

The Friends of Orchestral Music (Cape Town)

(Registration number PBO 930055453)

Annual Financial Statements

for the year ended 31 December 2017

These annual financial statements were prepared by:

Greig Sinclair CA (S.A) RA

Hobbs Sinclair Incorporated

Issued 28 March 2018

These annual financial statements have been audited in compliance with the applicable requirements of the Constitution of The Friends of Orchestral Music (Cape Town).

The Friends of Orchestral Music (Cape Town)

Annual Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To raise awareness of orchestral music, raise funds and to support students from disadvantaged communities who are studying the playing of classical music.
Registered office	23 Oxford Street Wynberg 7800
Auditors	Hobbs Sinclair Incorporated Chartered Accountants (SA) Registered Auditors
Public Benefit Organisation registration number	PBO 930055453
Tax reference number	9031/501/19/1

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

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Committee Members' Responsibilities and Approval

The committee is required by the Constitution of The Friends of Orchestral Music (Cape Town), to maintain adequate accounting records and is 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 organisation 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 the accounting policies adopted by the association, as disclosed in Note 1 to the annual financial statements, and the requirements of the Constitution.

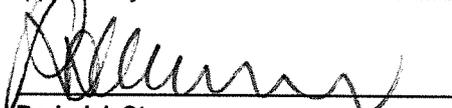
The annual financial statements are prepared in accordance with the accounting policies adopted by the association, as disclosed in Note 1 to the annual financial statements, and the requirements of the Constitution, and are based upon appropriate accounting policies consistently applied and supported 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 organisation and place considerable importance on maintaining a strong control environment. To enable the committee to meet these responsibilities, they set 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 volunteers are required to maintain the highest ethical standards in ensuring the organisation's 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.

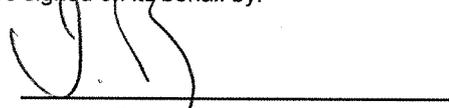
The committee is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The committee has reviewed the organisation'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 organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 9 to 16, which have been prepared on the going concern basis, were approved by the committee on 28 March 2018 and were signed on its behalf by:



Roderick Stevens



Isabelle Franzén



Dave van Reenen

Independent Auditor's Report

To the committee members of The Friends of Orchestral Music

Report on the Audit of the Annual Financial Statements

Qualified opinion

We have audited the annual financial statements of The Friends of Orchestral Music (Cape Town) set out on pages 9 to 16, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of The Friends of Orchestral Music (Cape Town) as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with the accounting policies adopted by the entity, and the requirements of the Constitution of The Friends of Orchestral Music (Cape Town).

Basis for qualified opinion

Completeness of Income

In common with similar organisations, it is not feasible to institute accounting controls over the completeness of donations, fundraising and membership income prior to the initial recognition of such income in the accounting records. We can therefore not conclude on the completeness of such income prior to the receipt thereof into the bank account. All income is merely recognised upon receipt into the bank account, except for the gala income which is reconciled to a third party statement.

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 company 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 we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Basis for Qualified Opinion section, we have determined there are no other key audit matters to communicate in our report.

Independent Auditor's Report

Other information

Supplementary Information

Without further qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 17 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other matters

As part of our audit of the annual financial statements for the year ended 31 December 2017, we have read the committee members' report for the purpose of identifying whether there are any material inconsistencies between that report and the audited annual financial statements. The committee members' report is the responsibility of the committee. Based on reading that report, we have not identified material inconsistencies between it and the audited annual financial statements. However, we have not audited the committee members' report and accordingly do not express an opinion thereon.

The accounting policies of the organisation do not, and are not intended to, comply with the International Financial Reporting Standard for Small and Medium-sized Entities.

Responsibilities of the Committee for the Annual Financial Statements

The committee is responsible for the preparation and fair presentation of the annual financial statements in accordance with the accounting policies adopted by the entity and the requirements of the Constitution of The Friends of Orchestral Music (Cape Town), and for such internal control as the committee determines 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 organisation'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 intends to dissolve the operations of the organisation or has 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 on 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:

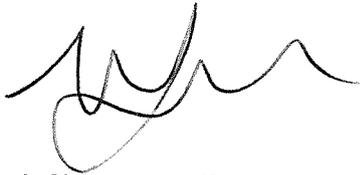
- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' 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 organisation'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 organisation to cease to continue as a going concern.
- 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.

Independent Auditor's Report

We communicate with the committee members of the organisation 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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Hobbs Sinclair Incorporated have been appointed as the honorary auditors of The Friends of Orchestral Music (Cape Town) for 3 years.



