

**AFRICA SOUTH ART INITIATIVE**  
(Registration number 2008/004687/08)  
**Annual financial statements**  
**for the year ended 28 February 2013**

**TdP** Geëkstraoleerde Rekenmeesters (S.A.)  
Chartered Accountants (S.A.)

*Ons verstaan besigheid....*  
*We understand business....*

## Independent Auditor's report

### To the members of Africa South Art Initiative

We have audited the annual financial statements of Africa South Art Initiative, which comprise the statement of financial position as at 28 February 2013, 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 Annual Financial Statements

The organisation's directors are responsible for the preparation and fair presentation of these annual 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 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.

### Auditor's 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 auditor's 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 management, 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 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 annual financial statements present fairly, in all material respects, the financial position of Africa South Art Initiative as at 28 February 2013, 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 further qualifying our opinion, we draw 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*  
Theron du Plessis Durbanville Inc.  
Registered Auditor  
Per: B Swenson CA(SA) RA

21 June 2013

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Directors' Responsibilities and Approval

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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 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 International Financial Reporting Standard 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 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.

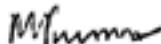
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 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 2014 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 annual financial statements. The annual financial statements have been examined by the company's external auditor's 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 17 May 2013 and were signed on their behalf by:



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Director



## **Africa South Art Initiative**

Annual Financial Statements for the year ended 28 February 2013

### **Directors' Report**

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The directors submit their report for the year ended 28 February 2013.

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

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

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

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

#### **2. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### **3. Events after the reporting period**

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

#### **4. Directors**

The directors of the organisation 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

#### **5. Secretary**

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

#### **6. Auditor's**

Theron du Plessis Durbanville Inc. will continue in office in accordance with section 90 of the Companies Act.

**Africa South Art Initiative**

Annual Financial Statements for the year ended 28 February 2013

**Statement of Financial Position**

	<b>Note(s)</b>	<b>2013 R</b>	<b>2012 R</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	<u>1,184</u>	<u>4,703</u>
<b>Current Assets</b>			
Cash and cash equivalents	3	<u>304,307</u>	<u>20,077</u>
<b>Total Assets</b>		<u><b>305,491</b></u>	<u><b>24,780</b></u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated surplus		<u>289,886</u>	<u>1,038</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	4	<u>15,605</u>	<u>23,742</u>
<b>Total Funds and Liabilities</b>		<u><b>305,491</b></u>	<u><b>24,780</b></u>



## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Statement of Comprehensive Income

	Note(s)	2013 R	2012 R
Revenue		501,899	238,004
Other income		410	465
Operating expenses		(213,890)	(370,445)
<b>Operating surplus/(deficit)</b>	5	<b>288,419</b>	<b>(131,976)</b>
Investment revenue	6	429	521
<b>Surplus/(deficit) for the year</b>		<b>288,848</b>	<b>(131,455)</b>
Other comprehensive income		-	-
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>288,848</b>	<b>(131,455)</b>

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Statement of Changes in Funds

	Accumulated surplus R	Total equity R
<b>Balance at 01 March 2011</b>	<b>132,493</b>	<b>132,493</b>
Changes in funds		
Total comprehensive deficit for the year	(131,455)	(131,455)
Total changes	(131,455)	(131,455)
<b>Balance at 01 March 2012</b>	<b>1,038</b>	<b>1,038</b>
Changes in funds		
Total comprehensive surplus for the year	288,848	288,848
Total changes	288,848	288,848
<b>Balance at 28 February 2013</b>	<b>289,886</b>	<b>289,886</b>

Note(s)

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Statement of Cash Flows

	Note(s)	2013 R	2012 R
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	9	283,801	(117,501)
Interest income		429	521
<b>Net cash from operating activities</b>		<b>284,230</b>	<b>(116,980)</b>
<b>Total cash movement for the year</b>			
Cash and cash equivalents at the beginning of the year		20,077	137,057
<b>Total cash and cash equivalents at end of the year</b>	3	<b>304,307</b>	<b>20,077</b>



## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Accounting Policies

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#### 1. Presentation of Annual Financial Statements

The annual 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 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.

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
Computer 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.

## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Notes to the Annual Financial Statements

	2013 R	2012 R
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#### 2. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Computer equipment	43,415	(42,231)	1,184	43,415	(38,712)	4,703

#### Reconciliation of property, plant and equipment - 2013

	Opening Balance	Depreciation	Total
Computer equipment	4,703	(3,519)	1,184

#### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	304,307	20,077
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#### 4. Trade and other payables

Trade payables	15,605	23,742
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#### 5. Operating surplus/(deficit)

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

##### Operating lease charges

Premises

• Contractual amounts	12,240	14,279
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Depreciation on property, plant and equipment

Employee costs	3,519	5,510
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#### 6. Investment revenue

##### Interest revenue

Bank	429	521
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#### 7. Taxation

The association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

#### 8. Auditor's remuneration

Fees	11,650	10,488
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## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Notes to the Annual Financial Statements

	2013 R	2012 R
<b>9. Cash generated from (used in) operations</b>		
(Deficit) surplus before taxation	288,848	(131,455)
<b>Adjustments for:</b>		
Depreciation and amortisation	3,519	5,510
Interest received	(429)	(521)
<b>Changes in working capital:</b>		
Trade and other payables	(8,137)	8,965
	<u>283,801</u>	<u>(117,501)</u>



## Africa South Art Initiative

Annual Financial Statements for the year ended 28 February 2013

### Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Income received</b>			
Ackerman Foundation		4,890	35,110
Business and Arts South Africa		10,000	-
British Council		40,000	-
Department of Cultural Affairs and Sport		60,000	-
Fee income		2,364	500
Foundation for Arts Initiative		264,645	-
National Arts Council of South Africa		-	50,000
National Arts Council of South Africa - 2		45,000	55,000
Sanlam		60,000	-
Stellenbosch University		15,000	-
Visual Century		-	45,000
Visual Century Project management		-	52,394
		<u>501,899</u>	<u>238,004</u>
<b>Other income</b>			
Membership fees		410	465
Interest received	6	429	521
		<u>839</u>	<u>986</u>
<b>Operating expenses</b>			
Accounting fees		4,304	8,237
Administration and management fees		36,633	64,084
Advertising		3,756	957
Artists Honoraria		7,500	-
Auditors remuneration	8	11,650	10,488
Bank charges		3,334	2,535
Cleaning		-	40
Computer expenses		3,682	56,210
Conservation		3,478	-
Depreciation		3,519	5,510
Employee costs		33,645	167,498
FFAI - Coordinator		15,101	-
General expenses		-	1,750
Insurance		3,333	3,167
Lease rentals on operating lease		12,240	14,279
Postage		344	391
Printing and stationery		930	370
Repairs and maintenance		-	590
Research fees		20,203	4,875
Staff welfare		-	461
Telephone and fax		8,850	5,651
Travel		2,222	23,352
Wood		2,175	-
Writers and editing		36,991	-
		<u>213,890</u>	<u>370,445</u>
<b>Surplus/(deficit) for the year</b>		<u>288,848</u>	<u>(131,455)</u>