

**Visual Arts Network of South Africa
(Registration number 055/622/NPO)
Annual financial statements
for the year ended 31 May 2010**



ADVANCING TO NEW HEIGHTS

GOBODO

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

General Information

Country of incorporation and domicile	South Africa
Business address	611 Main Street Life 286 Fox Str, City and Surburban, Johannesburg 2050
Postal address	P.O Box 441 Wits Johannesburg 2050
Bankers	Nedbank Limited
Auditors	Gobodo Incorporated
Company registration number	055/622/NPO

Visual Arts Network of South Africa

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Annual Financial Statements for the year ended 31 May 2010

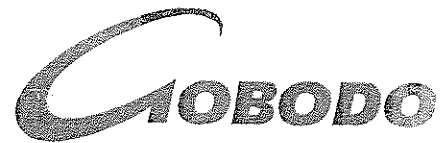
Index

The reports and statements set out below comprise the annual financial statements presented to the national executive committee:

Contents	Page
Report of the Independent Auditors	3 - 4
National Executive Committee's Responsibilities and Approval	5
Balance Sheet	6
Income Statement	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Annual Financial Statements	10 - 11

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income statement	12
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Report of the Independent Auditors

To the National Executive Committee of Visual Arts Network of South Africa

We have audited the accompanying annual financial statements of Visual Arts Network of South Africa, which comprise the balance sheet as at 31 May 2010, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 11.

National Executive Committee's Responsibility for the Financial Statements

The non-profit organisation's national executive committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

In common with similar organisations, it is not feasible for the non-profit organisation to institute accounting controls over cash collection from donations and grants prior to initial entry in the accounting records. Accordingly, it was impractical for us to extend our tests beyond receipts actually recorded.

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Opinion

In our opinion, except for the effects of the matter described in preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of non-profit organisation as of 31 May 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Gobodo Inc.
Gobodo Incorporated

Per: C.V Patel
Registered Auditors

15 November 2010

Johannesburg

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

National Executive Committee's Responsibilities and Approval

The National Executive Committee is required by the Non-Profit Organisation Act 1997 (Act No 71), 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 Non-Profit 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual 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 judgments and estimates.


The National Executive Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Non-Profit Organisation and place considerable importance on maintaining a strong control environment. To enable the National Executive Committee to meet these responsibilities, the National Executive 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 Non-Profit Organisation and all employees are required to maintain the highest ethical standards in ensuring the Non-Profit Organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Non-Profit Organisation is on identifying, assessing, managing and monitoring all known forms of risk across the Non-Profit Organisation. While operating risk cannot be fully eliminated, the Non-Profit 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 National Executive 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 National Executive Committee has reviewed the Non-Profit Organisation's cash flow forecast for the year to 31 May 2011 and, in the light of this review and the current financial position, they are satisfied that the Non-Profit Organisation 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 Non-Profit Organisation's annual financial statements. The annual financial statements have been examined by the Non-Profit Organisation's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 6 to 12, which have been prepared on the going concern basis, were approved by the National Executive Committee on 10 November 2010 and were signed on its behalf by:



Director

Johannesburg

15 November 2010

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

Balance Sheet

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	44,319	15,513
Current Assets			
Trade and other receivables	4	10,000	-
Cash and cash equivalents		2,035,195	18,803
		2,045,195	18,803
Total Assets		2,089,514	34,316
Equity and Liabilities			
Equity			
Retained income		512,233	22,314
Liabilities			
Current Liabilities			
Trade and other payables	5	13,201	12,002
Deferred income		1,564,080	-
		1,577,281	12,002
Total Equity and Liabilities		2,089,514	34,316

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

Income Statement

Figures in Rand	Note(s)	2010	2009
Revenue	6	1,285,510	531,779
Other income		617	7,139
Operating expenses		(796,208)	(560,293)
Operating profit (loss)	7	489,919	(21,375)
Profit (loss) for the year		489,919	(21,375)

Visual Arts Network of South Africa
 (Registration number 055/622/NPO)
 Annual Financial Statements for the year ended 31 May 2010

Cash Flow Statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash generated from (used in) operations	10	2,052,541	(5,991)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(36,149)	(9,559)
Total cash movement for the year		2,016,392	(15,550)
Cash at the beginning of the year		18,803	34,353
Total cash at end of the year		2,035,195	18,803

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Non-Profit Organisation Act 1997 (Act No 71). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Office equipment	5 years
IT equipment	5 years

1.2 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years

1.3 Financial instruments

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade and other payables are carried at cost amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Grants received

Grant income is brought to account as and when received.