Wendy Simmons CA (S.A.) RA
Hobbs Sinclair Incorporated
Chartered Accountants (S.A.)
Registered Auditor

28 March 2018

8th Floor, Letterstedt House
Newlands on Main
Main Road
Claremont
7708

The Friends of Orchestral Music (Cape Town)

Annual Financial Statements for the year ended 31 December 2017

Committee Members' Report

The committee has pleasure in submitting their report on the annual financial statements of The Friends of Orchestral Music (Cape Town) for the year ended 31 December 2017.

1. Nature of business

The Friends of Orchestral Music (Cape Town) consists of a voluntary group of individuals, and its main objective in developing, generating and promoting awareness of orchestral music in greater Cape Town and surrounding areas of the Western Cape, and to offer financial support to orchestras and students from disadvantaged communities, who are studying the playing of classical music.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with accounting policies adopted by the association as disclosed in Note 1 of the annual financial statements, and the requirements of the Constitution of The Friends of Orchestral Music (Cape Town). The accounting policies have been applied consistently compared to the prior year.

The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

On 10 November 2017, the public benefit organisation has been approved for purposes of Section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of, and subject to, the limitations prescribed in Section 18A of the Act.

Only donations specifically for the support of previously disadvantaged students / scholars / entities will be provided with a Section 18A certificate, and the Committee have decided that only donations received in excess of R100 will be issued with a Section 18A certificate.

3. Events after the reporting period

The committee members are not aware of any material event which occurred after the reporting date, and up to the date of this report, which requires further disclosure in the financial statements.

4. Committee members

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

Committee members	Office	Changes
Roderick Stevens	Chairperson	Elected on 25 April 2017
Derek Auret	Former Chairperson	Resigned on 22 March 2017
Isabelle Franzen	Vice-Chairperson	
Dave van Reenen	Treasurer	
Andrew Wilding	Committee member	
Norbert Furnon-Roberts	Committee member	
Karinina Ingwersen	Secretary	Resigned on 31 December 2017
Johann Gerber	Committee member	Elected on 25 May 2017
Careen Bernstein	Committee member	Resigned as a committee member on 24 January 2018 Elected ad hoc committee member on 24 January 2018
Louise Howlett	Ad hoc committee member	Elected on 24 January 2018
Ruth Allen	Honorary member	
Shirley Parkfelt	Honorary member	

The Friends of Orchestral Music (Cape Town)
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Committee Members' Report

5. Auditors

Hobbs Sinclair Incorporated have been appointed as honorary auditors to the organisation for the 2017 financial year.

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Annual Financial Statements for the year ended 31 December 2017

Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	1	755
Current Assets			
Cash and cash equivalents	3	481 989	403 252
Total Assets		481 990	404 007
Equity and Liabilities			
Equity			
Retained surplus		481 990	404 007
Total Equity and Liabilities		481 990	404 007

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue			
Donations received	A	292 446	398 246
Gala Income		215 000	267 069
Rehearsal and function income		291 388	183 245
Subscriptions		63 350	93 240
	4	862 184	941 800
Other income			
Interest received	5	16 228	22 078
Operating expenses			
Accounting and tax fees		40 531	-
Auditors remuneration		32 758	25 522
Bank charges		8 390	10 264
Commission paid		12 900	15 711
Depreciation		754	4 532
Function and gala expenses		291 056	353 357
IT expenses		-	8 748
Marketing expenses		1 795	-
Printing expenses		564	-
Sponsorships and donations paid	B	411 681	553 100
		800 429	971 234
Surplus (deficit) for the year		77 983	(7 356)

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Statement of Changes in Equity

Figures in Rand	Retained surplus	Total equity
Balance at 01 March 2015	411 363	411 363
(Deficit) for the year	(7 356)	(7 356)
Balance at 01 January 2017	404 007	404 007
Surplus for the year	77 983	77 983
Balance at 31 December 2017	481 990	481 990

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Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash receipts from customers		862 184	941 800
Cash paid		(799 675)	(966 702)
Cash generated from (used in) operations	7	62 509	(24 902)
Interest income		16 228	22 078
Net cash from operating activities		78 737	(2 824)
Total cash movement for the year		78 737	(2 824)
Cash at the beginning of the year		403 252	406 076
Total cash at end of the year	3	481 989	403 252

The Friends of Orchestral Music (Cape Town)

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared in accordance with the accounting policies adopted by the association, and with the requirements of the Constitution of The Friends of Orchestral Music (Cape Town). The annual financial statements have been prepared on the cash basis (at historical cost), and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others or for administrative purposes; and which are expected to be used for 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.

