

**Africa South Art Initiative NPC
(Registration number 2008/004687/08)
Annual Financial Statements
for the year ended 29 February 2016**

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Index

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

Index	Page
Directors' Responsibilities and Approval	2
Independent Auditor's Report	3 - 4
Directors' Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	14
---------------------------	----

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

These financial statements were prepared by:

T Wudebwe ACCA
1169019
Professional Accountant

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

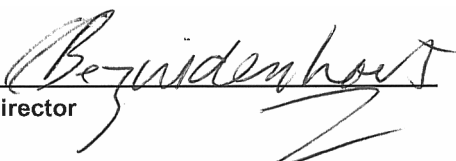
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 2017 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 is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 3.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 30 June 2016 and were signed on its behalf by:


Director

Chartered Accountant (SA)

Independent Auditor's Report

To the members of Africa South Art Initiative NPC

I have audited the annual financial statements of Africa South Art Initiative NPC, as set out on pages 7 to 13, which comprise the statement of financial position as at 29 February 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The organisation directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards for Small to Medium-sized entities, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the entity to institute accounting controls over cash collections from donations and fundraising income prior to the initial entry of collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In my 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 Association at 29 February 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small to Medium-sized entities.

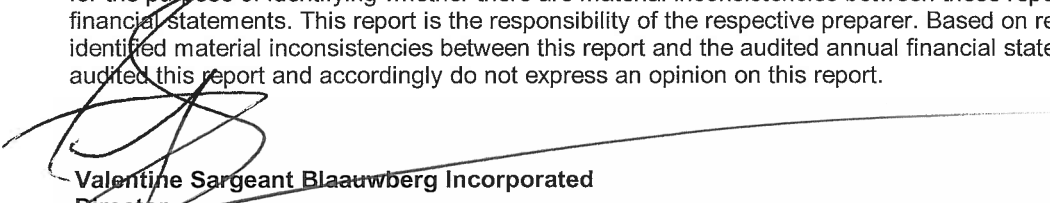
Independent Auditor's Report

Supplementary Information

Without qualifying my opinion, I draw attention to the fact that supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of my audit of the annual financial statements for the year ended 29 February 2016, I have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report I have not identified material inconsistencies between this report and the audited annual financial statements. However, I have not audited this report and accordingly do not express an opinion on this report.



Valentine Sargeant Blaauwberg Incorporated
Director
Registered Auditor
30 June 2016
BT Edwards CA(SA)
Sunningdale

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Africa South Art Initiative NPC for the year ended 29 February 2016.

1. Nature of business

Africa South Art Initiative NPC was incorporated in South Africa, is engaged in educational and research activities and operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small to Medium-sized entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Directors

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

Directors

F Badsha

DE Ward

M De Andrade Pissarra

C Bezuidenhout

A Price

NC Vincent

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the organisation. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

7. Auditors

Valentine Sargeant Blaauwberg Incorporated continued in office as auditors for the organisation for 2016.

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Directors' Report

8. Secretary

The company secretary is Noel Clive Vincent.

Postal address

7 Sandsteen Street
Stellenridge
Bellville
7530

Business address

P.O.Box 1565
Bellville
7535

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Financial Position as at 29 February 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 949	10 719
Current Assets			
Cash and cash equivalents	3	45 298	88 800
Total Assets		49 247	99 519
Equity and Liabilities			
Equity			
Retained income		48 278	93 025
Liabilities			
Current Liabilities			
Trade and other payables	4	969	6 494
Total Equity and Liabilities		49 247	99 519

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue		414 975	417 800
Other income		2 734	3 610
Operating expenses		(465 964)	(429 728)
Operating loss		(48 255)	(8 318)
Investment revenue	5	3 771	1 567
Finance costs		(263)	-
Loss for the year		(44 747)	(6 751)

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 March 2014	99 776	99 776
Loss for the year	(6 751)	(6 751)
Balance at 01 March 2015	93 025	93 025
Loss for the year	(44 747)	(44 747)
Balance at 29 February 2016	48 278	48 278

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash (used in) generated from operations	8	(47 010)	204
Interest income		3 771	1 567
Finance costs		(263)	-
Net cash from operating activities		(43 502)	1 771
Total cash movement for the year			
Cash at the beginning of the year		88 800	87 029
Total cash at end of the year	3	45 298	88 800

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. 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.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

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 useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

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

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting 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

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Accounting Policies

1.3 Impairment of assets

The organisation assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.4 Revenue

Revenue is recognised as income received from donations, fundraising and miscellaneous income.

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 NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

2. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
IT equipment	63 723	(59 774)	3 949	63 723	(53 004)	10 719

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Total
IT equipment	10 719	(6 770)	3 949

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	45 298	88 800
---------------	--------	--------

4. Trade and other payables

Trade payables	-	2
Accrued expense	969	6 492
	969	6 494

5. Investment revenue

Interest revenue		
Bank	3 771	1 567

6. 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.

7. Auditor's remuneration

Fees	6 897	6 270
------	-------	-------

8. Cash (used in) generated from operations

Loss before taxation	(44 747)	(6 751)
Adjustments for:		
Depreciation and amortisation	6 769	6 769
Interest received - investment	(3 771)	(1 567)
Finance costs	263	-
Other non-cash items	1	1
Changes in working capital:		
Trade and other payables	(5 525)	1 752
	(47 010)	204

Africa South Art Initiative NPC

(Registration number 2008/004687/08)

Annual Financial Statements for the year ended 29 February 2016

Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Art Sales		21 175	-
Catalogue Sales		-	117 800
Humanitec		43 800	-
National Arts Council of South Africa - 4		30 000	300 000
National Arts Council of South Africa - 5		320 000	-
		414 975	417 800
Other income			
Donation - UCT		2 000	-
Government subsidies		-	1 390
Interest received	5	3 771	1 567
Sundry Income		734	2 220
		6 505	5 177
Operating expenses			
Accounting fees		(21 547)	(6 492)
Administration and management fees		(26 388)	(51 460)
Auditors remuneration	7	(6 897)	(6 270)
Bank charges		(3 649)	(3 726)
Computer expenses		(5 737)	(12 478)
Delivery expenses		-	(514)
Depreciation, amortisation and impairments		(6 769)	(6 769)
Employee costs		-	(900)
Entertainment		-	(77)
Hire		-	(10 000)
Honoraria		-	(14 700)
Insurance		(3 659)	(3 714)
Legal expenses		(4 564)	(3 000)
Marketing fees		(43 686)	(39 972)
Printing and stationery		(15 664)	(1 136)
Research and development costs		(191 907)	(180 680)
Royalties and license fees		-	(10 189)
Staff welfare		-	(308)
Telephone and fax		-	(1 930)
Transport and freight		(844)	-
Travel - local		(1 738)	(5 628)
Writers and editing		(132 915)	(69 785)
		(465 964)	(429 728)
Operating loss		(44 484)	(6 751)
Finance costs		(263)	-
Loss for the year		(44 747)	(6 751)