

**The Friends of Orchestral Music (Cape Town)**

(Registration number PBO 930055453)  
Annual Financial Statements  
for the year ended 31 December 2018

*These annual financial statements were prepared by:*

Greig Sinclair CA (S.A) RA  
Hobbs Sinclair Incorporated  
Issued 14 April 2019

*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 2018

### **General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	To raise awareness of orchestral music, raise funds and to support students from disadvantaged communities who are studying the playing of classical music.
<b>Registered office</b>	23 Oxford Street Wynberg 7800
<b>Auditors</b>	Hobbs Sinclair Incorporated Chartered Accountants (SA) Registered Auditors
<b>Public Benefit Organisation registration number</b>	PBO 930055453
<b>Tax reference number</b>	9297/822/19/0

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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**

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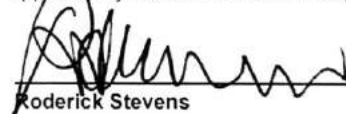
The committee is required by the Constitution of The Friends of Orchestral Music (Cape Town), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility 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, 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 employees 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 2019 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 8 to 16, which have been prepared on the going concern basis, were approved by the committee on 14 April 2019 and were signed on its behalf by:

  
Roderick Stevens

  
Isabelle Franzen

## **Independent Auditor's Report**

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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 8 to 15, which comprise the statement of financial position as at 31 December 2018, 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.

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 2018, 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 the 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 organisation 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.



## Other information

### Supplementary information

Without further qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 16 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 2018, 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 either intends to liquidate the organisation or to 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 the 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 the 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.

## Independent Auditor's Report

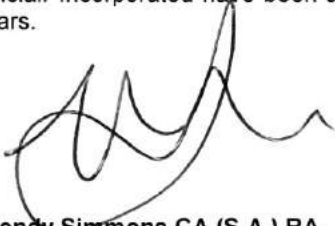
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- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee 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 4 years.



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

14 April 2019

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 2018

## **Committee Members' Report**

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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 2018.

### **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 these annual financial statements and do not, in our opinion, require any further comment.

### **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 annual financial statements.

### **4. Committee members**

The members in office at the date of this report, and up to the date of the Annual General Meeting held on 14 April 2019, are as follows:

<b>Committee members</b>	<b>Office</b>	<b>Changes</b>
Roderick Stevens	Chairperson	
Isabelle Franzen	Vice-Chairperson	
Dave van Reenen	Treasurer	
Andrew Wilding	Committee member	
Ruth Allen	Honorary member	
Shirley Parkfelt	Committee member	Resigned 24 January 2018
Careena Bernstein	Ad hoc committee member	
Johann Gerber	Committee member	
Louise Howlett	Committee member	
Stephen Russo	Ad hoc committee member	Appointed 7 August 2018
Norbert Furnon-Roberts	Committee member	
Rian Viviers	Committee member	

### **5. Auditors**

Hobbs Sinclair Incorporated have been appointed as honorary auditors for the organisation for the 2018 financial year.



**The Friends of Orchestral Music (Cape Town)**  
Annual Financial Statements for the year ended 31 December 2018

**Statement of Financial Position as at 31 December 2018**

Figures in Rand	Note(s)	2018	2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	1	1
<b>Current Assets</b>			
Cash and cash equivalents	3	670 115	481 989
<b>Total Assets</b>		<b>670 116</b>	<b>481 990</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained surplus		426 638	481 990
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	4	243 478	-
<b>Total Equity and Liabilities</b>		<b>670 116</b>	<b>481 990</b>

**The Friends of Orchestral Music (Cape Town)**  
Annual Financial Statements for the year ended 31 December 2018

**Statement of Comprehensive Income**

Figures in Rand	Note(s)	2018	2017
<b>Revenue</b>			
Subscriptions		88 500	63 350
Rehearsal and function income		158 690	291 388
Donations received	A	246 371	292 446
Gala Income		-	215 000
	5	<b>493 561</b>	<b>862 184</b>
<b>Other income</b>			
Interest received	6	28 843	16 228
<b>Operating expenses</b>			
Accounting and tax fees		16 844	40 531
Marketing expenses		-	1 795
Auditors remuneration		22 800	32 758
Bank charges		4 002	8 390
Catering		-	12 900
Depreciation		-	754
Sponsorships and donations paid	B	451 443	411 681
Function and gala expenses		82 667	291 056
Printing expenses		-	564
		<b>577 756</b>	<b>800 429</b>
<b>(Deficit) Surplus for the year</b>		<b>(55 352)</b>	<b>77 983</b>

**The Friends of Orchestral Music (Cape Town)**  
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**Statement of Changes in Equity**