Depreciation is provided using the straight-line method to write down the cost over the useful life of the property, plant and equipment.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item		Average useful life
Office equipment	Straight line	6 years
Computer software	Straight line	3 years

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.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs).

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of 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.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

1.4 Tax

Tax expenses

No provision is raised for tax as the organisation is exempt from income taxation in terms of Section 30(3), 18(A) and 10(1)(cN) of the Income Tax Act, No. 58 of 1962.

The Friends of Orchestral Music (Cape Town)

Annual Financial Statements for the year ended 31 December 2017

Accounting Policies

1.5 Revenue

The association's funding is received throughout the year. General donations income is recognised upon receipt. Donations in kind are not recognised.

Gala income is measured at the fair value of the consideration received upon accrual.

All other revenue, including membership fees, is accounted for on the cash basis, being recognised upon receipt.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.6 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 2017 2016

2. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer software	13 595	(13 594)	1	13 595	(12 840)	755

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Closing balance
Computer software	755	(754)	1

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Closing balance
Computer software	5 287	(4 532)	755

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	481 989	403 252
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4. Revenue

Donations received	292 446	398 246
Gala Income	215 000	267 069
Rehearsal and function income	291 388	183 245
Subscription fees	63 350	93 240
	862 184	941 800

5. Investment revenue

Interest revenue

Bank	16 228	22 078
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6. Taxation

No provision has been made for 2017 tax as the association is exempt from income tax, in terms of Sections 30(3), 18A(A) and 10(1)(cN) of the Income Tax Act, No. 58 of 1962.

7. Cash generated from (used in) operations

Surplus (Deficit) for the year	77 983	(7 356)
Adjustments for:		
Depreciation and amortisation	754	4 532
Interest received	(16 228)	(22 078)
	62 509	(24 902)

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Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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8. Related parties

Relationships	
Main beneficiary	Cape Philharmonic Orchestra Cape Philharmonic Youth Orchestra
Members of key management	Roderick Stevens - Committee member (elected on 25 April 2017) Derek Auret - Former Chairperson (resigned on 22 March 2017) Isabelle Franzen - Vice Chairperson Dave van Reenen - Treasurer Karinina Ingwersen - Secretary (resigned on 31 December 2017) Norbert Furnon-Roberts - Committee member Andrew Wilding - Committee member Careen Bernstein - Committee member (resigned as committee member and elected ad hoc committee member on 24 January 2018) Johann Gerber - Committee member (elected on 25 May 2017) Louise Howlett - Ad hoc committee member (elected on 24 January 2018) Ruth Allen - Honorary member Shirley Parkfelt - Honorary member

Related party balances and transactions with committee members

Related party transactions

Transactions with related parties

Membership fees received	(6 500)	(6 300)
Donations to beneficiary	150 000	300 000
Expenditure reimbursed to Cape Philharmonic Orchestra	57 282	91 143

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Supplementary Information

A. Donations received

Donations income in excess of R5 000	2017	2016
A and R Producers	5 000	-
Anonymous (specified)	6 000	-
B Rabinowitz	-	18 600
Countess Sylvia Labia	-	5 000
D&MA le Jeune	5 500	6 500
E Obowitz	-	20 000
Fine Foundation	5 000	5 000
G Moser (Remax)	-	6 250
L Bergman	-	25 000
Naspers Ltd	-	25 000
Nussbaum Foundation	200 000	250 000
ProCape Ericcio	-	17 646
T Vosloo (specified)	40 531	-
TN Schreuder	9 700	-
Other donations less than R5 000	20 715	19 250
	292 446	398 246

B. Sponsorships and donations paid

Donations paid in excess of R5 000	2017	2016
BL Van Wierengen	10 000	-
C Williams	30 000	-
C Human	8 000	-
Cape Philharmonic Youth Orchestra	150 000	300 000
EL Torres	10 000	30 500
Fine Music Radio	20 000	-
Franschhoek MTN Music Festival	29 000	47 600
Hugo Lambrechts Music Centre	-	5 000
J Armstrong	40 000	40 000
JH Visser	20 000	-
L Starker	-	25 000
N Nteta	36 000	30 000
NT Robertson	20 000	-
National Youth Music Competition	-	25 000
S Durrant	-	29 000
S Lackay	27 736	21 000
Z Britz	10 000	-
Other sponsorships and donations under R5 000	945	-
	411 681	553 100