1.5 Interest and other income

Interest is recognised as income when accrued and paid.

Other income is recognised when the actual payment is received.

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

Notes to the Annual Financial Statements

Figures in Rand 2010 2009

2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Office equipment	3,729	(1,391)	2,338	3,729	(645)	3,084
IT equipment	53,273	(11,292)	41,981	17,124	(4,695)	12,429
Total	57,002	(12,683)	44,319	20,853	(5,340)	15,513

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Depreciation	Total
Office equipment	3,084	-	(746)	2,338
IT equipment	12,429	36,149	(6,597)	41,981
	15,513	36,149	(7,343)	44,319

3. Intangible assets

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	1,187	(1,187)	-	1,187	(1,187)	-

Reconciliation of intangible assets - 2010

4. Trade and other receivables

Trade receivables - VANSAS KZN	10,000	-
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5. Trade and other payables

Audit fees	13,201	12,002
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6. Grants received

National Arts Council	-	275,000
Pro Helvetia	45,000	71,250
Africalia	718,010	102,515
GSACR - Gauteng Art Node	500,000	-
GOETHE	-	25,014
BASA	22,500	8,000
IFAS	-	50,000
	1,285,510	531,779

Visual Arts Network of South Africa

(Registration number 055/622/NPO)

Annual Financial Statements for the year ended 31 May 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
7. Operating profit (loss)		
Operating profit (loss) for the year is stated after accounting for the following:		
Premises		
• Office rental	8,276	22,657
Equipment		
• Equipment Rental	2,736	-
	11,012	22,657
Amortisation on intangible assets	-	437
Depreciation on property, plant and equipment	7,343	2,945
Employee costs	144,972	122,780
8. Taxation		
No provision has been made for 2010 tax as the non-profit organisation has no taxable income. In terms of Income Tax Act of 1962, Visual Arts Network of South Africa has applied for tax exemption as a non-profit organisation to date no exemption has been granted.		
9. Auditors' remuneration		
Fees	14,880	24,540
10. Cash generated from (used in) operations		
Profit (loss) before taxation	489,919	(21,375)
Adjustments for:		
Depreciation and amortisation	7,343	3,382
Other non-cash items	-	6,230
Changes in working capital:		
Trade and other receivables	(10,000)	-
Trade and other payables	1,199	5,772
Deferred income	1,564,080	-
	2,052,541	(5,991)

Visual Arts Network of South Africa
 (Registration number 055/622/NPO)
 Annual Financial Statements for the year ended 31 May 2010

Detailed Income statement

Figures in Rand	Note(s)	2010	2009
Revenue		1,285,510	531,779
Grants received			
Other income		617	-
Interest received		-	7,139
Recoveries		617	7,139
Operating expenses		(920)	(10,438)
Accommodation		(22,500)	(16,500)
Accounting fees		(54,972)	(25,344)
Administration and communication	9	(14,880)	(24,540)
Auditors' remuneration		(2,747)	(3,280)
Bank charges		(3,882)	(16,593)
Catering and entertainment		(7,343)	(3,382)
Depreciation, amortisation and impairments		(144,972)	(122,780)
Employee costs		-	(11,524)
Venue Hire		(452,477)	(89,580)
Human resource/Co-ordination		(1,260)	-
Insurance		(5,333)	(42,500)
Marketing		(46,117)	(28,316)
Materials		(11,012)	(22,657)
Office rental		(3,495)	(280)
Placement fees		(2,961)	(3,673)
Printing and stationery		(21,337)	(138,906)
Travel - local		(796,208)	(560,293)
Profit (loss) for the year		489,919	(21,375)