

Kronendal Music Academy of Hout Bay
(Registration number 060-215-NPO)
Annual Financial Statements
for the year ended 31 March 2019

Kronendal Music Academy of Hout Bay

(Registration number: 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2019

General Information

Country of incorporation and domicile	South Africa
Members	W Audagnotti D Giesel B Kellond G Levy T Murphy J Pollock E Williams
Registered office	153 Empire Avenue Hout Bay 7806
Postal address	P O Box 26292 Hout Bay 7872
Auditor	Temlett & Co Chartered Accountant (SA) Registered Auditor
NPO registration number	060-215-NPO

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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'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 set out in Note 1 to the financial statements. 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 basis of accounting as set out in Note 1 to the 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 2020 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 auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditor and their report is presented on page 5.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the on 14 May 2019 and were signed on its behalf by:

Approval of annual financial statements



J Pollok



D Griesel

Hout Bay

Tuesday, 14 May 2019

Kronendal Music Academy of Hout Bay

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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 2019.

1. The Non-profit organisation

The Non-Profit Organization was established 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 167 (2018:180) pupils to participate in musical events and training. These pupils consist 137 (2018:121) fully funded pupils and 30 (2018:59) paying pupils.

3. Members

The members in office at the date of this report are as follows:

Members	Changes
W Audagnotti	
D Giesel	
B Kellond	Appointed Thursday, 20 September 2018
Langford	Resigned Monday, 30 April 2018
G Levy	Appointed Thursday, 20 September 2018
T Murphy	Appointed Thursday, 20 September 2018
J Pollock	Appointed Thursday, 20 September 2018
A Oosthuizen	Resigned Thursday, 20 September 2018
E Williams	

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 2019.

They will continue in office for the 2020 financial year.

Temlett & Co

Chartered Accountants

Telephone: (021) 790-4871
PO Box 26932, Hout Bay 7872
Email: peter@temlettandco.co.za

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 2019, and the statement of comprehensive income, statement of changes in equity 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 2019, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Trust Property Control Act 57 of 1988.

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 trust 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 annual 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

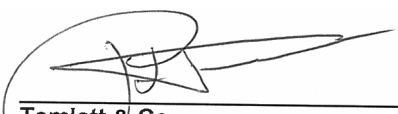
In common with similar organizations, Kronendal Music Academy of Hout Bay derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Kronendal Music Academy of Hout Bay, and we were not able to determine whether any adjustments might be necessary to donations 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 set out in Note 1 to the financial statements and the requirements of the , 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
P Temlett
Chartered Accountant (SA)
Registered Auditor

14 May 2019
Hout Bay

Kronendal Music Academy of Hout Bay

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Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Equipment	2	365 309	472 312
Current Assets			
Trade and other receivables	3	22 500	22 498
Cash and cash equivalents	4	67 006	17 332
		89 506	39 830
Total Assets		454 815	512 142
Reserves and Liabilities			
Reserves			
Donated instruments reserves		411 395	411 395
Accumulated surplus		(146 051)	(77 792)
		265 344	333 603
Liabilities			
Current Liabilities			
Trade and other payables		86 620	58 539
Loan from D Goldberg		77 851	120 000
Loan from SJ Stevens		25 000	-
		189 471	178 539
Total Reserves and Liabilities		454 815	512 142

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Statement of Comprehensive Income

	Note(s)	2019 R	2018 R
Income	5	3 175 450	2 859 639
Direct expenses		(1 120 370)	(1 461 676)
Gross surplus		2 055 080	1 397 963
Operating expenses		(2 113 531)	(1 705 643)
Operating deficit		(58 451)	(307 680)
Investment revenue		543	801
Finance costs		(10 351)	(4 377)
Deficit for the year		(68 259)	(311 256)

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Statement of Changes in Equity

	Donated Instruments R	Accumulated surplus R	Total equity R
Balance at 01 April 2017	411 395	233 464	644 859
Deficit for the year	-	(311 256)	(311 256)
Balance at 01 April 2018	411 395	(77 792)	333 603
Deficit for the year	-	(68 259)	(68 259)
Balance at 31 March 2019	411 395	(146 051)	265 344

