

Association of Visual Arts
(Registration number NPO 035-161)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016

Association of Visual Arts

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Promotion of art and artists
Managing Committee	B Rodrigues D Williams E Geustyn G Scott J Du Toit L Hugo M Tymbios M Asmal N Kramer P Cunningham P Dlungwana S Potter Y Kamaldien
Business Address	35 Church Street Cape Town 8001
Postal Address	PO Box 15218 Vlaeberg 8018
Auditors	Craig Whittle Accounting Chartered Accountants (SA) Registered Auditors
Accountants	BACH Accountants and Management Consultants CC
Bankers	Nedbank Limited

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

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CRAIG WHITTLE ACCOUNTING

Postnet Suite #52, Private Bag X16, Constantia 7848 Tel : 076 456 3270
Practice no : 901641

INDEPENDENT AUDITOR'S REPORT

To the members of the Association of Visual Arts

Report on the Financial Statements

We have audited the annual financial statements of the Association of Visual Arts that comprises the statement of financial position as at 31 December 2016 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 policies and other explanatory information, as set out on pages 5-10.

Committee's Responsibility for the Financial Statements

The association's committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the 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 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 purposes 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 audit opinion.

Basis for Qualified Opinion

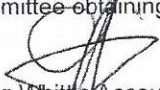
In common with similar organisations, it is not feasible for the association to institute accounting control over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, except for the 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 the Association of Visual Arts as at 31 December 2016, and its financial performance and cashflows for the year ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Emphasis of matter

We wish to draw your attention to the fact that the continued existence of the association is dependent on the committee obtaining donations and raising the necessary funding.


Craig Whittle Accounting
Chartered Accountants (SA)
Cape Town
10 October 2017

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Committee's Responsibilities and Approval

The committee 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 fairly present the state of affairs of the association at the end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an opinion on the 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.

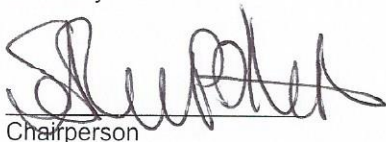
The committee acknowledges that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, the committee sets standards 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 association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

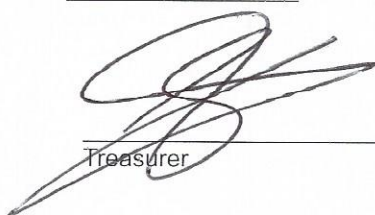
The committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The committee has reviewed the association's cash flow forecast for the year to 31 December 2017 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the committee on _____ and were signed on its behalf by :


Chairperson


Treasurer

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Annual Financial Statements for the year ended 31 December 2016

Statement of Financial Position

Figures in Rand	Note(s)	2016	2015
			Restated
Assets			
Non-Current Assets			
Property, plant and equipment	2	6 425	12 445
Current Assets			
Trade and other receivables		-	186 798
Cash and equivalents	3	286 203	61 345
		<u>286 203</u>	<u>248 143</u>
Total Assets		<u><u>292 628</u></u>	<u><u>260 588</u></u>
Equity and Liabilities			
Members' funds and reserves			
Accumulated surplus		<u>267 679</u>	<u>253 421</u>
Liabilities			
Current Liabilities			
Trade and other payables		24 949	7 167
Total Equity and Liabilities		<u><u>292 628</u></u>	<u><u>260 588</u></u>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
			Restated
Revenue			
Commissions received		-	5 263
Exhibition sales		878 979	365 243
Rental income		45 012	61 930
Subscriptions		15 522	5 118
		<u>939 513</u>	<u>437 554</u>
Other income			
Donations received	4	393 053	281 338
Books and catalogues		605	-
Interest received		4 622	6 996
		<u>398 280</u>	<u>288 334</u>
Operating expenses			
Accounting fees		14 925	13 165
Advertising		784	18 829
Artreach		4 720	-
Bank Charges		18 682	11 589
Board expenses		702	-
Cleaning		14 768	28 110
Commissions paid		1 474	-
Computer expenses		10 649	489
Courier and postage		12 964	-
Depreciation		10 540	6 021
Exhibition expenses		461 298	185 461
Entertainment expenses		2 198	-
Gifts and flowers		3 671	-
Insurance		16 756	5 432
Legal expenses		-	1 950
Levies		139 015	121 519
Motor vehicle expenses		326	-
Packaging		523	399
Periodicals		8 292	-
Printing, postage and stationery		14 555	8 056
Repairs and maintenance		7 098	15 592
Reviewer's remuneration		14 150	7 310
Salaries and wages		499 354	389 418
Security		3 448	5 007
Staff training		-	4 415
Staff welfare		6 115	-
Telephone and internet		19 996	15 074
Travel and accomodation		33 820	8 989
		<u>1 320 823</u>	<u>846 825</u>
Operating surplus/(loss)		16 970	(120 937)
Finance costs		(2 712)	(1 207)
Surplus/(loss) for the year		<u>14 258</u>	<u>(122 144)</u>

