

AFRICA SOUTH ART INITIATIVE NPC

(Registration Number 2008/004687/08)

**Annual Financial Statements
for the year ended 28 February 2019**

Compiled Financial Statements

in compliance with Companies Act 71 of 2008

Prepared: B Deschamps

Position: Professional Accountant

NC Vincent & Associates

PROFESSIONAL ACCOUNTANTS (SA)

Practice No. PRAC676

AFRICA SOUTH ART INITIATIVE NPC

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Annual Financial Statements for the year ended 28 February 2019

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N.C. Vincent & Associates

PROFESSIONAL ACCOUNTANTS (SA)

Practice No. PRAC676

In association with

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Report of the Compiler

To the Management of Africa South Art Initiative NPC

We have compiled the accompanying annual financial statements of Africa South Art Initiative NPC based on information you have provided. These annual financial statements comprise the statement of financial position of Africa South Art Initiative NPC as at 28 February 2019, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

NC Vincent & Associates

3 July 2019

Per: NC Vincent
Professional Accountant

**7 SANDSTEEN STREET
STELLENRIDGE
BELLVILLE
7530**

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Management's Responsibilities and Approval

Management is 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the management committee 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management is 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The professional accountants are responsible for reporting on the annual financial statements. The professional accountants' compilation report is presented on page 2.

The annual financial statements as set out on pages 7 to 13 were approved by the management committee on 3 July 2019 and were signed on its behalf by:



M De Andrade Pissarra



BR Hlongwane

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Management's Report

The management committee present their report for the year ended 28 February 2019.

1. Review of activities

Main business and operations

The principal activity of the organisation is research on artists working on the African continent and producing new and necessary resources on art and artists in Africa and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached 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 reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Management's interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. Dividends

No dividends were declared nor paid to the shareholder during the year.

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Annual Financial Statements for the year ended 28 February 2019

Management's Report

8. Management

The management of the organisation during the year and to the date of this report are as follows:

M De Andrade Pissarra

DE Ward

CC Bezuidenhout

BR Hlongwane

GO Valley

L van Robbroeck

MN Ruiters

A Price

F Badsha

9. Secretary

The organisation's designated secretary is NC Vincent.

10. Compilers

NC Vincent & Associates were the compilers for the year under review.

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Financial Statements for the year ended 28 February 2019

Statement of Financial Position

Figures in R	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	7,755	12,916
Current Assets			
Cash and cash equivalents	4	197,960	220,094
Total Assets		205,715	233,010
Reserves and Liabilities			
Reserves			
Retained earnings		205,145	232,440
Current Liabilities			
Trade and other payables	5	570	570
Total Reserves and Liabilities		205,715	233,010

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Statement of Comprehensive Income

Figures in R	Notes	2019	2018
Revenue		366,083	539,198
Other income		6,570	25,681
Operating costs		(401,729)	(999,851)
Operating deficit		(29,076)	(434,972)
Finance income	6	1,781	4,827
Finance costs	7	-	(5)
Deficit for the year		(27,295)	(430,150)
Retained income at 1 March 2018		232,440	662,590
Loss for the year		(27,295)	(430,150)
Retained income at 28 February 2019		205,145	232,440

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Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 March 2017	662,590	662,590
Total comprehensive income for the year		
Deficit for the year	(430,150)	(430,150)
Total comprehensive income for the year	<u>(430,150)</u>	<u>(430,150)</u>
Balance at 28 February 2018	<u>232,440</u>	<u>232,440</u>
Balance at 1 March 2018	232,440	232,440
Total comprehensive income for the year		
Deficit for the year	(27,295)	(27,295)
Total comprehensive income for the year	<u>(27,295)</u>	<u>(27,295)</u>
Balance at 28 February 2019	<u>205,145</u>	<u>205,145</u>

