AFRICA SOUTH ART INITIATIVE
(Registration number 2008/004687/08)
Financial statements
for the year ended 28 February 2011

Independent Auditor's report

To the members of Africa South Art Initiative

We have audited the financial statements of Africa South Art Initiative, which comprise the statement of financial position as at 28 February 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, 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 financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's' judgement, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In Common with similar organisations, it is not customary for the organisation to institute accounting controls over cash collections from voluntary contributions and fundraising activities, prior to the initial entry of the collections in the accounting records. Accordingly it was impractical for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Africa South Art Initiative as at 28 February 2011, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 12 does not form part of the 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

Theron du Plessis Durbanville Inc.
Registered Auditor
P Heroldt

21 May 2011

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The 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 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 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 29 February 2012 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 auditor's is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 2.

The financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board on 21 May 2011 and were signed on its behalf by:

Director

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

Directors' Report

The directors submit their report for the year ended 28 February 2011.

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 financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

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:

GD Arendse
TK Saunders
DE Ward
LC Hartman
NC Vincent
F Badsha
M Pissarra

4. Secretary

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

5. Auditor's

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

Statement of Financial Position

	Note(s)	2011	2010
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	10,213	10,233
Current Assets			
Cash and cash equivalents	3	137,057	25,237
Total Assets		**147,270**	**35,470**
EQUITY AND LIABILITIES			
EQUITY			
Retained income		132,492	(3,429)
LIABILITIES			
Current Liabilities			
Trade and other payables	4	14,778	20,317
Provisions		-	18,582
		14,778	**38,899**
Total Equity and Liabilities		**147,270**	**35,470**

Statement of Comprehensive Income

	Note(s)	2011	2010
Revenue		700,000	197,000
Other income		1,512	400
Operating expenses		(570,695)	(428,093)
Operating profit (loss)	5	**130,817**	**(230,693)**
Investment revenue	6	5,112	5,924
Finance costs		(8)	-
Profit (loss) for the year		**135,921**	**(224,769)**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**135,921**	**(224,769)**

Statement of changes in equity

	Share capital	Retained income	Total equity
Balance at 01 March 2009	**-**	**221,340**	**221,340**
Changes in equity			
Total comprehensive loss for the year	-	(224,769)	(224,769)
Total changes	-	(224,769)	(224,769)
Balance at 01 March 2010	**-**	**(3,429)**	**(3,429)**
Changes in equity			
Total comprehensive income for the year	-	135,921	135,921
Total changes	-	135,921	135,921
Balance at 28 February 2011	**-**	**132,492**	**132,492**

Note(s)

Statement of Cash Flows

	Note(s)	2011	2010
Cash flows from operating activities			
Cash receipts from customers		701,512	689,518
Cash paid to suppliers and employees		(576,393)	(913,345)
Cash generated from (used in) operations	8	125,119	(223,827)
Interest income		5,112	5,924
Finance costs		(8)	-
Net cash from operating activities		**130,223**	**(217,903)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(18,403)	-
Total cash movement for the year		**111,820**	**(217,903)**
Cash at the beginning of the year		25,237	243,140
Total cash at end of the year	3	**137,057**	**25,237**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The 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 Property, plant and equipment

Property, plant and equipment are tangible items that:

- 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 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 annual reporting period if there are indicators present that there is a change from the previous estimate.

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 and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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 date, 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

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, net of trade discounts and volume rebates, and value added tax.

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

Notes to the Financial Statements

	2011	2010

2. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
IT equipment	43,415	(33,202)	10,213	25,012	(14,779)	10,233

Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Depreciation	Total
IT equipment	10,233	18,403	(18,423)	10,213

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2011	2010
Cash on hand	-	(497)
Bank balances	137,057	25,734
	137,057	**25,237**

4. Trade and other payables

	2011	2010
Trade payables	14,778	20,317

5. Operating profit (loss)

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

	2011	2010
Operating lease charges		
Premises		
• Contractual amounts	16,364	6,960
• Contingent amounts	-	300
	16,364	**7,260**
Depreciation on property, plant and equipment	18,423	8,337
Employee costs	363,861	146,445

6. Investment revenue

	2011	2010
Interest revenue		
Interest	5,112	5,924

7. Auditor's' remuneration

	2011	2010
Fees	9,760	9,210

Notes to the Financial Statements

	2011	2010

8. Cash generated from (used in) operations

	2011	2010
Profit (loss) before taxation	135,921	(224,769)
Adjustments for:		
Depreciation and amortisation	18,423	8,337
Interest received	(5,112)	(5,924)
Finance costs	8	-
Movements in provisions	(18,582)	18,582
Changes in working capital:		
Trade and other payables	(5,539)	(20,053)
	125,119	**(223,827)**

Detailed income statement

	Note(s)	2011	2010
Donations recieved			
Western Cape Department of Cultural Affairs & Sport		-	50,000
GP Jantjes		-	147,000
NAC		700,000	-
		700,000	**197,000**
Other income			
Other income		1,512	400
Interest received	6	5,112	5,924
		6,624	**6,324**
Operating expenses			
Accounting fees		14,250	10,569
Administration and management fees		62,498	34,875
Advertising		718	-
Auditors remuneration	7	9,760	9,210
Bank charges		2,795	2,986
Computer expenses		4,400	-
Depreciation, amortisation and impairments		18,423	8,337
Employee costs		363,861	146,445
Entertainment		140	-
Editor fees		-	79,918
Research fees		32,928	13,150
Seminar and business meetings		-	155
Translator		800	-
Photographer		550	-
Writer fees		7,400	93,750
IT expenses		6,140	3,979
Insurance		2,852	2,532
Lease rentals on operating lease		16,364	7,260
Postage		1,172	582
Printing and stationery		8,695	5,165
Repairs and maintenance		1,836	72
Staff welfare		482	-
Subscriptions		1,512	-
Telephone and fax		11,357	4,859
Travel - local		1,762	4,249
		570,695	**428,093**
Operating profit (loss)	5	**135,929**	**(224,769)**
Finance costs		8	-
Profit (loss) for the year		**135,921**	**(224,769)**

The supplementary information presented does not form part of the financial statements and is unaudited