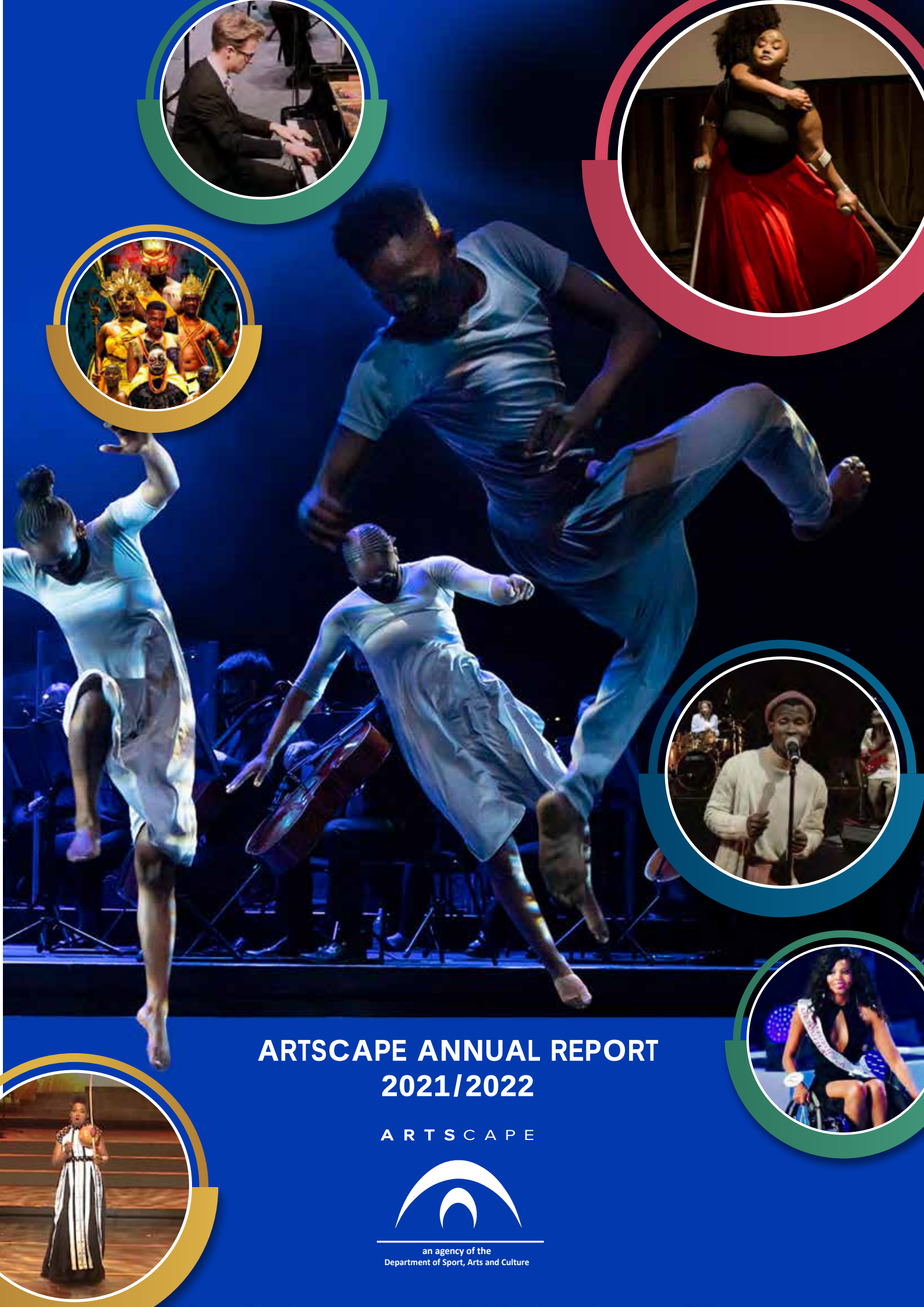

ARTSCAPE ANNUAL REPORT 2021/2022

ARTSCAPE

an agency of the
Department of Sport, Arts and Culture

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A GENERAL INFORMATION

GENERAL INFORMATION

REGISTERED NAME	ARTSCAPE
BUSINESS ADDRESS	ARTSCAPE Theatre Centre DF Malan Street Cape Town, 8001
POSTAL ADDRESS	P O Box 4107 Cape Town 8000
TELEPHONE NUMBER	+27 21 410 9800
FAX NUMBER	+27 21 421 5448
E-MAIL ADDRESS	artscape@artscape.co.za
WEBSITE ADDRESS	www.artscape.co.za
EXTERNAL AUDITORS	Auditor-General of South Africa
INTERNAL AUDITORS	Nexia SAB&T
BANKERS	Nedbank

LIST OF ABBREVIATIONS/ACRONYMS

AGSA Auditor-General of South Africa
CEO Chief Executive Officer
CFO Chief Financial Officer
DSAC Department of Sport, Arts and Culture
DCAS Department of Cultural Affairs and Sport
TR Treasury Regulations
MEC Member of Executive Council
MTEF Medium Term Expenditure Framework
PFMA Public Finance Management Act
PGWC Provincial Government of the Western Cape
SCM Supply Chain Management

Foreword by the chairperson

It is appropriate that I begin this statement by emphasising that Artscape is a gathering place for the celebration of diverse cultures and storytelling, occupying a unique position in the cultural landscape of the Western Cape and nationally. It is a home to a diverse range of performances and experiences, which our visitors have come to enjoy and appreciate. Renowned as being one of the busiest performing arts centers, Artscape is synonymous with inspiration and imagination.

We continue to feel a profound sense of loss for each of those members of staff who lost loved ones during the coronavirus pandemic. The impact of Covid-19 has highlighted the value of the Artscape online presence and programming to our artists and audiences. The coronavirus pandemic has diminished revenue from productions as we slowly and safely welcomed back patrons in accordance with the easing of health and safety restrictions.

Artscape is operated on behalf of the Ministry for Sport, Arts and Culture, whilst the building is owned and maintained by the Provincial Government of the Western Cape. Council pays its thanks to our Principal and partners in Government for providing us with a sharp focus and inspiring leadership at a critical time. The Council of Artscape is committed to doing all we can to inspire and bring about change and social cohesion, as we implement our Transformation Action Plan, together with the support from our stakeholders, donors, partners and the communities we serve. For all of those who have journeyed with us during this challenging and complex time, we acknowledge your creativity, drive, intelligence and determination in making Artscape the 'Theatre of Choice'.

For over 50-years, the works presented on our stages has always been evolving. On and off its stage, Artscape continues to foster various programmes including education, equality and sustainability. This has increased the potential for future engagement with new audiences as people connect with our content.

It is a matter of institutional pride that Artscape met its targets and achieved a clean audit opinion. I applaud everyone involved and I would like to thank my fellow members of Council for their efforts and collective leadership that led to this outcome. I also extend our appreciations' to CEO Marlene Le Roux and the management team for their focus and dedication over the course of the year. I would also like to express gratitude from Council to the Honourable Minister for the cultural vision and continued support Artscape receives. Rest assured Minister, Council will be keeping pace with your call for growth and development, continuing to make Artscape the unique place that it undoubtedly is.

Thank you.

