

**RURAL ARTS DEVELOPMENT FOUNDATION  
REGISTRATION NUMBER 097-741 NPO**

**ANNUAL AUDITED FINANCIAL STATEMENTS**

**AT**

**28 FEBRUARY 2018**



**BARNARD**

Geoktrooieerde Rekenmeesters  
Chartered Accountants

**RURAL ARTS DEVELOPMENT FOUNDATION  
REGISTRATION NUMBER 097-741NPO**

**AUDITED FINANCIAL STATEMENTS - 28 FEBRUARY 2018**

**ADDRESS**

P.O. Box 729  
Montagu  
6720

**BANKERS**

Standardbank - Montagu

**AUDITORS**

Barnard Chartered Accountants  
7 Church Street  
Robertson  
6705

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**RURAL ARTS DEVELOPMENT FOUNDATION  
NPO NUMBER: 097-741NPO**

**STATEMENT OF RESPONSIBILITY**

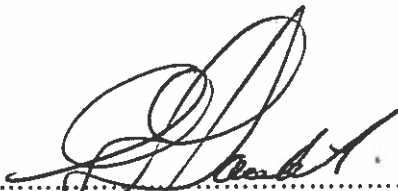
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

The management Committee is responsible for the preparation, integrity and fair presentation of the annual financial statements of Rural Arts Development Foundation. The annual financial statements presented on pages 3 to 11 have been prepared in accordance with International Financial Reporting Standard for Small and Medium Sized Entities, and include amounts based on judgements and estimates made by management. Management Committee also prepared the other information included in the annual reports and are responsible for both its accuracy and its consistency with the annual financial statements.


The going concern basis has been adopted in preparing the annual financial statements. The Management Committee have no reason to believe that the organisation will not be a going concern in the foreseeable future based on forecasts and available cash resources. These annual financial statements support the viability of the Organisation.

The annual financial statements have been audited by the independent accounting firm, Barnard Chartered Accountants which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Managing Committee and all other meetings. The Management Committee believes that all representations made to the independent auditors during their audit are valid and appropriate. Barnard's audit report is presented on page 3 to 5.

This report was approved by the Management and is signed on their behalf by:



.....  
CHAIRPERSON



.....  
TREASURER

.....  
Date 24/5/2018



10 May 2018

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MANAGING COMMITTEE OF RURAL ARTS DEVELOPMENT FOUNDATION**

#### **Opinion**

We have audited the annual financial statements of Rural Arts Development Foundation set out on pages 6 to 11, which comprise the statement of financial position as at 28 February 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Rural Arts Development Foundation as at 28 February 2018 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter**

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

### **Responsibilities of the Managing committee for the Annual Financial Statements**

The Managing committee is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the association or cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive of those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing committee.

Conclude on the appropriateness of the committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going

Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**BARNARD**  
**REGISTERED AUDITOR**  
**CHARTERED ACCOUNTANTS (SA)**

**RURAL ARTS DEVELOPMENT FOUNDATION  
REGISTRATION NUMBER 097-741NPO**

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018**

	Notes	2018 R	2017 R
<b>ASSETS</b>			
<b>Non-Current assets</b>		<b>21,378.26</b>	<b>29,678.77</b>
Fixed assets	2	20,124.26	29,678.77
Loan: S Keister		1,254.00	-
<b>Current assets</b>			
Cash in Bank and on hand	3	60,336.20	65,340.50
		<u>81,714.46</u>	<u>95,019.27</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated surplus/(deficit)		406.28	10,367.68
Balance at 1 March		10,367.68	(44,124.41)
Nett surplus/(deficit) for the year		(9,961.40)	54,492.09
<b>Non-current liabilities</b>			
Interest free loans	4	81,308.18	84,651.59
		<u>81,714.46</u>	<u>95,019.27</u>

**RURAL ARTS DEVELOPMENT FOUNDATION  
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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
28 FEBRUARY 2018**

	2018 R	2017 R
<b>INCOME</b>	436,449.93	430,318.24
Donations received	238,606.02	248,299.55
Entrance fees	48,840.30	33,890.00
Event income	14,000.00	4,890.00
Sponsorship	135,000.00	143,160.00
Interest received	3.61	78.69
<b>LESS: EXPENSES</b>	446,411.33	375,826.15
Accommodation fees	-	9,884.00
Accounting fees	22,067.00	16,540.02
Adjudicators	41,768.59	32,700.00
Admin fees	5,050.00	-
Bank charges	7,022.58	5,667.93
Cleaning costs	1,535.80	1,130.00
Commission	968.00	300.00
Depreciation	16,119.01	15,890.37
Entertainment	21,511.66	3,050.48
Event requisites	9,847.47	16,093.96
Fuel	11,099.11	9,520.23
Gifts	305.00	-
Interest paid	-	0.02
Licences and subscription fees	87.00	-
Management fees	21,113.00	4,500.00
Marketing and advertising	11,993.00	7,090.40
Office supplies	4,975.29	2,605.20
Performers' requisites	2,332.30	10,940.84
Postage and telephone	13,850.24	7,028.86
Printing and stationery	17,627.00	20,007.00
Professional fees - Lights and Sound	25,850.00	19,050.00
Professional fees - Other	37,069.20	34,112.00
Professional fees - Teachers	87,814.00	80,862.00
Project expenses	19,429.33	25,471.24
Rent paid	33,630.00	21,184.00
Repairs and maintenance	4,528.75	10,217.60
Transport	21,620.00	21,320.00
Trophies & prizes	2,548.00	660.00
Tuition fees	4,650.00	-
Nett surplus/(deficit) before other income	(9,961.40)	54,492.09
Plus: Other income		
Assets received as donations	-	-
<b>NETT SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(9,961.40)</b>	<b>54,492.09</b>



