

Kronendal Music Academy of Hout Bay
(Registration number 060-215-NPO)
Annual Financial Statements
for the year ended 31 March 2020

Kronendal Music Academy of Hout Bay

(Registration number: 060-215-NPO)

Annual Financial Statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile	South Africa
Members	W Audagnotti D Giesel B Kellond J Pollok E Williams C Campbell
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 4 Zoutman Close Hout Bay 7806
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 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. To enable the trustees to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 2021 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 07 September 2020 and were signed on its behalf by:

Approval of annual financial statements



J Pollok



D Griesel

Hout Bay

07 September 2020

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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 2020.

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 152 (2019:167) pupils to participate in musical events and training. These pupils consist 148 (2019:137) fully funded pupils and 4 (2019:30) paying pupils.

3. Members

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

Members	Changes
W Audagnotti	
D Griesel	
B Kellond	
G Levy	Resigned 30 July 2019
T Murphy	Resigned 30 July 2019
J Pollok	
E Williams	
C Campbell	Appointed 18 August 2020
G Taylor	Appointed 31 July 2019, resigned 18 August 2020

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 2020.

They will continue in office for the 2021 financial year.

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 (the trust) set out on pages 6 to 12, which comprise the statement of financial position as at 31 March 2020, 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 basis for qualified opinion section of my report, the annual financial statements of Kronendal Music Academy of Hout Bay for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the basis of accounting as set out in Note 1 to the financial statements 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 organization in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa.

Emphasis of matter

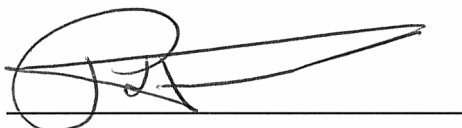
In common with similar organizations, Kronendal Music Academy of Hout Bay derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Kronendal Music 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 of the annual financial statements in accordance with the basis of accounting as set out in Note 1 to the financial statements, for determining that the basis of preparation is acceptable in the circumstance 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.



07 September 2020
Hout Bay

P Temlett
Chartered Accountant (SA)
Registered Auditor

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Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

	Note(s)	2020 R	2019 R
Assets			
Non-Current Assets			
Equipment	2	204 606	365 309
Current Assets			
Trade and other receivables	3	22 500	22 500
Cash and cash equivalents	4	186 574	67 006
		209 074	89 506
Total Assets		413 680	454 815
Reserves and Liabilities			
Reserves			
Donated instruments reserves		411 395	411 395
Accumulated deficit		(242 752)	(146 051)
		168 643	265 344
Liabilities			
Non-Current Liabilities			
Director's loan	5	140 000	-
Current Liabilities			
Trade and other payables		52 186	86 620
Loan from D Goldberg		-	77 851
Loan from SJ Stevens		-	25 000
Other liability		52 851	-
		105 037	189 471
Total Liabilities		245 037	189 471
Total Reserves and Liabilities		413 680	454 815

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Statement of Comprehensive Income

	Note(s)	2020 R	2019 R
Income	6	3 190 629	3 175 450
Direct expenses		(557 101)	(1 120 370)
Gross surplus		2 633 528	2 055 080
Operating expenses		(2 720 778)	(2 113 531)
Operating deficit		(87 250)	(58 451)
Investment revenue		868	543
Finance costs		(10 319)	(10 351)
Deficit for the year		(96 701)	(68 259)

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Statement of Changes in Equity

	Donated Instruments R	Accumulated deficit R	Total equity R
Balance at 01 April 2018	411 395	(77 792)	333 603
Deficit for the year	-	(68 259)	(68 259)
Balance at 01 April 2019	411 395	(146 051)	265 344
Deficit for the year	-	(96 701)	(96 701)
Balance at 31 March 2020	411 395	(242 752)	168 643

Note(s)

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Statement of Cash Flows

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	7	39 019	130 831
Interest income		868	543
Finance costs		(10 319)	(10 351)
Net cash from operating activities		29 568	121 023
Cash flows from investing activities			
Purchase of equipment	2	-	(54 200)
Cash flows from financing activities			
Proceeds from director's loan		140 000	-
Loan repaid to D Goldberg		(77 851)	(42 149)
Movement in other liability		52 851	-
Loan from SJ Stevens		-	25 000
Loan from SJ Stevens repaid		(25 000)	-
Net cash from financing activities		90 000	(17 149)
Total cash movement for the year		119 568	49 674
Cash at the beginning of the year		67 006	17 332
Total cash at end of the year	4	186 574	67 006

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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

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	32 190	(19 464)	12 726	32 190	(16 295)	15 895
Motor vehicles	387 801	(426 581)	(38 780)	387 801	(349 020)	38 781
Office equipment	36 559	(32 058)	4 501	36 559	(28 898)	7 661
IT equipment	24 977	(21 508)	3 469	24 977	(13 183)	11 794
Musical equipment	636 151	(423 859)	212 292	636 151	(360 244)	275 907
Recording instruments	50 129	(39 731)	10 398	50 129	(34 858)	15 271
Total	1 167 807	(963 201)	204 606	1 167 807	(802 498)	365 309

Reconciliation of equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture & Fittings	15 895	-	(3 169)	12 726
Motor vehicles	38 781	-	(77 561)	(38 780)
Office equipment	7 661	-	(3 160)	4 501
IT equipment	11 794	-	(8 325)	3 469
Musical Equipment	275 907	-	(63 615)	212 292
Recording Instruments	15 271	-	(4 873)	10 398
	365 309	-	(160 703)	204 606

Reconciliation of equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	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

3. Trade and other receivables

Deposits	22 500	22 500
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 835	539
Bank balances	182 739	66 467
	186 574	67 006