Rajesh Jock
Chairperson

A GENERAL INFORMATION

Artscape Council

Ndileka Lerato Manana

Xoliswa Nduneni-Ngema

Rajesh Jock (Chairperson)

Karen Meiring

Mpho Jerry Pooe

Mongezi Menye

Philip van Ryneveld

Chief Executive Officer's Overview

The Arts industry has taken a battering over the last two years due to the impact of COVID-19 which resulted in lockdown measures. The Artscape mandate as a receiving house has been put under severe pressure with live events being curtailed, and we have had to become agile in our response to this. In the face of adversity we continued to assist artists and producers to ensure that their work still reaches audiences, both physically and virtually.

Artscape continues to drive the narrative of social cohesion and nation building through our diverse annual artistic programmes. These programmes are only possible with the financial support of committed Funders and the creative inputs from Producers, Community Arts Organisations and Associated Arts Companies. In the same way that the arts needs to relook at how it steps into the future, the funding of artists and producers needs to be adjusted to better support the new forms of delivery of productions/performances. Funding mechanisms should be more accessible to a broader base of arts practitioners. The development of youth within the arts both artistically and technically needs the transfer towards a more professional status in order to elevate and promote more sustainable careers for those in the arts sector.

Artscape views 2022/2023 as the first ripple of change for the future within the arts and we are adjusting our plans in order to embrace the changes in an attempt to support the industry. Performing arts institutions should be seen as conduits of artistic expression, creating opportunities and funding; thereby empowering the arts sector and its practitioners. Government should see this as an opportunity to revise and streamline the funding models within the arts sector and make funding for transformational projects a priority. COVID still remains an ongoing challenge for the arts sector in the short term but armed with the lessons learnt during this time we can help reimagine, reposition and reshape the arts landscape for the future We need to find new ways of engaging with audiences, while also focusing on ensuring that the arts remains relevant and meaningful.

Marlene Le Roux
Chief Executive Officer

A GENERAL INFORMATION

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in support of this information

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2022.

Marlene Le Roux Chief Executive Officer	Rajesh Jock Chairperson

STRATEGIC OVERVIEW

Vision
To be the Theatre of choice.

Mission
To promote social cohesion, contribute to nation-building and global solidarity through the pursuit of excellence in performing arts

Artscape Core Values
- Inclusiveness
- People Centered
- Excellence
- Innovation

GENERAL INFORMATION

LEGISLATIVE AND OTHER MANDATES

Artscape manages the Artscape Theatre Centre, a complex which belongs to the Provincial Government of the Western Cape. Artscape is a facilitator of stage performances, community arts activities, training programmes, as well as audience development initiatives to sustain all forms of the performing arts.

Key mandate

- Artscape was declared a Cultural Institution in terms of section 3 of the Cultural Institutions Act, 1998 (Act No. 119 of 1998). Artscape is listed as a Schedule 3A (national entity) under the Public Finance Management Act, 1999 (Act No. 1 of 1999).
- Artscape's objects were published in the Government Gazette No 25242, 1 August 2003

In addition to this Artscape operates under various legal mandates, including amongst others:

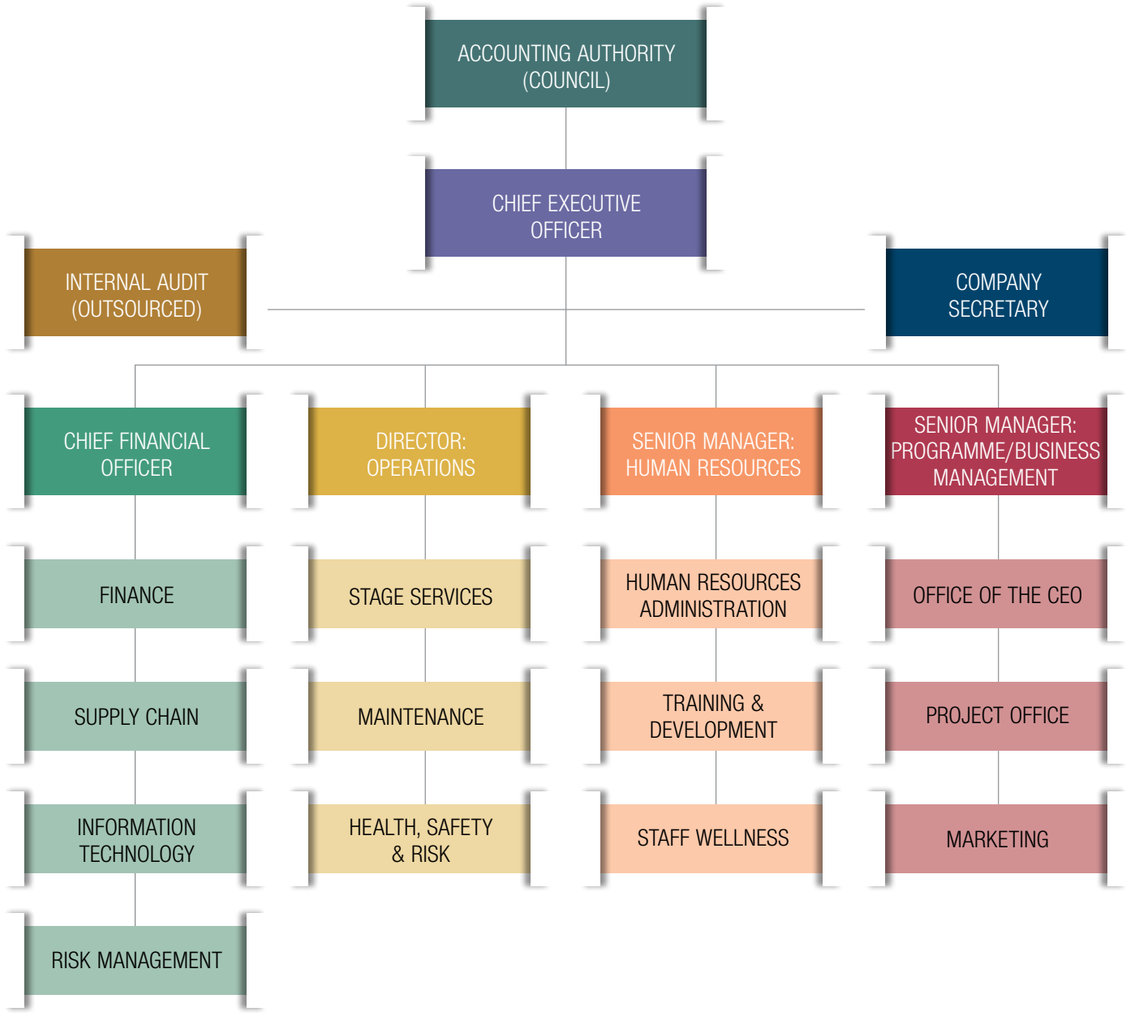
- The Constitution of the Republic of South Africa
- The Public Finance Management Act (PFMA) (Act No. 1 of 1999)
- The Treasury Regulations and Division of Revenue Act, 2010 (Act No. 1 of 2010)
- The Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- The Labour Relations Act, 1995 (Act No. 66 of 1995)
- The Occupational Health and Safety Act, 1993 (Act No. 59 of 1993)