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance as at 1 January 2015	375 565	375 565
Changes in equity		
Total comprehensive loss for the year	(122 144)	(122 144)
Total changes	(122 144)	(122 144)
Balance as at 31 December 2015	253 421	253 421
Changes in equity		
Total comprehensive income for the year	14 258	14 258
Total changes	14 258	14 258
Balance as at 31 December 2016	267 679	267 679

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Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated by/(utilised in) operating activities		229 378	(292 098)
Net cash from operating activities		<u>229 378</u>	<u>(292 098)</u>
Cash flows from investing activities			
Acquisition of fixed assets		(4 520)	-
Net cash from investing activities		<u>(4 520)</u>	<u>-</u>
Total cash movement for the year		224 858	(292 098)
Cash and cash equivalents at beginning of year		61 345	353 443
Cash and cash equivalents at end of year	3	<u><u>286 203</u></u>	<u><u>61 345</u></u>

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Accounting Policies

1 Presentation of Annual Financial Statements

The annual financial statements are prepared in conformity with International Financial Reporting Standards. 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 year.

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.

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 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for levies.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Annual Financial Statements

Figures in Rand

	2016	2015
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2 Property, plant and equipment

Restated

	2016			2015		
	Cost/ valuation	Accumulated Depreciation	Carrying value	Cost/ valuation	Accumulated Depreciation	Carrying value
Furniture and fittings	123 356	121 432	1 924	118 836	115 125	3 711
IT equipment	165 329	160 828	4 501	165 329	156 595	8 734
	<u>288 685</u>	<u>282 260</u>	<u>6 425</u>	<u>284 165</u>	<u>271 720</u>	<u>12 445</u>

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fittings	3 711	4 520	-	-	6 307	1 924
IT equipment	8 734	-	-	-	4 233	4 501
	<u>12 445</u>	<u>4 520</u>	<u>-</u>	<u>-</u>	<u>10 540</u>	<u>6 425</u>

Reconciliation of property, plant and equipment - 2015

	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Furniture and fittings	5 498	-	-	-	1 787	3 711
IT equipment	12 968	-	-	-	4 234	8 734
	<u>18 466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 021</u>	<u>12 445</u>

3 Cash and cash equivalents

Bank balances	37 556	151 994
	<u>37 556</u>	<u>151 994</u>

4 Donations received

Pro Helvetia - Swiss Arts Council	97 168	-
National Arts Council of South Africa (NAC)	-	50 000
Business and Arts South Africa (BASA)	-	9 000
Hugo	-	30 000
Spier Arts Trust	-	5 780
Joan St Lindbergh Charitable Trust	180 000	171 264
Strauss & Co.	78 000	-
Thundafund	13 250	-
Kathy Ackerman	14 178	-
Other	10 457	15 294
	<u>393 053</u>	<u>281 338</u>

5 Taxation

No provision has been made for taxation as the association is a Public Benefit Organisation and is exempt from income tax in terms of S10(1)(cN) of the Income Tax Act.