

**Mzansi National Philharmonic Orchestra NPC**  
(Registration number 2021/902146/08)

**Annual Financial Statements**  
for the 13 months ended 31 December 2022

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## General Information

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<b>Country of incorporation</b>	South Africa
<b>Nature of business</b>	Philharmonic Orchestra
<b>Directors</b>	Ms LV Theron Mr GM Nkondo Ms WYN Luhabe Mr BJ Mtembu
<b>Registered office</b>	29 Acutt Street Durban 4001
<b>Auditors</b>	Burns Acutt Audit Services Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The annual financial statements were independently compiled by: Tselentis and Collett Proprietary Limited
<b>Issued</b>	24 February 2023

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Index

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

	<b>Page</b>
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Auditor's Report	6 - 7
Statement of Financial Position	8
Statement of Income and Retained Earnings	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Annual Financial Statements	12

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa, 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 company as at the end of the financial 13 months and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

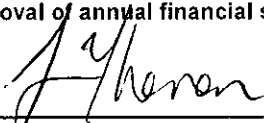
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The directors have reviewed the company's cash flow requirements for the 13 months to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6 - 7.

The annual financial statements set out on pages 8 to 12, which have been prepared on the going concern basis, were approved and signed by the board of directors on 24 February 2023:

### Approval of annual financial statements



Ms LV Theron  
Chairperson



Mr BJ Mtembu  
Chief Executive and Artistic Director

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Mzansi National Philharmonic Orchestra NPC for the 13 months ended 31 December 2022.

### 1. Incorporation

The company was incorporated on 28 September 2021 and obtained its certificate to commence business on the same day.

### 2. Nature of business

Mzansi National Philharmonic Orchestra NPC was incorporated in South Africa and the company's activities include the presentation of artistic productions and community engagement programmes. The company operates in South Africa.

### 3. Review of financial results and activities

The Board of Directors of the Mzansi National Philharmonic Orchestra are delighted to be presenting this directors report for the period under review.

The South African performing arts sector has faced many challenges over the years. The sector has not only experienced hardships of financial constraints, which have been faced by arts institutions internationally, but it has also had to navigate a cultural overhaul and reflect on changes within the national landscape with sensitivity to many moving parts and intricate elements. Beyond these significant challenges, the sector is also still in recovery mode after the recent global COVID-19 pandemic.

With many mountains having been scaled, we have reached a point where we are ready for the next giant step, and we are grateful to the National Department of Sport, Arts and Culture, the National Arts Council of South Africa, and various invaluable partners and individuals who have rallied together to institute the Mzansi National Philharmonic Orchestra.

We are pleased to report that the Orchestra, whose musicians were drawn from six provinces in South Africa and which also includes a few South African musicians who are based in renowned orchestras abroad, has reached thousands of South Africans of all ages and races, including school goers. The Orchestra was actively engaged in achieving its mission. To this end, the Orchestra helped to brand South Africa positively on the international stage. Some of our musicians were part of the G20 Orchestra in Indonesia and also travelled to Algeria for a cultural exchange festival. The Orchestra undertook a highly successful national tour towards the end of 2022. It has also allocated R20 million to regional orchestras, youth orchestras, education and community programmes and other artistic initiatives.

Subsequent to the directors signing the annual financial statements an error was identified by the auditors and management was made aware and have accepted the responsibility and have agreed to the correction of this error being performed in the following financial year

Being in a financial position to present world-class events is both a great honour and a great responsibility, which we do not take lightly. We have been entrusted to unite a nation behind an inclusive national asset.

### 4. Directors

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

Ms LV Theron  
Mr GM Nkondo  
Ms WYN Luhabe  
Mr BJ Mtembu

There have been no changes to the board for the period under review.

### 5. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements which required adjustments to the results presented for the year ended 31 December 2022 and/or disclosure in the notes to the annual financial statements.

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Directors' Report

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### 6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### 7. Auditors

Burns Acutt Audit Services Incorporated are the auditors in office for the year under review.

## INDEPENDENT AUDITOR'S REPORT

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To the shareholder of Mzansi National Philharmonic Orchestra NPC

### Opinion

We have audited the annual financial statements of Mzansi National Philharmonic Orchestra NPC set out on pages 8 to 12, which comprise the statement of financial position as at 31 December 2022, statement of income and retained earnings and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mzansi National Philharmonic Orchestra NPC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

### Basis for opinion

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 opinion.

### Other information

The directors are responsible for the other information. The other information comprises the Committee's Report and the Detailed Income Statement as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Annual financial statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the Annual financial statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements 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 based on 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company 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.

We communicate with the directors 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.