Objectives (in terms of Section 8(5) of the Cultural Institutions Act, 1998, Act No 119 of 1998)
To advance, promote and preserve the performing arts in South Africa, but predominantly in the Western Cape, by, inter alia, and without limiting the generality of the aforesaid:

- Promoting, presenting, co-presenting, co-producing, producing, investing in and sponsoring or entering into partnership for any performing arts initiative;
- Making the performing arts accessible to the general public and ensuring that productions are a true reflection of the cultural diversity of South Africa;
- Evaluating, maintaining and upgrading the Artscape Theatre Centre and its facilities so that the full range of performing arts productions can be presented in a world class environment;
- Making the Artscape Theatre accessible to the general public;
- Promoting the appreciation, understanding and enjoyment of the performing arts among the general public;
- Providing high quality arts education and development with due consideration of the needs of the general public;
- Encouraging artists to adopt the stage and associated arts as their profession;
- Encouraging and promoting the writing and producing of new performing art works for presentation on stage;
- Encouraging indigenous art and creativity, including, but not limited to, script, writing, musical composition and choreography;
- Encouraging tours of performing arts and art products;
- Facilitating manufacturing services for décor and costumes to enable arts practitioners to stage their productions;
- Concluding all such activities as may be considered ancillary to any of the aforesaid.

To be the appropriate legal recipient and accountable reporting body for funding received from the Department of Sport, Arts & Culture and grants received from third parties, and for expending such grants, in accordance with the terms and conditions under which same were received.

ORGANISATIONAL STRUCTURE



3 PERFORMANCE INFORMATION

B PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 62 of the Report of the Auditors Report, published as Part E: Financial Information.

SITUATIONAL ANALYSIS

Artscape has already achieved significant success as the leading public Performing Arts venue in the Western Cape and the country. Artscape has distinguished itself as an organisation which has not only presented a diverse artistic programme in its theatre complex but has also taken the arts to communities outside of the complex. We have also distinguished ourselves with regard to disability access and continue to implement measures to further reduce our environmental impact. Artscape has progressively expanded its role in technical training and ensuring that skills transfer take place so that Artscape stage staff are sought after nationally and internationally.

Artscape has achieved this success in spite of the fact that Performing Arts has over the last number of years been significantly underfunded. With increased commitments to fund facilities and the Performing Arts generally, Artscape now finds itself with the opportunity to significantly expand its facilities, activities and contribution to the economy and communities of the Western Cape.

Artscape aims to ensure that the artistic content presented is based on a multicultural consciousness which ensures the promotion of all artistic products which attract and entertain audiences.

The key challenges that Artscape is facing include:

- Ageing stage equipment – we need to stay abreast with the changes in the industry so as to make the venue attractive for hirers
- Decreasing funding for productions – this continues to present challenges when trying to present a diverse programme.
- Scarcity of technical skills within the industry – the availability of suitably qualified technical skills places a strain on the resources
- Competition – the number of entertainment options within the city is increasing and competition for audience is at an all-time high
- The overall impact of the current macro-economic situation
- The long-term impact of Covid-19 on the arts industry

Despite these challenges Artscape continues to explore new opportunities such as:

- Partnering with various education institutions to enhance the technical training opportunities available
- Exploring new types of theatre performances to remain at the forefront of artistic expression
- Continuing to find new and innovate ways of attracting audiences
- Continuing with partnerships that will enhance future funding

PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Artscape undertakes all its activities whilst being mindful of the role that we can play in contributing to social cohesion, nation building, education, poverty alleviation and job creation through the arts.

Artscape's Annual Performance Plan for the 2021/2022 financial year identified the following strategic outcome oriented goals and objectives:

PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 1.1:

ENSURE A ROBUST AND SUSTAINABLE FINANCIAL FUTURE

OBJECTIVE: Operate on a financially sustainable basis

PERSPECTIVES:

Financial sustainability is vital as it will enable Artscape to cover its administration costs and to prioritise activities in order to achieve its mandate. Financial sustainability also ensures the survival and continuity of the organisation in the long run. Striving for Financial sustainability will encourage effective and efficient planning.

Funding challenges include:

- Funding received from Donors is ear marked for specific programmes
- Funding received from DSAC is not sufficient to cover fixed administration costs
- DSAC funding does not increase at the same rate as the expenditure
- Economic conditions affect third stream income predictions and the organisation has no control on these conditions
- Continuity of programmes that are successful as far as achieving our mandate are concerned cannot be maintained due to lack of funds
- We are currently not registered as a PBO and therefore cannot attract donations from private companies so that they can get tax benefits as per section18 A

The need to achieve financial sustainability is achievable in the long run, however the challenge is the tough decisions that need to be made to get there. These decisions may not be ideal, but necessary.

Artscape is feeling the crunch as business is not improving from the third-stream income's point of view. Artscape experienced tremendous challenges with regards to its cash flow since December 2018. A turnaround strategy was implemented where we reduced operating expenses to ensure that we meet our monthly obligations and to ensure that we remain a going concern.

Artscape commit to In-house programmes which are financially viable and adhere to DSAC objectives. This does not always yield the result we based our planning on. Funds therefore have to be sourced from funds ear-marked for administration costs, and that is one of the reasons why we are operating at a deficit. It is imperative that, as mentioned above, we only roll out programmes that have been funded, and use Third stream income as funds to bridge the current deficit gap as well as work toward future financial sustainability.

The following aspects have to be attended to, in order to ensure **financial sustainability:**

- Ensure continuous monitoring of the Budget vs Actual costs, and have acceptable commentary on the variances and take action where necessary.
- Ensure that all programmes that are rolled out, are fully funded.
- Ensure that Artscape has a financial plan over and above the annual budget. A financial plan that is dynamic and can be changed depending on the circumstances, in order to meet short term and long term goals without compromising the long-term goals.
- Ensure that we continue to implement measures in place that encourage costs savings throughout the organization.
- Ensure that the positive attitude towards cost savings starts from Senior management in the organisation and drills down to the employee in the lower levels of the organisation.
- Ensure that we have set deadlines of how much income should be generated before committing to Transformation Programmes.
- Ensure that we adopt an attitude that clearly shows that we cannot spend funds we do not have.
- Engage with current and future partners well in advance, so as to manage financial expectations.
- Continuous monitoring of the various business areas to ensure that they will contribute to achieving Artscape mandate and are not detrimental to Artscape's long term financial sustainability goal.

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

- Establish partnerships for corporate social investments and/or capital raising – along the value chain

SUB PROGRAMME 1.2: SUSTAINING EMPLOYEE COMPETENCE AND CULTURE

OBJECTIVE: Competent and motivated workforce achieving their performance targets

PERSPECTIVES:

To achieve Artscape's mandate and vision, will require a competent workforce. Competency development is a crucial driving force for increasing employee effectiveness and employability in the industry. Mature entities develop their employees not only for self, but for serving in the industry or any organ of the state. Artscape will therefore partake on initiatives that will stimulate competency development as well as creating a conducive environment for performance. Focusing on developing and sustaining employee competence is very important for Artscape and this will result in the following:

- The creation and sustaining of a high-performance culture
- Unleashing employee interest on continuous learning/ self-development
- Superior service by employees thereby position Artscape as a theatre of choice
- Trust and confidence in the entity by all relevant stakeholders
- Improve staff morale and improving staff retention rate

In order to ensure employee competence is sustained, Artscape must ensure a clear functional and post structure, ensure role clarity for all employees through signed job profiles, ensure a functional performance management system is implemented and sustained. Artscape must create the understanding by all that Performance Management is a journey and not a destination and create a conducive environment for performance management. Artscape should prioritize employee wellness and ethic of care as key business deliverables

Excellence in Leadership and Staff - Artscape will continue to strive to maintain strong leadership in its executive management and continue to develop excellence within its management and staff at all levels. Artscape should have a competent, motivated and client centred work force which is representative of the South African and Provincial demography.

