

**AFRICA SOUTH ART INITIATIVE**  
(Registration number 2008/004687/08)  
**Annual financial statements**  
**for the year ended 28 February 2009**

# Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

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

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# **Report of the Independent Auditors**

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## **To the shareholders of Africa South Art Initiative**

We have audited the accompanying annual financial statements of Africa South Art Initiative, which comprise the directors' report, the balance sheet as at 28 February 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 11.

## **Directors' Responsibility for the Financial Statements**

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa, 1973. 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.

## **Auditors' 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 auditors' 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 directors, 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.

## **Opinion**

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2009, and of its financial performance and its cash flows for the year then ended in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa, 1973.

## **Supplementary Information**

We draw your attention to the fact that the supplementary information set out on page 12 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**THERON DU PLESSIS DURBANVILLE INC.**  
**Registered Auditors**  
**P Heroldt**

**24 June 2009**  
**Durbanville**

## **Africa South Art Initiative**

Annual Financial Statements for the year ended 28 February 2009

### **Directors' Responsibilities and Approval**

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The directors are required by the Companies Act of South Africa, 1973, 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 company 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 South African Statement of Generally Accepted Accounting Practice 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 South African Statement of Generally Accepted Accounting Practice 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 directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 directors have reviewed the company's cash flow forecast for the year to 28 February 2010 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board on 24 June 2009 and were signed on its behalf by:

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**Director**

# **Africa South Art Initiative**

Annual Financial Statements for the year ended 28 February 2009

## **Directors' Report**

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The directors submit their report for the year ended 28 February 2009.

### **1. Review of activities**

#### **Main business and operations**

The company is engaged in educational, research services and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### **2. Post balance sheet events**

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### **3. Directors**

The directors of the company during the year and up to the date of this report are as follows:

AA Mhayi  
TK Saunders  
GTS Erasmus  
GM Cowan  
NC Vincent  
DD Mzayiya  
AG Sotomi  
M Pissarra

### **4. Secretary**

The secretary of the company is NC Vincent of NC Vincent Associates (Pty) Ltd:

### **5. Auditors**

Theron du Plessis Durbanville Inc. will continue in office in accordance with section 270(2) of the Companies Act.

# Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

## Balance Sheet

	Note(s)	2009 R
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2	18,570
<b>Current Assets</b>		
Cash and cash equivalents	3	243,140
<b>Total Assets</b>		<b>261,710</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Retained income		221,339
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	4	40,371
<b>Total Equity and Liabilities</b>		<b>261,710</b>

# Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

## Income Statement

	Note(s)	2009 R
Revenue		689,518
Other income		292
Operating expenses		(480,995)
<b>Operating profit</b>	5	<b>208,815</b>
Investment revenue	6	12,524
<b>Profit for the year</b>		<b>221,339</b>

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

### Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	R	R
<b>Balance at 01 March 2008</b>	-	-	-
Changes in equity			
Profit for the year	-	221,339	221,339
Total changes	-	221,339	221,339
<b>Balance at 28 February 2009</b>	-	<b>221,339</b>	<b>221,339</b>

Note(s)



## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

### Cash Flow Statement

	Note(s)	2009 R
<b>Cash flows from operating activities</b>		
Cash receipts from customers		689,518
Cash paid to suppliers and employees		(433,890)
Cash generated from operations	8	255,628
Interest income		12,524
<b>Net cash from operating activities</b>		<b>268,152</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	2	(25,012)
<b>Total cash movement for the year</b>		<b>243,140</b>
Cash at the beginning of the year		-
<b>Total cash at end of the year</b>	3	<b>243,140</b>

# Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and the Companies Act of South Africa, 1973. 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.

#### 1.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and 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 property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and 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 property, plant and equipment, which is as follows:

Item	Average useful life
IT equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

#### 1.2 Financial instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

#### 1.3 Leases

##### Operating leases – lessee

Operating lease payments are recognised as an expense on an accrual basis in accordance with the substance of the relevant agreement. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.4 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Donations are recognised on the accrual basis in accordance with the substance of the relevant agreements.

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

### Notes to the Annual Financial Statements

2009  
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#### 2. Property, plant and equipment

	2009		
	Cost / Valuation	Accumulated depreciation	Carrying value
IT equipment	25,012	(6,442)	18,570

#### Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
IT equipment	-	25,012	(6,442)	18,570

#### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,000
Bank balances	242,140
	<u>243,140</u>

#### 4. Trade and other payables

Trade payables	<u>40,371</u>
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#### 5. Operating profit

Operating profit for the year is stated after accounting for the following:

##### Operating lease charges

Premises

• Contractual amounts	<u>8,991</u>
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Depreciation on property, plant and equipment

Employee costs	<u>6,442</u>
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#### 6. Investment revenue

Interest revenue

Interest	<u>12,524</u>
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#### 7. Auditors' remuneration

Fees	<u>8,550</u>
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## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

### Notes to the Annual Financial Statements

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2009  
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#### 8. Cash generated from operations

Profit before taxation	221,339
<b>Adjustments for:</b>	
Depreciation and amortisation	6,442
Interest received	(12,524)
<b>Changes in working capital:</b>	
Trade and other payables	40,371
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	<b>255,628</b>

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## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2009

### Detailed Income statement

	Note(s)	2009 R
<b>Donations recieved</b>		
GP Jantjes		355,000
American Center Foundation		305,152
Third text		29,366
		<b>689,518</b>
<b>Other income</b>		
Interest received	6	12,524
Other income		292
		<b>12,816</b>
<b>Operating expenses</b>		
Accounting fees		8,300
Administration and management fees		4,500
Auditors remuneration	7	8,550
Bank charges		912
Computer expenses		2,059
Depreciation, amortisation and impairments		6,442
Editor fees		32,500
Employee costs		221,119
IT expenses		8,691
Insurance		3,798
Lease rentals on operating lease		8,991
Motor vehicle expenses		120
Postage		439
Printing and stationery		6,356
Repairs and maintenance		250
Research fees		19,200
Seminaar and business meetings		17,709
Telephone and fax		5,034
Third text		9,775
Writer fees		116,250
		<b>480,995</b>
<b>Profit for the year</b>		<b>221,339</b>