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Statement of Cash Flows

Figures in R	Note	2019	2018
Cash flows from operating activities			
Deficit for the year		(27,295)	(430,150)
<i>Adjustments for:</i>			
Finance costs		-	5
Depreciation of Tangible assets		5,162	2,581
Investment income		(1,781)	(4,827)
Operating cash flow before working capital changes		(23,914)	(432,391)
<i>Working capital changes</i>			
Decrease in trade and other payables		-	(6,487)
Cash utilised in operating activities		(23,914)	(438,878)
Investment income		1,781	4,827
Finance costs		-	(5)
Net cash from operating activities		(22,133)	(434,056)
Cash flows from investing activities			
Property, plant and equipment acquired	3	(1)	(15,485)
Net cash generated by investing activities		(1)	(15,485)
Decrease in cash and cash equivalents		(22,134)	(449,541)
Cash and cash equivalents at beginning of the year		220,094	669,635
Cash and cash equivalents at end of the year	4	197,960	220,094

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Financial Statements for the year ended 28 February 2019

Accounting Policies

1. General information

Africa South Art Initiative NPC is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from donations, fund raising and other miscellaneous items.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

IT equipment	33.33%
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Accounting Policies

2.3 Impairment of non-current assets

At each balance sheet date, the carrying amounts of tangible and intangible assets and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less costs to sell of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

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

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.5 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

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Notes to the Annual Financial Statements

Figures in R 2019 2018

3. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
<i>Owned assets</i>						
IT equipment	79,208	71,453	7,755	79,208	66,292	12,916

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
IT equipment	12,916	1	-	(5,162)	7,755

4. Cash and cash equivalents

Favourable cash balances

FNB Current account	737	3,158
FNB Call account	196,694	112,513
FNB NPC account	-	103,894
Petty Cash	529	529
	<u>197,960</u>	<u>220,094</u>

5. Trade and other payables

Accrued liabilities	<u>570</u>	<u>570</u>
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6. Finance income

Interest income

Interest received	<u>1,781</u>	<u>4,827</u>
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7. Finance costs

Bank overdrafts and acceptances	-	2
SARS	-	3
	<u>-</u>	<u>5</u>

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Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
Book Sales	29,354	28,720
Department of Cultural Affairs and Sport	-	45,000
National Arts Council - 6	5,000	-
National Arts Council - 7	5,000	195,000
National Arts Council - 8	190,000	-
National Lotteries Commission	1,729	180,000
The National Institute for the Humanities and Social Sciences	135,000	-
Thunda Fund	-	40,478
University of the Western Cape	-	50,000
	<u>366,083</u>	<u>539,198</u>
Other Income		
Donations received	6,000	25,681
Investment income	1,781	4,827
Membership Fees	570	-
	<u>8,351</u>	<u>30,508</u>
	<u>374,434</u>	<u>569,706</u>

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Detailed Income Statement

Figures in R	2019	2018
Expenditure		
Accounting fees	4,617	5,472
Admin / management fees paid	37,043	142,861
Advertising	6,318	10,260
Bank charges	6,221	6,078
Coordinator	72,087	126,475
Depreciation - Tangible assets	5,162	2,581
Designer	-	40,000
Documentation fee	-	6,000
Donations	1,729	-
Editor Fees	26,287	94,484
Facilitator	-	15,420
Finance costs	-	5
Internet Hosting	918	516
Internet Support	2,286	-
IT Maintenance and Backup	1,377	27,894
Materials	-	7,100
Photography	2,000	23,589
Postage	15,402	7,785
Printing and stationery	8,000	224,932
Project Leader Fees	3,796	40,107
Repairs and maintenance	-	45
Research Fees	116,992	80,282
Salaries	9,308	-
Staff welfare	-	173
Telephone and fax	3,594	5,198
Transcription	3,091	20,199
Travel - local	17,503	89,062
Web Maintenance and Development	8,424	-
Workmans Compensation	2,874	-
Writers Fees	46,700	23,338
	<u>401,729</u>	<u>999,856</u>
Deficit for the year	(27,295)	(430,150)