Note(s)

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Annual Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash generated from (used in) operations	6	130 833	(155 374)
Interest income		543	801
Finance costs		(10 351)	(4 377)
Net cash from operating activities		121 025	(158 950)
Cash flows from investing activities			
Purchase of equipment	2	(54 200)	(81 477)
Cash flows from financing activities			
Lotto payment received in advance expensed in year		-	(652 080)
Loan repaid to D Goldberg		(42 149)	120 000
Loan from SJ Stevens		25 000	-
Net cash from financing activities		(17 149)	(532 080)
Total cash movement for the year		49 676	(772 507)
Cash at the beginning of the year		17 332	733 339
Total cash at end of the year	4	67 008	(39 168)

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Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis 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 and services, or for rental to others, or for administrative purposes; and which are expected to be used for more than one period.

Cost includes 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, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

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, in surplus or deficit, using the effective interest rate method.

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.

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Notes to the Annual Financial Statements

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	32 190	(16 295)	15 895	25 690	(12 626)	13 064
Motor vehicles	387 801	(349 020)	38 781	387 801	(271 460)	116 341
Office equipment	36 559	(28 898)	7 661	36 559	(25 738)	10 821
IT equipment	24 977	(13 183)	11 794	24 977	(4 857)	20 120
Musical equipment	636 151	(360 244)	275 907	588 451	(296 629)	291 822
Recording instruments	50 129	(34 858)	15 271	50 129	(29 985)	20 144
Total	1 167 807	(802 498)	365 309	1 113 607	(641 295)	472 312

Reconciliation of equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture & Fittings	13 064	6 500	(3 669)	15 895
Motor vehicles	116 341	-	(77 560)	38 781
Office equipment	10 821	-	(3 160)	7 661
IT equipment	20 120	-	(8 326)	11 794
Musical Equipment	291 822	47 700	(63 615)	275 907
Recording Instruments	20 144	-	(4 873)	15 271
	472 312	54 200	(161 203)	365 309

Reconciliation of equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	15 633	-	(2 569)	13 064
Motor vehicles	193 901	-	(77 560)	116 341
Office equipment	15 265	-	(4 444)	10 821
IT equipment	-	24 977	(4 857)	20 120
Musical Equipment	294 167	56 500	(58 845)	291 822
Recording Instruments	25 017	-	(4 873)	20 144
	543 983	81 477	(153 148)	472 312

3. Trade and other receivables

Trade receivables	-	(2)
Deposits	22 500	22 500
	22 500	22 498

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	539	2 714
Bank balances	66 467	14 674
Nedbank Lotto Current Account	-	(56)
	67 006	17 332

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Notes to the Annual Financial Statements

	2019 R	2018 R
5. Income		
Concerts and soirees	45 803	59 921
Donations and grants	2 453 416	2 332 053
Fees, tours and other income	676 231	467 665
	3 175 450	2 859 639
6. Cash generated from (used in) operations		
Deficit before taxation	(68 259)	(311 256)
Adjustments for:		
Depreciation and amortisation	161 203	153 148
Interest received	(543)	(801)
Finance costs	10 351	4 377
Other non-cash - Musical instruments donated	-	(56 500)
Changes in working capital:		
Trade and other receivables	-	18 853
Trade and other payables	28 081	36 805
	130 833	(155 374)

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Statement of Financial Performance