LINKING TO GOVERNMENT PRIORITIES

Artscape operates within the ambit of the broader DSAC priorities and Artscape's HR objective are linked to the following Government priorities:

PRIORITY 2: EDUCATION, SKILLS AND HEALTH - Develop skills along the value chain (human capital development pipeline) – core and support functions

PRIORITY 6: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE - Honest and capable state with professional, ethical and meritocratic public servants contributing to an improved level of trust in the public sector and credibility of public institutions

SUB PROGRAMME 1.3: ENSURE EFFECTIVE AND SUSTAINABLE OPERATIONS AND GOVERNANCE

OBJECTIVE: Efficient and compliant operations and processes

PERSPECTIVES:

Artscape received unqualified audit opinions for the 6 years leading up to the year ending 31 March 2018. An unqualified audit report provides current and potential funders the assurance that internal controls are in place and that their donations will be managed in terms of the conditions applicable, and in terms of the Public Finance Management Act.

For the year that ended 31 March 2019, Artscape received a qualified audit opinion on the following items.

- Property, plant and equipment - The entity did not recognise all items of property, plant and equipment in accordance with GRAP 17, specifically costumes used in productions were not recognised as property, plant and equipment. The entity did not assess the residual value and useful life of plant and equipment at the reporting date
- Revenue from exchange transactions: Other operating revenue – lack of audit evidence relating to revenue from cafeteria, restaurant and bars, included in other operating revenue
- Other operating expenditure – Lack of audit evidence for catering expenditure (cafeteria, restaurant and bars), included in other operating expenditure

The challenges to ensure an Unqualified Audit Opinion

- Inconsistent interpretation and application of GRAP standards by the Auditor General from year to year
- Inconsistent interpretation of GRAP by different offices of the AG
- Non-compliance by staff of SCM policies and the PFMA
- Failure of systems of Internal Control
- Artscape not being a going concern if it is unable to reduce its operating expenses in line with its income, resulting in Artscape not being able to pay its suppliers and staff on time
- Implement improvements on audit findings of previous year
- Ensure that audit findings for new year are managed and not material to result in a qualification
- Ensure that lack of evidence of Fedics operating expenses and income is significantly addressed so as to enable the AG not to raise a material finding on the matter

Subsequent to the 2019 financial year, Artscape achieved an unqualified audit opinion with an emphasis of matter for the years ending 31 March 2020 and 31 March 2021.

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 6: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE - Compliance with regulations and organisations that operate in a fair and transparent manner

SUB PROGRAMME 1.4: DEVELOP ARTSCAPE BRAND

OBJECTIVE: Enhanced Artscape Brand

PERSPECTIVES:

Artscape will continue to strive to develop its brand to be known in both the local and international tourism markets. Artscape will strive to be a must-see attraction for any visitor to Cape Town. Its appearance, atmosphere and character should support its attraction through its distinctive and African culture.

LINK TO GOVERNMENT PRIORITIES

PRIORITY 5: SOCIAL COHESION AND SAFE COMMUNITY - Promoting social cohesion across society through increasing interaction across race and class - Sharing of space across race and class – winning nation and active nation

Explanation of Planned Performance over the Five Year Planning Period.

PROGRAMME 2: BUSINESS DEVELOPMENT

SUB-PROGRAMME 2.1: DIVERSE PROGRAMMES

OBJECTIVE: Create arts programme that serves the community

PERSPECTIVES:

Artscape's vision is to create a platform for emerging arts practitioners and so enrich the collective art and culture experience. The various Artscape programmes encompasses development, inclusivity and outreach. Participants are given opportunities to develop and showcase their skills through workshops, mentorships and productions. The programmes that have been presented to date have contributed greatly to youth development, social cohesion, job creation and nation building. The programmes continue to have an impact on both those that participate and those that attend the performances. It is important to continue to create opportunities, through the arts, for everyone.

- Education & development – this will include workshops, mentorship programmes and productions with a strong focus on youth
- Inclusivity – to ensure that there is a platform for marginalised art forms and artists, this includes the encouragement of new works
- Social cohesion – a focus on nation building through the celebration of national days
- Outreach – to enable accessibility and exposure to the opportunities that exist within the arts industry. This will include roadshows that will engage those in rural and peri-urban areas

The current economic climate has meant that funding for the various programmes have continued to become scarce. The impact of this is that decisions need to be made with regard to the programmes that are to be done as well as the extent of these programmes.

The following concepts will underpin the programme offering at Artscape:

Multicultural Programme - Artscape has in both its vision statement and mission statement the focus on multicultural performing arts to achieve growth and transformation. The primary strategic objective of Artscape will be to fulfil this vision and mission by ensuring an artistic programme in its complex which achieves transformation and growth in the performing arts while acknowledging, supporting and developing the multiple cultures of its stakeholders.

The focus on multiculturalism must ensure that the sum of the individual performing arts programme creates a whole which is more than the sum of the individual parts. In other words, Artscape will focus, on a holistic approach to ensure a multicultural performing arts programme where Western arts, Indigenous Arts, and other cultural programmes do not just co-exist, but in fact contribute to one another.

Aspirational Artscape - Artscape will focus its development activities on developing itself as an aspirational venue in which to perform. This will focus on developing multiple art forms and programmes where the objective will eventually be to present and perform these programmes in the Artscape facilities. The aspiration of excellence in Artscape should mean that performers have "not arrived" until they have performed at Artscape.

Diverse Educational Programmes - Artscape should continue to place a significant strategic emphasis on the participation of the younger generations in the performing arts.

Diverse Programmes - The development of the programmes and the delivery through the facilities should continually balance the objectives of quality product with development and the provision of opportunities for growth and transformation.

Rural Outreach Programme - In Artscape's endeavours to embrace all communities in the Western Cape, Artscape embarks on an annual programme of structured community outreach programmes, in partnership with local government. Through these programmes the interest in the performing arts is enhanced in non-urban areas.

LINK TO GOVERNMENT PRIORITIES

PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION - Creating job opportunities for youth within the arts sector

PRIORITY 5: SOCIAL COHESION AND SAFE COMMUNITY - Equal opportunities, inclusion and redress - honour men and women, fast track the promotion and implementation of indigenous languages, as well as active citizenry and leadership - Celebrate National Days on an intercultural basis and ensure that they are fully inclusive of all South Africans.