RURAL ARTS DEVELOPMENT FOUNDATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	2018 R	2017 R
<b>Net cash inflow/(outflow) from operating activities</b>		6,157.61	68,832.46
Gross receipts		436,446.32	430,239.55
Gross payments		430,292.32	361,485.76
Cash generated from operations	6	6,154.00	68,753.79
Interest received		3.61	78.69
Interest paid		-	(0.02)
<b>Net cash inflow/(outflow) from investing activities</b>		(6,564.50)	(7,156.00)
Purchase of fixed assets		(6,564.50)	(7,156.00)
<b>Net cash inflow/(outflow) from financing activities</b>		(4,597.41)	3,252.50
Proceeds from other loans		(4,597.41)	3,252.50
Net increase/(decrease) in cash and cash equivalents		(5,004.30)	64,928.96
Cash and cash equivalents at beginning of year		65,340.50	411.54
Cash and cash equivalents at end of year	3	60,336.20	65,340.50

**RURAL ARTS DEVELOPMENT FOUNDATION  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 28 FEBRUARY 2018**

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**1. ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis which is consistent with previous years. The following principal accounting policies are incorporated.

**1.1 Fixed Assets**

Fixed assets are stated at historical cost less depreciation. Depreciation is calculated on the reducing straight line method to write off the cost of each asset over its estimated useful life as follows:

Musical instruments	: 5 years
Banners, bunting and promotion material	: 5 years
Band uniforms and drama costumes	: 5 years
Sound system	: 5 years
Office equipment	: 5 years

**1.2 Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

**1.3 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, deposits with banks, savings and cheque accounts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

	2018 R	2017 R
<b>3. CASH IN BANK AND ON HAND</b>		
ABSA bank	-	425.81
ABSA bank	-	64,898.24
Standard bank	60,128.42	-
Cash on hand	207.78	16.45
	<u>60,336.20</u>	<u>65,340.50</u>
<b>4. INTEREST FREE LOANS</b>		
Loan - Gooderson H & R	81,308.18	84,651.59
These loan is unsecured and bear no interest.		
	<u>81,308.18</u>	<u>84,651.59</u>

RURAL ARTS DEVELOPMENT FOUNDATION

NOTES . . .

(continued)

2. FIXED ASSETS

	Musical Instruments R	Banners, Bunting & Promo materials R	Band uniforms & Drama costumes R	Sound System R	Office Equipment	Total R
Balance 1 March	17,313.44	8,527.51	1,566.67	2,271.15	-	29,678.77
Cost price	37,223.50	28,946.67	8,875.00	4,063.00	-	79,108.17
Less: Accumulated depreciation	(19,910.06)	(20,419.16)	(7,308.33)	(1,791.85)	-	(49,429.40)
Plus: Additions	847.00	-	2,000.00	1,120.00	2,597.50	6,564.50
Less: Depreciation	(7,523.98)	(5,738.34)	(1,736.50)	(935.60)	(184.59)	(16,119.01)
Balance 28 February	10,636.46	2,789.17	1,830.17	2,455.55	2,412.91	20,124.26
Cost price	38,070.50	28,946.67	10,875.00	5,183.00	2,597.50	85,672.67
Less: Accumulated depreciation	(27,434.04)	(26,157.50)	(9,044.83)	(2,727.45)	(184.59)	(65,548.41)

RURAL ARTS DEVELOPMENT FOUNDATION  
REGISTRATION NUMBER 097-741NPO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 28 FEBRUARY 2018

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	2018 R	2017 R
<b>5. TAXATION</b>		
No provision for tax has been made as the association's income is exempt in terms of section 10(1) (e) of the Income Tax Act.		
<b>6. CASH GENERATED FROM OPERATIONS</b>		
Nett surplus/(deficit) for the year	(9,961.40)	54,492.09
Adjustments for:	16,115.40	15,811.70
Depreciation	16,119.01	15,890.37
Interest received	(3.61)	(78.69)
Interest paid	-	0.02
Operating profit before working capital changes	6,154.00	70,303.79
Working capital changes	-	(1,550.00)
(Increase)/Decrease in trade- and other receivables	-	-
Increase/(Decrease) in trade- and other payables	-	(1,550.00)
<b>Cash generated from operations</b>	<b>6,154.00</b>	<b>68,753.79</b>

