in working capital:		
Trade and other receivables	(19 000)	4 973
Trade and other payables	(41 943)	44 133
	96 486	123 705

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance

	2017	2016
Note(s)	R	R
Revenue		
Grants		
Funder: NAC	175 000	173 900
Funder: DCAS	-	125 000
Funder: Peresoft	56 000	52 000
Funder: D Goldberg	295 000	140 500
Funder: EPWP IRP (DCAS)	240 871	106 262
Funder: CAF America	-	76 776
Funder: Community Heart	-	37 862
Funder: Uthando SA	34 000	-
Donations - Other	1 165 938	731 140
Concerts & Soirees - Income	52 897	42 760
Fees & Materials		
Fees: Non-Funded Individuals	406 966	357 548
Fees: Non-funded groups	6 660	8 500
Theory Books Income	1 308	700
Instrument Hire Fees	4 560	5 390
IRP: Instrument Repairs	360	180
Fees: Funded individuals	9 290	11 490
Fees: Funded groups	9 910	4 850
Grahamstown Tour Income	3 985	-
Performance Fees	26 500	-
Sponsor Fees IN	7 440	-
Exam fees	1 255	1 979
Cape Cycle Tour Income	66 883	-
Sales		
Secondhand Instrument Sales	9 700	-
	2 574 523	1 876 837
Cost of sales		
Fees: Funded Individuals	109 749	37 295
Fees: Funded Groups	256 530	162 753
Fees: Non-funded Individuals	314 365	289 767
Fees: Non-Funded Groups	-	9 587
Costs of Performances	18 636	-
Cape Cycle Tour Expenses	8 760	-
Costs of Concerts & Soirees	34 975	24 067
Grahamstown Tour Expenses	56 229	-
	799 244	523 469
Other income		
Interest Received - Nedbank Current Acc	818	224
	1 776 097	1 353 592
Expenses (Refer to page 14)	1 762 458	1 420 967
Operating (Deficit) Surplus for the year	13 638	-67 376
Finance Costs	-8 054	-
(Deficit) Surplus for the year	5 584	-67 376

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance

	2017	2016
Note(s)	R	R
Operating Expenses		
Staff costs		
Salaries	180 801	183 922
Casual Wages	222 847	79 821
IRP Salaries	109 978	79 339
IRP Materials & Training		5 465
Staff Incentives / Bonus		-
Directors Fees	294 840	285 050
Other Staff Costs		
Staff Development	23 438	17 914
Staff Welfare	34 592	6 647
UIF Expense	6 877	1 195
Fundraising Courses & Costs	41 982	-
Services		
Accounting Fees	21 386	15 466
Audit Fees	12 528	12 550
Bank Charges	3 491	5 650
Commision paid	-	-
Consulting fees	3 990	-
KMA: Instrument Repairs & Maintenance	15 371	10 027
Depreciation		
Depreciation: Music Equip	53 195	50 995
Depreciation: F & F	2 569	2 219
Depreciation: Other	4 873	5 013
Depreciation: Office Equip	6 412	6 412
Depreciation: Motor Vehicles	77 560	77 560
Premises & Equipment Costs		
Rental - Oakburn House	208 849	212 690
Rental: Oakburn Cottage	44 000	51 000
Equipment Hire	250	650
Electricity & Water	28 104	23 385
Cleaning & Consumables	1 900	5 256
Repairs & Maintenance	26 965	13 853
Repairs & Maintenance - Pool	903	2 504
Security	6 500	29 932
Computer Expenses	2 766	3 497
House General Expenses	26 093	11 861
Supplies		
Printing & Stationery	37 788	19 034
Music Books and CDs	13 525	9 035
Food	40 186	31 760
Instrument Accessories	30 729	11 364
Costumes & Uniforms	4 488	-
Awards & Certificates	2 705	-
UCT Payments	-	700
Music Exams & Eisteddfods	8 230	1 860
Pupil Development: Tour Expenses	6 190	20 084
Pupil Welfare	12 656	5 738
Discount Allowed	3 553	-
Communication Costs		
Telephone	11 406	13 711
Internet & Email	10 607	9 646
Postage & Courier	2 669	2 168
Website Costs	2 054	2 269
Cellphone Expenses	3 712	11 654
Entertainment & Meeting Expenses	9 651	8 388
Advertising & Promotions	3 010	1 326
Gifts and Goodwill	21 579	6 532
Travel & Transport		
Fuel & Oil	34 553	31 404
Vehicle Insurance	14 908	14 581
Vehicle Maintenance	14 612	11 429
Other Vehicle Costs	6 747	3 917
Flights		-
Car Hire		-
Public Transport	1 723	24
Accommodation	-	-
Teachers Petrol Claim	2 117	4 480
	1 762 458	1 420 967