SUB-PROGRAMME 2.2: DIVERSE EDUCATIONAL PROGRAMME

OBJECTIVE: Create educational programme that serves the community

PERSPECTIVES:

Artscape's vision is to create a platform for emerging arts practitioners and so enrich the collective art and culture experience. The various Artscape education programmes also encompasses development, inclusivity and outreach. Participants are given opportunities to develop and showcase their skills through workshops, mentorships and productions. The programmes that have been presented to date have contributed greatly to youth development, social cohesion, job creation and nation building. It is important to continue to create opportunities, through the arts, for everyone. Specific activities to achieve this include:

Internship Programme - The internship programme provides training and skills transfer in arts administration and management and is fully dependent on dedicated funding.

Continental Exchange - Artscape should aim to develop its Academy as the leading and aspirational location for technical performing arts training and should establish links with festivals and theatres across the continent to develop technical exchange programmes and establish the demand for the technical training and education through the Academy.

Resource Centre - In order to ensure that emerging artists, arts practitioners and arts organisations have access to the necessary resources, Artscape's Resource Centre facilitates training programmes and workshops to build capacity and in some instances, a base from which to operate administratively.

The Artscape Resource Centre aims to be at the centre of the artistic network and artistic community of the Western Cape while improving the overall arts administration skills of the industry through various workshops, training programmes and access to resources. The Resource Centre also provides the following services to the arts community:

- Physical space – a place to work and meet
- IT infrastructure – access to computers, printing and internet
- Networking events – opportunities to meet and engage with others in the arts community (including professionals) as well as those in business
- Library - access to various media
- Career guidance – expos and help desk sessions

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 2: EDUCATION, SKILLS AND HEALTH - Place young people in international internship and or exchange programmes established through bilateral and multilateral partnerships and develop and implement cultural programmes in schools and communities that raise awareness of career opportunities in the creative industries.

PROGRAMME 3: INFRASTRUCTURE (New Programme)

SUB-PROGRAMME 3.1: INFRASTRUCTURE EXCELLENCE

OBJECTIVE: Safe, functional, universal design facilities

Over the years, the Artscape leadership has strived to achieve Infrastructure Excellence by adopting a strong maintenance ethic and has systems in place to ensure effective and efficient maintenance of the building infrastructure. The failure of, or a lack of maintenance, could have serious economic, social, health, safety or security consequences.

We have developed and implemented asset management plans for our building infrastructure, which includes strategic infrastructure that Artscape cannot do without to achieve its mandate. Maintenance plays an important role as it ensures that limited maintenance and capital works resources achieve the best possible outcome for the organisation.

It is also mandatory for the accounting officer of a public entity, in terms of the GIAMA (Government Immovable Asset Management Act), the PFMA and Public Service Act, 1994, to assess the utilisation and functional performance of its immovable assets in terms of service delivery objectives and to prioritise the need for repair, upgrade or refurbishment of state-owned immovable assets. The Accounting authority should also ensure appropriate steps are taken to implement the provisions of the OHSA.

LINK TO GOVERNMENT PRIORITIES:

In line with the Government's overarching priorities, we have identified **PRIORITY 4: SPATIAL INTEGRATION, HUMAN SETTLEMENTS AND LOCAL GOVERNMENT** which will be addressed by ensuring that the building is accessible to all communities including persons with disability

SUB-PROGRAMME 3.2: LEVERAGE TECHNOLOGY

OBJECTIVE: Leverage on Technology to achieve its mandate and objectives and improve Artscape's service to its stakeholders

PERSPECTIVES:

The ICT function plays an important role in supporting the various business strategies and activities of Artscape. It is the enabler within the organisation ensuring that the organisation remains effective and efficient.

Leveraging Information technology faces a number of challenges, including the rapidly changing technology and the fact that most stage technology developers are in the USA and Europe and Asia and few of these products have distributors in South Africa. This means that while we may be aware of new products we do not always have the opportunity to see them in operation and if they will be useful to Artscape. The financial constraints mean that certain projects take longer to implement.

LINK TO GOVERNMENT PRIORITIES

Government Priority 4 (Spatial Integration, Human Settlements and Local Government) will be addressed by:

- A spatially integrated sport, arts, culture and heritage infrastructure space
- Using technology to enhance the experience of arts facilities and programmes
- Leveraging technology to engage with audiences

PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

for the year ended 31 March 2022

The Chief Executive Officer, together with the Chief Financial Officer, is responsible for the preparation of the public entity's performance information and for the judgements made in this information.
These include the responsibility for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2022.

Artscape's performance information for the year ended 31 March 2022 has been examined by the external auditors and their report is presented on page 62.

The performance information of the entity set out on page 21 to page 31 were approved by the Council.

Marlene Le Roux
Chief Executive Officer

Vernon van der Linde
Chief Financial Officer

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

INTRODUCTION

During 2021/2022, COVID-19 continued to have a major impact on the arts sector. With limited audiences allowed under the various lockdown levels it made it financially challenging to stage most productions. This led to the continued trend from 2020 where events were cancelled and theatre venues closed down. As we look ahead to the 2022/2023 financial year, it is important to start reimagining how the arts can continue to have an impact. The overall goal is to make a meaningful contribution to social cohesion, national building and youth development. We will continue to expand on the experiences of utilizing virtual platforms and incorporate them into our programmes.

No amendments were made to the 2020/ 2025 Business Strategy during the financial year under review.

The progress made towards the achievement of the institutional impacts and outcomes can be summarized as follows:

Programme 1: Administration

Artscape managed to achieve its aim to ensure a robust and sustainable financial future for the entity and operated on a financially sustainable basis by achieving a surplus on a cash basis.

The entity continued to strive towards sustaining employee competence and culture and building a competent and motivated workforce. Performance Management Agreements have been concluded with all members of the executive. The KPI's of the executive staff members are linked to the outcome of the annual audit and therefore the final performance assessment of executive staff could only be finalized post this audit.

A clean audit has been achieved by the entity for the 2021/2022 financial year, ensuring achievement of its aim to operate effectively and sustainably and ensure good governance and compliance. No irregular expenditure has been reported and no incidents of fraud have been detected.
Artscape achieved its target to remain a venue of choice and to enhance the Artscape brand and achieved 100% of its targets in terms of its Marketing Plan.

Programme 2: Business Development

Despite COVID-19, Artscape managed to significantly exceed its targets and presented 33 diverse arts productions and 6 festivals through partnerships and/or funded programmes by presenting productions both virtually and physically.

Artscape also managed to exceed its targets and presented 6 educational programmes through successful partnership with educational organizations.

Programme 3: Infrastructure

The entity continued to achieve infrastructure excellence and offered a safe, functional and universal facility to all theatre goers on an equal theatre going experience.

By presenting on both physical and virtual platforms, the entity managed to exceed its target and presented 186 events during the financial year. Continued restrictions on audiences numbers due to COVID-19 regulations, however resulted in the entity only reaching 54 127 audience members.

The entity achieved 100% of its targets in terms of its Annual Maintenance Plan.

In order to develop and leverage on existing digital technology to promote digital engagements, interactions and ticketing, the entity strives to achieve 100% of its targets in terms of its approved Annual IT Plan. An amendment in the internal audit plan however resulted in the entity only being able to achieve 87,5% of its targets in terms of its IT Plan.