Figures in Rand	Retained surplus	Total equity
Balance at 01 March 2015	404 007	404 007
Surplus for the year	77 983	77 983
Balance at 01 January 2018	481 990	481 990
Deficit for the year	(55 352)	(55 352)
Balance at 31 December 2018	426 638	426 638

## The Friends of Orchestral Music (Cape Town)

Annual Financial Statements for the year ended 31 December 2018

### Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
Cash receipts from customers		522 004	862 184
Cash paid		(362 721)	(799 675)
Cash generated from operations	8	159 283	62 509
Interest income		28 843	16 228
<b>Net cash from operating activities</b>		<b>188 126</b>	<b>78 737</b>
<b>Total cash movement for the year</b>		<b>188 126</b>	<b>78 737</b>
Cash at the beginning of the year		481 989	403 252
<b>Total cash at end of the year</b>	3	<b>670 115</b>	<b>481 989</b>

## **Accounting Policies**

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### **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 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 for 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:

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<b>Item</b>		<b>Average useful life</b>
Computer software	Straight line	3 years

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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 rate 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.



## **Accounting Policies**

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### **1.5 Revenue**

The organisation's funding is received throughout the year. General donation 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.

**The Friends of Orchestral Music (Cape Town)**  
Annual Financial Statements for the year ended 31 December 2018

**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
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**2. Property, plant and equipment**

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer software	13 595	(13 594)	1	13 595	(13 594)	1

**Reconciliation of property, plant and equipment - 2018**

	Opening balance	Closing balance
Computer software	1	1

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

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

**3. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	670 115	481 989
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**4. Trade and other payables**

Accrued expenses	243 478	-
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**5. Revenue**

Subscription fees	88 500	63 350
Rehearsal and function income	158 690	291 388
Donations received	246 371	292 446
Gala income	-	215 000
	<b>493 561</b>	<b>862 184</b>

**6. Investment revenue**

Interest revenue		
Bank	28 843	16 228

**7. Taxation**

No provision has been made for 2018 tax as the association is exempt from income tax, in terms of Sections 30(3), 18(A) and 10(1)(cN) of the Income Tax, No. 58 of 1962.

**The Friends of Orchestral Music (Cape Town)**  
Annual Financial Statements for the year ended 31 December 2018

**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
<b>8. Cash generated from operations</b>		
(Deficit) / Surplus for the year	(55 352)	77 983
<b>Adjustments for:</b>		
Depreciation and amortisation	-	754
Interest received	(28 843)	(16 228)
<b>Changes in working capital:</b>		
Trade and other payables	243 478	-
	<b>159 283</b>	<b>62 509</b>

**9. Related parties**

Relationships	
Main beneficiary	Cape Town Philharmonic Orchestra Cape Town Philharmonic Youth Orchestra
Members of key management	Refer to Note 4 of the Committee Members' Report

**Related party balances and transactions with committee members**

**Related party transactions**

**Transactions with related parties**

Donations to beneficiary	169 898	150 000
Expenditure reimbursed to Cape Town Philharmonic Orchestra	64 629	57 282

**The Friends of Orchestral Music (Cape Town)**  
Annual Financial Statements for the year ended 31 December 2018

**Supplementary Information**

**A. Donations received**

<b>Donations income in excess of R5 000</b>	<b>2018</b>	<b>2017</b>
A&R Prodgers	-	5 000
Anonymous (specified)	-	6 000
Countess Sylvia Labia	5 000	5 500
D&MA le Jeune	-	5 000
Herbert Glockner	5 000	-
L&P Fine	7 000	-
L Lan	20 000	-
Nussbaum Foundation	150 000	200 000
ProCape Ericcio	11 036	-
T Vosloo (specified)	-	40 531
TN Schreuder	-	9 700
Other donations less than R5 000	48 335	20 715
	<b>246 371</b>	<b>292 446</b>

**B. Sponsorships and donations paid**

<b>Donations paid in excess of R5 000</b>	<b>2018</b>	<b>2017</b>
A Schonken	20 000	-
Beau Soleil	15 000	-
BL Van Wierengen	-	10 000
C Williams	-	30 000
C Human	22 000	8 000
Cape Town Philharmonic Orchestra	234 527	150 000
Cape Town Philharmonic Youth Orchestra	15 000	-
EL Torres	-	10 000
Fine Music Radio	-	20 000
Franschhoek MTN Music Festival	50 000	29 000
Hugo Lambrechts Music Centre	15 000	-
Flight Centre - J Armstrong	16 986	40 000
JH Visser	-	20 000
Flight Centre - JP Gabriels	19 730	-
M Roberts	20 000	-
L Starker	8 000	-
N Nteta	-	36 000
NT Robertson	-	20 000
S Lackay	-	27 736
University of Stellenbosch	15 200	-
Z Britz	-	10 000
Other sponsorships and donations under R5 000	-	945
	<b>451 443</b>	<b>411 681</b>