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Notes to the Annual Financial Statements

	2020 R	2019 R
5. Director's loan		
At amortised cost		
Loan from D Griesel	140 000	-
The loan is unsecured, interest free and has no fixed terms of repayment		
Non-current liabilities		
At amortised cost	140 000	-
The fair values of the financial liabilities were determined as follows:		
6. Income		
Concerts and soirees	32 158	45 803
Donations and grants	2 684 979	2 453 416
Fees, tours and other income	473 492	676 231
	3 190 629	3 175 450
7. Cash generated from operations		
Deficit before taxation	(96 701)	(68 259)
Adjustments for:		
Depreciation and amortisation	160 703	161 203
Interest received	(868)	(543)
Finance costs	10 319	10 351
Changes in working capital:		
Trade and other payables	(34 434)	28 079
	39 019	130 831

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Statement of Financial Performance

	2020	2019
Note(s)	R	R
Revenue		
Grants		
Funder: NAC	80 000	185 000
Funder: Lottery	848 000	-
Funder: DCAS	130 000	73 893
Funder: Community Heart	42 403	62 394
Funder: Peresoft	90 000	80 000
Funder: Derek Lubner	200 000	100 000
Funder: Baragwanath	168 663	138 297
Funder: Rotter	-	279 330
Funder: Uthando SA	30 000	61 000
Funder: Klein Family Foundation	186 318	146 392
Funder : Joan St Ledger	50 000	50 000
Funder: SAMRO	20 000	
Funder: Chiappini Trust	25 000	
Funder: Chic Mamas	24 000	
Funder: Maria Marina Foundation	359 546	
Funder: Rupert Music Foundation	45 500	
Funder: Given Gain	19 650	
Donations - Other	365 899	1 277 110
Concerts & Soirees - Income	32 158	45 803
Fees, Materials & Other Income		
Edinburg Tour Income		413 898
Fees: Non-Funded Individuals	26 421	187 769
Theory Books Income		350
Instrument Hire Fees		1 800
Instrument sales	800	
Fees: Funded individuals	29 630	18 210
Fees: Funded groups		2 440
Performance Fees		7 300
Fundraising events	25 187	23 364
Cape Cycle Tour Income	19 050	21 100
Back-a-Buddy	447	
Donations: Executive board	1 500	
Overseas Donations	258 711	
Pupil bursaries	109 280	
Snapscan	2 465	
	3 190 629	3 175 450
Cost of sales		
Fees: Funded Individuals	226 060	254 795
Fees: Funded Groups	-	110 257
Fees: Non-funded Individuals	5 400	153 247
Fees: Non-Funded Groups	242 595	265 410
Costs of Performances	32 582	15 810
Cape Cycle Tour Expenses	2 775	2 078
Costs of Concerts & Soirees	38 829	33 030
Tour expenses	-	281 487
Sound & Equipment	8 860	4 256
	557 101	1 120 370
Other income		
Interest Received - Nedbank Current Acc	868	543
	2 634 395	2 055 623
Expenses (Refer to page 14)	2 720 778	2 113 531
Operating (Deficit) Surplus for the year	-86 382	-57 908
Finance Costs	-10 319	-10 351
(Deficit) Surplus for the year	-96 701	-68 259

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Statement of Financial Performance

	2020	2019
Note(s)	R	R
Operating Expenses		
Staff costs		
Salaries	652 190	585 900
Casual Wages	69 255	96 465
Directors Fees	540 000	384 000
Other Staff Costs		
Staff Development	4 320	6 619
Staff Welfare	8 734	3 975
UIF Expense	8 040	7 988
Services		
Accounting Fees	17 931	19 734
Audit Fees	12 900	16 350
Bank Charges	14 815	13 851
Consulting fees	55 000	
Co-/ordinator Fees	35 000	
Fundraising Costs	418 705	76 581
KMA: Instrument Repairs & Maintenance	10 010	18 910
Depreciation		
Depreciation: Music Equip	63 615	63 615
Depreciation: F & F	3 169	3 669
Depreciation: Other	4 873	4 873
Depreciation: Office Equip	3 160	3 160
Depreciation: Motor Vehicles	77 560	77 560
Depreciation: Computer Equipment	8 326	8 326
Premises & Equipment Costs		
Rental - Oakburn House	258 500	283 000
Rental: Oakburn Cottage	44 000	48 000
Equipment Hire	-	1 800
Electricity & Water	25 552	11 972
Repairs & Maintenance	33 704	47 570
Security	7 460	5 484
Computer Expenses	9 419	3 533
House General Expenses	12 005	16 241
Supplies		
Printing & Stationery	14 829	28 298
Music Books and CDs	21 340	27 927
Food	77 308	67 811
Instrument Accessories	11 030	12 229
Costumes & Uniforms	-	1 608
Awards & Certificates	2 055	1 766
Music Exams & Eisteddfods	3 530	1 225
Pupil Development	845	600
Pupil Welfare	11 014	6 565
Covid-19 Expenses	1 100	
Communication Costs		
Telephone	11 912	13 410
Internet & Email	12 504	10 737
Postage & Courier	1 257	2 173
Website Costs	16 698	5 498
Cellphone Expenses	6 667	8 546
Entertainment & Meeting Expenses	4 678	6 544
Advertising & Promotions	11 156	2 198
Gifts and Goodwill	5 590	2 895
Travel & Transport		
Fuel & Oil	42 655	41 456
Vehicle Insurance	25 114	24 128
Vehicle Maintenance	6 330	5 475
Other Vehicle Costs	34 535	27 592
Public Transport	140	894
Teachers Petrol Claim	247	4 778
	2 720 778	2 113 531