	2019	2018
Note(s)	R	R
Revenue		
Grants		
Funder: NAC	185 000	180 000
Funder: Lottery	-	815 100
Funder: DCAS	73 893	37 309
Funder: City of Cape Town	-	58 000
Funder: Community Heart	62 394	-
Funder: Peresoft	80 000	60 000
Funder: Derek Lubner	100 000	50 000
Funder: EPWP IRP (DCAS)	-	124 503
Funder: Baragwanath	138 297	-
Funder: Rotter	279 330	-
Funder: Uthando SA	61 000	73 000
Funder: Klein Family Foundation	146 392	-
Funder : Joan St Ledger	50 000	-
Donations - Other	1 277 110	934 141
Concerts & Soirees - Income	45 803	59 921
Fees, Materials & Other Income		
Edinburg Tour Income	413 898	-
Fees: Non-Funded Individuals	187 769	392 372
Theory Books Income	350	300
Instrument Hire Fees	1 800	1 450
IRP: Instrument Repairs	-	845
Fees: Funded individuals	18 210	8 335
Fees: Funded groups	2 440	10 730
Grahamstown Tour Income	-	3 350
Performance Fees	7 300	19 000
Sponsor Fees IN	-	1 025
Fundraising events	23 364	8 660
Cape Cycle Tour Income	21 100	21 599
	3 175 450	2 859 639
Cost of sales		
Fees: Funded Individuals	254 795	206 945
Fees: Funded Groups	110 257	189 205
Fees: Non-funded Individuals	153 247	165 315
Fees: Non-Funded Groups	265 410	15 510
Costs of Performances	15 810	5 200
Cape Cycle Tour Expenses	2 078	3 394
Costs of Concerts & Soirees	33 030	56 605
Grahamstown Tour Expenses	-	8 667
Tour expenses	281 487	810 836
Sound & Equipment	4 256	-
	1 120 370	1 461 677
Other income		
Interest Received - Nedbank Current Acc	543	801
	2 055 623	1 398 763
Expenses (Refer to page 14)	2 113 531	1 705 643
Operating (Deficit) Surplus for the year	-57 908	-306 880
Finance Costs	-10 351	-4 377
(Deficit) Surplus for the year	-68 259	-311 257

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Statement of Financial Performance

	Note(s)	2019 R	2018 R
Operating Expenses			
Staff costs			
Salaries		585 900	424 609
Casual Wages		96 465	143 973
Directors Fees		384 000	299 376
Other Staff Costs			
Staff Development		6 619	6 224
Staff Welfare		3 975	12 702
UIF Expense		7 988	8 551
Fundraising Courses & Costs		76 581	5 609
Services			
Accounting Fees		19 734	26 954
Audit Fees		16 350	21 390
Bank Charges		13 851	8 507
Consulting fees			6 000
KMA: Instrument Repairs & Maintenance		18 910	45 375
Depreciation			
Depreciation: Music Equip		63 615	58 846
Depreciation: F & F		3 669	2 569
Depreciation: Other		4 873	4 873
Depreciation: Office Equip		3 160	4 444
Depreciation: Motor Vehicles		77 560	77 560
Depreciation: Computer Equipment		8 326	4 856
Premises & Equipment Costs			
Rental - Oakburn House		283 000	133 500
Rental: Oakburn Cottage		48 000	32 000
Equipment Hire		1 800	-
Electricity & Water		11 972	16 092
Repairs & Maintenance		47 570	32 074
Repairs & Maintenance - Pool		-	930
Security		5 484	8 838
Computer Expenses		3 533	2 917
House General Expenses		16 241	37 147
Supplies			
Printing & Stationery		28 298	14 687
Music Books and CDs		27 927	9 797
Food		67 811	60 215
Instrument Accessories		12 229	6 534
Costumes & Uniforms		1 608	-
Awards & Certificates		1 766	4 396
Music Exams & Eisteddfods		1 225	-
Pupil Development		600	9 698
Pupil Welfare		6 565	9 009
Communication Costs			
Telephone		13 410	12 791
Internet & Email		10 737	8 729
Postage & Courier		2 173	820
Website Costs		5 498	23 216
Cellphone Expenses		8 546	3 449
Entertainment & Meeting Expenses		6 544	11 552
Advertising & Promotions		2 198	2 295
Gifts and Goodwill		2 895	12 633
Travel & Transport			
Fuel & Oil		41 456	35 544
Vehicle Insurance		24 128	18 782
Vehicle Maintenance		5 475	15 742
Other Vehicle Costs		27 592	15 260
Public Transport		894	1 008
Teachers Petrol Claim		4 778	3 570
		2 113 531	1 705 643