*Burns Acutt Audit Services Inc.*

**Burns Acutt Audit Services Incorporated**  
Per: LE Snoyman CA(S.A.) RA  
Chartered Accountants (S.A.)  
Registered Auditors

24 February 2023  
Durban





# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Statement of Financial Position as at 31 December 2022

Figures in Rand	Notes	31 December 2022
<b>Assets</b>		
<b>Current Assets</b>		
Trade and other receivables	2	3 692 005
Cash and cash equivalents	3	13 886 030
		<u>17 578 035</u>
<b>Total Assets</b>		<u>17 578 035</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Retained income		<u>1 295 698</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	4	<u>16 282 337</u>
<b>Total Equity and Liabilities</b>		<u>17 578 035</u>

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Statement of Income and Retained Earnings

Figures in Rand	Notes	13 months ended 31 December 2022
Revenue	6	43 013 702
Artistic, education and community engagement programmes, concerts, grants to regional and youth orchestras	7	(33 531 778)
<b>Gross profit</b>		<b>9 481 924</b>
Operating, administration and corporate marketing expenses		(9 916 983)
<b>Operating loss</b>		<b>(435 059)</b>
Interest received		1 730 757
<b>Profit for the 13 months</b>		<b>1 295 698</b>
<b>Retained income at the end of the 13 months</b>		<b>1 295 698</b>

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Statement of Cash Flows

Figures in Rand	Notes	13 months ended 31 December 2022
<b>Cash flows from operating activities</b>		
Cash receipts from customers		39 321 697
Cash paid to suppliers and employees		(27 166 424)
Cash generated from operations	8	12 155 273
Interest received		1 730 757
<b>Net cash from operating activities</b>		<b>13 886 030</b>
<b>Total cash movement for the 13 months</b>		<b>13 886 030</b>
<b>Total cash at end of the 13 months</b>	3	<b>13 886 030</b>

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Accounting Policies

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### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual 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 period.

#### 1.1 Financial instruments

Financial assets and liabilities, such as trade and other receivables and trade and other payables, are initially measured at the transaction price (including any transaction costs unless the instrument is subsequently measured at fair value through profit or loss) unless the arrangement constitutes a financing arrangement for the entity (for a financial liability) or the counterparty (for a financial asset) to the arrangement. The Company does not enter into arrangements that constitute, in effect, financing arrangements as contemplated by paragraph 11.13 of International Financial Reporting Standards for Small and Medium-sized Entities.

Financial instruments are subsequently measured in accordance with paragraphs 11.14 - 11.20 of International Financial Reporting Standards for Small and Medium-sized Entities. Specifically, non-current debt instruments that meet the conditions of paragraph 11.8(b), such as finance leases, are subsequently measured at amortised cost using the effective interest rate method. Current financial assets and liabilities are subsequently measured at the undiscounted amount of the future cash flows (or other consideration) expected to be paid or received to settle the instrument.

#### 1.2 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

#### 1.3 Government grants

Income from grants is recognized in the statement of comprehensive income in the year to which it relates. This is in line with the IAS 20 Government grants disclosure and recognition requirements that are set out under paragraphs 16 and 17 which govern the manner in which the grants may be recognized. In line with the standards, the grants may be recognized for the periods to which they relate where no other discernible method exists that is indicative of the use of the grant funding.

#### 1.4 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

#### 1.5 Donations and sponsorships

Donations and sponsorships are recognised in profit and loss in the period in which they are received on a cash basis.

# Mzansi National Philharmonic Orchestra NPC

(Registration number: 2021/902146/08)

Annual Financial Statements for the 13 months ended 31 December 2022

## Notes to the Annual Financial Statements

	13 months ended 31 December 2022
Figures in Rand	
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<b>2. Trade and other receivables</b>	
Trade receivables	2 171 425
VAT	1 520 580
	<b>3 692 005</b>
<hr/>	
<b>3. Cash and cash equivalents</b>	
Cash and cash equivalents consist of:	
Bank balances	13 886 030
<hr/>	
<b>4. Trade and other payables</b>	
Accrued expenses	16 188 305
Trade payables	94 032
	<b>16 282 337</b>
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<b>5. Taxation</b>	
Mzansi National Philharmonic Orchestra NPC is exempt from tax in terms of Section 10(1)(cN) of the Income Tax Act.	
<b>6. Revenue</b>	
Box office and related income	1 456 446
Grant income	41 557 256
	<b>43 013 702</b>
<hr/>	
<b>7. Concerts expenses and fees</b>	
Grants to regional and youth orchestras	20 000 000
Artistic, education and community engagement programmes	3 931 016
Concert expenses and salaries	9 600 762
	<b>33 531 778</b>
<hr/>	
<b>8. Cash generated from operations</b>	
Net profit before taxation	1 295 698
Investment income	(1 730 757)
<b>Changes in working capital:</b>	
Trade and other receivables	(3 692 005)
Trade and other payables	16 282 337
	<b>12 155 273</b>
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