

**Association for Visual Arts**  
(Registration number NPO 035-161)

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

## **Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### **General Information**

---

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Promotion of art and artists
<b>Managing Committee</b>	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
<b>Business Address</b>	35 Church Street Cape Town 8001
<b>Postal Address</b>	PO Box 15218 Vlaeberg 8018
<b>Auditors</b>	Craig Whittle Accounting Chartered Accountants (SA) Registered Auditors
<b>Accountants</b>	BACH Accountants and Management Consultants CC
<b>Bankers</b>	Nedbank Limited

## **Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### **Index**

---

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

<b>Index</b>	<b>Page</b>
Independent Auditor's Report	3
Committee's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies	9
Notes to the Annual Financial Statements	10

# 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 for Visual Arts

### Report on the Financial Statements

We have audited the annual financial statements of the Association for Visual Arts that comprises the statement of financial position as at 31 December 2017 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

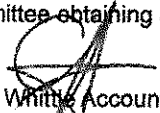
In common with similar organisations, it is not feasible for the association to institute accounting control over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

### 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 for Visual Arts as at 31 December 2017, 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  
23 July 2018

## Association for Visual Arts

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### 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.

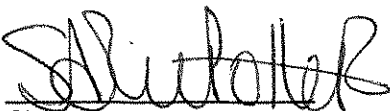
The committee acknowledges that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, the committee sets standards 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.

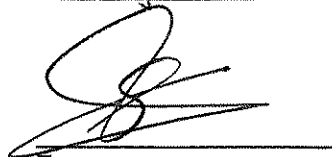
The committee has reviewed the association's cash flow forecast for the year to 31 December 2018 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable 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 23 July 2018 and were signed on its behalf by :



Chairperson



Treasurer

**Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

**Statement of Financial Position**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	193 025	6 425
<b>Current Assets</b>			
Cash and equivalents	3	400 395	286 203
		<u>400 395</u>	<u>286 203</u>
<b>Total Assets</b>		<u><u>593 420</u></u>	<u><u>292 628</u></u>
<b>Equity and Liabilities</b>			
<b>Members' funds and reserves</b>			
Accumulated surplus		<u>560 033</u>	<u>267 679</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		33 387	24 949
<b>Total Equity and Liabilities</b>		<u><u>593 420</u></u>	<u><u>292 628</u></u>

## Association for Visual Arts

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
<b>Revenue</b>			
Exhibition sales		1 176 507	878 979
Venue and event rental		125 921	45 012
Books and catalogues		3 724	605
Film shoot hire		21 200	-
Artreach income		33 333	-
Subscriptions		12 513	15 522
		<u>1 373 198</u>	<u>940 118</u>
<b>Other income</b>			
Donations received	4	419 695	393 053
Grants received	5	384 699	-
Interest received		1 783	4 622
		<u>806 177</u>	<u>397 675</u>
<b>Operating expenses</b>			
Accounting and audit fees		18 750	29 075
Advertising		36 451	784
Alcohol and catering		3 162	-
Artreach		174 808	4 720
Artfairs		4 152	-
Bank Charges		19 336	18 682
Board expenses		998	702
Cleaning		14 299	14 768
Commissions paid		690 105	1 474
Computer expenses		4 459	10 649
Courier and postage		411	12 964
Depreciation		28 400	10 540
Exhibition expenses		38 718	461 298
Entertainment expenses		622	2 198
Gifts and flowers		660	3 671
Insurance		19 771	16 756
Levies		146 894	139 015
Motor vehicle expenses		2 113	326
Packaging		584	523
Periodicals		400	8 292
Printing, postage and stationery		33 110	14 555
Repairs and maintenance		7 429	7 098
Salaries and wages		563 124	499 354
Security		3 287	3 448
Staff welfare		5 199	6 115
Telephone and internet		22 963	19 996
Travel and accomodation		45 389	33 820
		<u>1 885 594</u>	<u>1 320 823</u>
<b>Operating surplus</b>		293 781	16 970
Finance costs		(1 427)	(2 712)
<b>Surplus for the year</b>		<u>292 354</u>	<u>14 258</u>

**Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

**Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Accumulated surplus</b>	<b>Total equity</b>
<b>Balance as at 1 January 2016</b>	<b>253 421</b>	<b>253 421</b>
Changes in equity		
Total comprehensive income for the year	14 258	14 258
Total changes	<u>14 258</u>	<u>14 258</u>
<b>Balance as at 31 December 2016</b>	<b>267 679</b>	<b>267 679</b>
Changes in equity		
Total comprehensive income for the year	292 354	292 354
Total changes	<u>292 354</u>	<u>292 354</u>
<b>Balance as at 31 December 2017</b>	<b>560 033</b>	<b>560 033</b>



## Association for Visual Arts

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### Statement of Cash Flows

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash generated by operating activities		329 192	229 378
<b>Net cash from operating activities</b>		<u>329 192</u>	<u>229 378</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(215 000)	(4 520)
<b>Net cash from investing activities</b>		<u>(215 000)</u>	<u>(4 520)</u>
<b>Total cash movement for the year</b>		<b>114 192</b>	<b>224 858</b>
Cash and cash equivalents at beginning of year		286 203	61 345
<b>Cash and cash equivalents at end of year</b>	<b>3</b>	<u><u>400 395</u></u>	<u><u>286 203</u></u>

## **Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

### **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.

**Association for Visual Arts**

(Registration number NPO 035-161)

Annual Financial Statements for the year ended 31 December 2017

**Notes to the Annual Financial Statements**

Figures in Rand

	2017			2016		
	Cost/ valuation	Accumulated Depreciation	Carrying value	Cost/ valuation	Accumulated Depreciation	Carrying value
2 Property, plant and equipment						
Building improvements	215 000	26 517	188 483	-	-	-
Furniture and fittings	123 356	121 816	1 540	123 356	121 432	1 924
IT equipment	165 329	162 327	3 002	165 329	160 828	4 501
	<u>503 685</u>	<u>310 660</u>	<u>193 025</u>	<u>288 685</u>	<u>282 260</u>	<u>6 425</u>

**Reconciliation of property, plant and equipment - 2017**

	Opening Balance	Additions	Revaluation	Disposals	Depreciation	Total
Building improvements	-	215 000	-	-	26 517	188 483
Furniture and fittings	1 924	-	-	-	384	1 540
IT equipment	4 501	-	-	-	1 499	3 002
	<u>6 425</u>	<u>215 000</u>	<u>-</u>	<u>-</u>	<u>28 400</u>	<u>193 025</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>

**3 Cash and cash equivalents**

Artreach Western Cape (National Lotteries Commission)	154 246	105 892
Nedbank No 2	245 852	100 195
Petty cash	297	8
Just Invest 31875053	-	80 108
	<u>400 395</u>	<u>286 203</u>

**4 Donations received**

Pro Helvetia	-	97 168
Marco van Embden	15 000	-
Reside Prop	169 211	-
Spier Arts Trust	11 000	-
Joan St Leger Lindbergh Charitable Trust	180 000	180 000
Strauss & Co.	40 000	78 000
Thundafund	-	13 250
Kathy Ackerman	-	14 178
Other	4 484	10 457
	<u>419 695</u>	<u>393 053</u>

**5 Grants received**

Pro Helvetia	24 292	-
National Lotteries Commission	319 200	-
Western Cape Culture for Artreach	41 207	-
	<u>384 699</u>	<u>-</u>

**6 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.