PERFORMANCE INFORMATION

PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION
PURPOSE: To achieve financial sustainability, competence amongst staff, governance and build a strong brand

OUTCOME	OUTPUTS	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			PLANNED ANNUAL TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENTS	REASONS FOR DEVIATIONS
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22
To operate on a financially sustainable basis	Achieve a breakeven surplus/ deficit	Zero deficit on budget presented	- *	The budget submitted for the 2020/2021 fy was a balanced budget. However during the 2020/2021 fy, an overall accounting deficit was recorded.	A surplus was achieved on a cash basis	. Achieve breakeven (zero deficit) or better on a cash budget basis (excluding depreciation)	A surplus of R3,7million for the year was achieved.	We received an insurance payout in terms of our business continuity cover, as well as well as cost containment measures which contributed to the positive result.
Competent and motivated workforce achieving their performance targets	Performance Management Agreements (PMA) signed	Signed Performance agreements	Conduct annual performance assessments	PMA's for all EXCO Management were signed by 30 November 2020 Final assessments were not concluded	PMAs for all EXCO Management were signed for the 2021/22 financial year and he mid-year reviews have been done, but final assessments were not concluded.	Assessment of signed PMA of Executive Management conducted (1 per EXCO member)	Final performance assessments for Exco Management could not be carried out before the end of the financial year.	There are KPIs that are linked to the outcomes of the annual external audit and therefore the final assessment can only be done post this audit.
Efficient and compliant operations and processes	Unqualified audit and no material non-compliance or fraud events	Unqualified audit report with no material findings	Recommendations of Auditor-General & Internal Auditors were implemented during the 2019/2020 fy and the progress was reported at the Audit & Risk Committee meetings held during the financial year. Unqualified audit outcome achieved for 2019/2020 fy	For the 2019/ 2020 financial year Artscape received an Unqualified Audit outcome	For the 2020/ 2021 financial year Artscape received a Clean Audit outcome	Unqualified audit achieved (1 Annual statutory audit)	No deviation	N/A
Enhanced Artscape Brand	Communications and Marketing Strategy	Approved Annual Marketing Plan	Monthly promotion of productions/ events via print or electronic or social media.	The Communications and Marketing Strategy has been drafted and approval is pending	100% of targets achieved	Achieve targets as per approved Annual Marketing Plan (100%)	No deviation	N/A

PROGRAMME 2: BUSINESS DEVELOPMENT
PURPOSE: To present a diverse programme that caters for the needs of all Western Cape communities

OUTCOME	OUTPUTS	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			PLANNED ANNUAL TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENTS	REASONS FOR DEVIATIONS
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22
Annual arts programme that serves the entire community	Annual arts programme /	Present annual arts programme	43 in-house productions addressing education, development and inclusivity were presented during the 2019/2020 fy	29 Productions and 3 festivals were presented during the 2020/2021 fy	33 Productions and 6 festivals were presented during the 2021/2022 financial year.	Present diverse arts programme through partnerships and/or funded programmes (physical or virtual) • 10 productions • 2 Festivals	23 extra productions and 4 extra festivals	By presenting both virtually and physically we were able to present additional productions and festivals
Educational programme that serves the entire community	Diverse educational programme Partnerships signed	Present educational programme Relevant quality Partnerships	Presented 4 sessions/ programmes for arts practitioners	6 educational programmes were completed (4 x setwork Q&A's and 2 x video series workshops)	6 educational programmes were presented	Present 4 educational programmes through partnerships and/or funded programmes (physical or virtual)	2 additional programmes presented	By working with educational organisations we were able to present additional programmes.

PERFORMANCE INFORMATION

PROGRAMME 3: INFRASTRUCTURE
PURPOSE: To create safe, functional infrastructure and adhere to Universal Design

OUTCOME	OUTPUTS	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE			PLANNED ANNUAL TARGET	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENTS	REASONS FOR DEVIATIONS
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22
Safe, functional and Universal Design	All theatre goers to have an equal theatre going experience	a) No of Events (physical or virtual)**	83% of tasks completed	62	186	120	66	By presenting on both physical and virtual plat-forms enabled us to present/ stage additional activities.
		b) No of patrons ***		-	54 127	80 000	(25 873)	Continued restrictions on audience numbers due to Covid-19 regulations.
Effective IT systems that supports all business operations	Efficient IT systems	c) Approved Annual Maintenance Plan		87.5% of tasks completed as per the Annual Main-tenance Plan	100% of tasks completed	Achieve tasks as per the approved annual main-tenance plan (100%)	Nil	N/A
		Approved Annual IT Plan	All tasks on the plan were addressed	100% of tasks were completed as per the Annual IT Plan	87,5% of tasks were completed	Achieve targets as per approved IT plan (100%)	(12.5%)	A revision of the Artscape Inter-nal Audit Plan led to one of the tasks scheduled for 2021/22 financial year being shifted into the next

Performance Information by Programme

Summary of Actual Performance as at 31 March 2022

		Total Targets	Achieved	Partially Achieved	Not Achieved
Programme 1	Administration	4	3	1	0
Programme 2	Business Development	2	2	0	0
Programme 3	Infrastructure	4	2	2	0
		10	**7**	**3**	**0**
			70%	30%	0%

Achieved

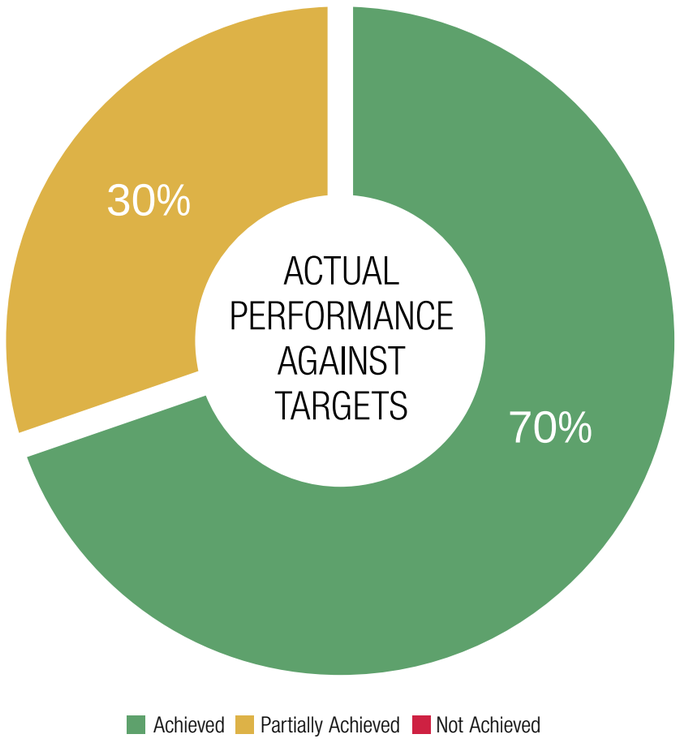
indicates that the annual target was achieved or exceeded.

Partially Achieved

indicates that the annual target was not fully achieved, but progress was made towards achieving the target.

Not Achieved

indicates that the annual target was not achieved or that the level of achieve-ment was not significant. Reasons for non-achievement to be noted.



B PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.1: Operate in a financially sustainable organisation
PURPOSE: To ensure a robust and sustainable financial future for the Artscape

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Ensure a robust and sustainable financial future	To operate on a financially sustainable basis	Achieve a breakeven surplus/deficit	Zero deficit on budget presented	Achieve breakeven (zero deficit) or better on a cash budget basis (excluding depreciation)	A surplus was achieved on a cash basis	☺	

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.2: Competent and motivated workforce achieving their performance targets
PURPOSE: To develop and sustain an employee competent culture

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Sustaining Employee Competence and Culture	Competent and motivated workforce achieving their performance targets	Performance Management Agreements (PMA) signed	Signed Performance agreements for Executive Management (EXCO)	Assessment of signed PMA of Executive Management conducted (1 per EXCO member)	PMA's for all EXCO Management were signed for the 2021/2022 fy and the mid-year	😐	There are KPI's that are linked to the outcome of the annual external audit and therefore the final assessment can only be done post this audit

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.3: Efficient and compliant operations and processes
PURPOSE: To develop and sustain compliance throughout Artscape

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Effective and Sustainable Operations and good Governance	Efficient and compliant operations and processes	Unqualified audit and no material non-compliance or fraud events	Unqualified audit report with no material finding	Unqualified Audit Achieved (1 Annual Statutory Audit)	For the 2020/2021 financial year Artscape received a Clean Audit outcome	☺	

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.4: To ensure that Artscape is a venue of choice
PURPOSE: To develop Artscape Brand

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
To ensure that Artscape is a venue of choice	Enhanced Artscape Brand performance targets	Communications and Marketing Strategy	Approved Annual Marketing Plan	Achieve Targets as per approved Annual Marketing Plan (100%)	100% of targets achieved	☺	

PROGRAMME 2: BUSINESS DEVELOPMENT
SUB PROGRAMME 2.1: Diverse and Inclusive Programmes
PURPOSE: To generate Artscape Programmes that are Diverse and Inclusive

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Diverse Arts Programme	Annual arts programme that serves the entire	Annual arts programme	Present annual arts programme	Present diverse arts programme through partnerships and/or funded programmes (physical or virtual) • 10 productions • 2 festivals	33 Productions and 6 festivals were presented during the 2021/2022 fy	☺	By presenting both virtually and physically we were able to present additional productions and festivals

PROGRAMME 2: BUSINESS DEVELOPMENT
SUB PROGRAMME 2.2: Diverse Educational Programme
PURPOSE: To evolve Artscape's offering to include more Diverse and Inclusive Educational Programmes

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Diverse Educational Programme	Educational programme that serves the entire community	Diverse educational programme	Present educational programme	Present 4 educational programmes through partnerships and/or funded programmes (physical or virtual)	6 educational programmes were presentedreviews have been done but the final assessments were not concluded	☺	By working with educational organisations we were able to present additional programmes

PROGRAMME 3: INFRASTRUCTURE
SUB PROGRAMME 3.1: Infrastructure Excellence
PURPOSE: To ensure that Artscape facilities are safe, functional and accessible to all

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Infrastructure	Safe, functional and Universal Design facilities performance targets	All theatre goers to have an equal theatre going experience	No of Events (physical or virtual)	120	186	☺	By presenting on both physical and virtual platforms enabled us to present/stage additional events
			No of patrons	80 000	54 127	😐	Continued restrictions on audiences numbers due to COVID-19 regulations
			Approved Annual Maintenance	Achieve tasks as per approved annual maintenance plan (100%)	100% of tasks completed	☺	

PROGRAMME 3: INFRASTRUCTURE
SUB PROGRAMME 3.2: Leverage on Technology
PURPOSE: To develop and leverage on existing digital technology to promote digital engagements, interactions and

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT
Leverage on	Effective IT systems	Approved Annual IT Plan	Achieve targets as per approved IT plan (100%)	Achieve targets as per plan	87.5% of tasks were completed	😐	A revision of the Artscape Internal Audit Plan led to one of the tasks scheduled for 2021/2022 financial year being shifted into the next financial year

PERFORMANCE INFORMATION

Performance Information by Programme

Summary of Actual Performance as at 31 March 2021

		Total Targets	Achieved	Partially Achieved	Not Achieved
Programme 1	Administration	6	3	1	2
Programme 2	Business Development	2	2	0	0
Programme 3	Infrastructure	3	1	2	0
		11	**6**	**3**	**2**
			55%	27%	18%

Achieved

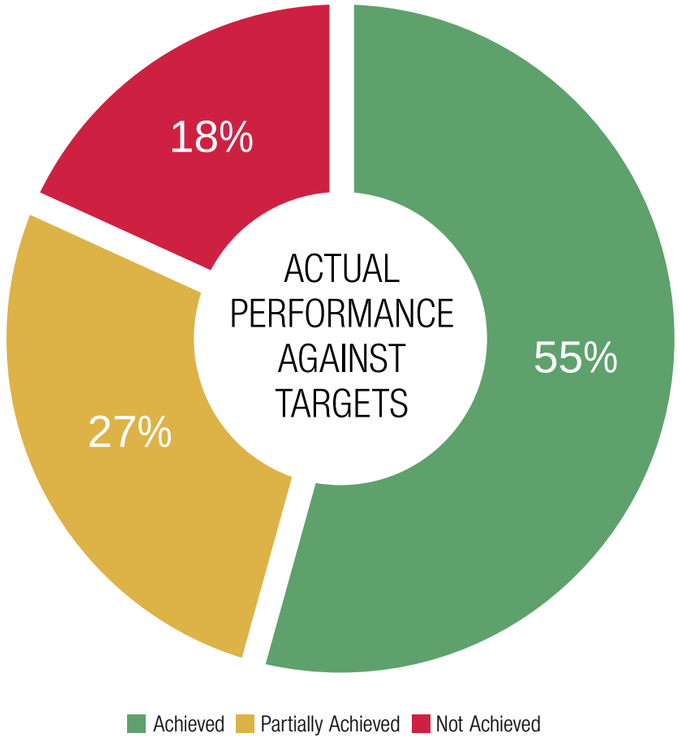
indicates that the annual target was achieved or exceeded.

Partially Achieved

indicates that the annual target was not fully achieved, but progress was made towards achieving the target.

Not Achieved

indicates that the annual target was not achieved or that the level of achievement was not significant. Reasons for non-achievement to be noted.



PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.1: Operate in a financially sustainable organisation
PURPOSE: To Ensure a robust and sustainable financial future for the Artscape

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Ensure a robust and sustainable financial future	To operate on a financially sustainable basis	Achieve a breakeven surplus/deficit	Achieve breakeven or better	Budget for and achieve breakeven	The budget submitted for the 2020/2021 fy was a balanced budget. However during the 2020/2021 fy, an overall accounting deficit was recorded	☹	The reason for the accounting deficit is as a result of depreciation which is a non-cash entry	No

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.2: Competent and motivated workforce achieving their performance targets
PURPOSE: To develop and sustain an employee competent culture

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Sustaining Employee Competence and Culture	Competent and motivated workforce achieving their performance targets	Performance Management Agreements (PMA) signed	Achieve-ment of performance targets	PMA to all man-agement	PMA's for all EXCO Management were signed by 30 November 2020	☺		No
			No of patrons	80% achieve-ment of targets	Final assessments were not concluded	☹	The final assessments were deferred so that they could include the audit outcome of the 2020/2021 fy which will be finalised in July 2021	No
			No of skills training and development programs per year	2	3 training course were attended by staff during 2020/2021 fy	☺	An additional training course related to COVID-19 manage-ment was required to be done	Yes - was changed from 4 to 2 as it was not clear when and how training would take place under the COVID-19 lock-down regulations

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.3: Efficient and compliant operations and processes
PURPOSE: To develop and sustain compliance throughout Artscape

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Effective and Sustainable Operations and good Gover-nance	Efficient and compliant operations and processes	Unqualified audit and no material non-compliance	Clean audit and no material non-compliance or fraud events	Unqualified Audit	For the 2019/2020 financial year Artscape received an Unqualified Audit outcome	☺		No

PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION
SUB PROGRAMME 1.4: To ensure that Artscape is a venue of choice
PURPOSE: To develop Artscape Brand

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
To ensure that Artscape is a venue of choice	Enhanced Artscape Brand	Engagement with audience via print and electronic	Effective public events	Approved Communications and Marketing Strategy	The Communications and Marketing Strategy has been drafted and approval is pending	😐	The appointment of a new Council resulted in additional inputs into the strategy and thus temporarily delaying the final approval	No

PROGRAMME 2: BUSINESS DEVELOPMENT
SUB PROGRAMME 2.1: Diverse and Inclusive Programmes
PURPOSE: To generate Artscape Programmes that are Diverse and Inclusive

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Diverse Arts Programme	Annual arts programme that serves the entire community	Annual arts programme	Achievement of annual programme targets and a diverse arts programme	Present diverse arts programme - 20 productions - 2 festivals	29 Productions and 3 festivals were presented during the 2020/2021 fy	☺	The changing of productions from physical to online and on air platforms meant that more productions than original estimated could be presented	No

PROGRAMME 2: BUSINESS DEVELOPMENT
SUB PROGRAMME 2.2: Diverse Educational Programme
PURPOSE: To evolve Artscape's offering to include more Diverse and Inclusive Educational Programmes

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Diverse Educational Programme	Educational programme that serves the entire community	Diverse educational programme	Present educational programme	Develop diverse educational programme	6 educational programmes were completed (4 x sework Q&A's and 2 x video series workshops)	☺		No

PROGRAMME 3: INFRASTRUCTURE
SUB PROGRAMME 3.1: Competent and motivated workforce achieving their performance targets
PURPOSE: Infrastructure Excellence

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Infrastructure Excellence	Safe, functional and Universal Design facilities	All theatre goers regardless of abilities to have an equal theatre going experience	No of Events	154	62	😐	The lockdown as a result of the COVID-19 pandemic meant that there were no events from April to June and events were limited thereafter	Yes - reduced from 450 to 154 because theatres were closed under the COVID-19 lockdown regulations
			Annual Maintenance Plan	Achieve tasks as per annual maintenance plan	87.5% of tasks completed as per the Annual Maintenance Plan	😐	Additional approvals were required from the landlord and there were delays experienced with availability of service providers	No

PROGRAMME 3: INFRASTRUCTURE
SUB PROGRAMME 3.2: Leverage on Technology
PURPOSE: To develop and leverage on existing digital technology to promote digital engagements, interactions and ticketing

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	REASON FOR OVER/ UNDER ACHIEVEMENT	AMENDED TARGET
Leverage on Technology	Effective IT systems that supports all business operations	Annual IT Plan	Tasks completed as per the Annual IT Plan	Achieve targets as per plan	100% of tasks were completed as per the Annual IT Plan	☺		No

TARGETS INCLUDED IN ORIGINAL APP REMOVED FROM REVISED APP

PROGRAMME 2: BUSINESS DEVELOPMENT
SUB PROGRAMME 2.2: Diverse Educational Programme
PURPOSE: To evolve Artscape's offering to include more Diverse and Inclusive Educational Programmes

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	REASON FOR REMOVAL	QUARTER ONE TARGET	QUARTER ONE ACTUAL PERFORMANCE
Diverse Educational Programme	Educational programme that serves the entire community	Diverse educational programme	Relevant quality Partnerships	Conclude 2 partnerships	Target removed. The impact of Covid-19 on the education sector will require different engagement once the sector has stabilised.	NONE	N/A

PROGRAMME 3: INFRASTRUCTURE
SUB PROGRAMME 3.1: Infrastructure Excellence
PURPOSE: To ensure that Artscape facilities are safe, functional and accessible to all

OBJECTIVE	OUTCOME	OUTPUT	OUTPUT INDICATOR	ANNUAL TARGET	REASON FOR REMOVAL	QUARTER ONE TARGET	QUARTER ONE ACTUAL PERFORMANCE
Infrastructure Excellence	Safe, functional and Universal Design facilities	All theatre goers regardless of abilities to have an equal theatre going experience	No of patrons	250 000	With theatres being closed due to the COVID-19 lockdown and the uncertainty with regards to audiences we are removing this target for this year	60 000	0 - This was as a result of the COVID-19 lockdown which did not permit audiences in venues in quarter 1

PERFORMANCE INFORMATION

SUMMARY OF FINANCIAL INFORMATION

	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000
REVENUE					
State contribution	58 699	60 914	63 915	65 269	65 849
State contribution – essential capital works	18 455	42 217	133	1 459	9 605
State contribution - projects	1 229	3 363	683	667	1 188
Provincial contribution	577	811	175	188	11 369
Local government contribution	154	1 846	2 000	2 000	2 000
Venue rentals	6 144	6 698	6 493	632	972
Sponsorships & Donations	8 613	8 813	9 449	10 225	121
Other income	1 129	770	833	169	3 458
Performing Arts Programme	1 124	2 186	1 239	-	-
Investment revenue	2 827	1 358	640	641	1 083
TOTAL	**98 951**	**128 976**	**85 560**	**81 250**	**95 645**
EXPENDITURE					
Administrative expenses (excluding capitalised maintenance expenditure)	32 506	38 486	36 274	28 229	33 016
Amortisation and Depreciation	7 793	13 500	16 322	16 164	17 023
Compensation of employees	43 687	46 550	42 253	37 305	38 410
Performing arts programme	9 202	10 367	4 378	2 745	3 470
TOTAL	**93 188**	**108 903**	**99 227**	**84 443**	**91 918**
SURPLUS/(DEFICIT)	**5 763**	**20 073**	**(13 667)**	**(3 193)**	**3 727**

REVENUE AND EXPENDITURE TRENDS

	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000
REVENUE					
Annual subsidy	59%	47%	75%	80%	68%
Capital works projects contribution	19%	33%	0%	2%	11%
Other government contributions	10%	11%	14%	16%	15%
Other revenue	12%	9%	11%	2%	6%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**
EXPENDITURE					
Administrative expenses	35%	35%	37%	34%	36%
Amortisation and Depreciation	8%	12%	17%	19%	19%
Compensation of employees	47%	43%	43%	44%	41%
Performing arts programme	11%	11%	4%	3%	4%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**

Revenue Collection

	2021/2022			2020/2021		
Sources of revenue	**Budget**	**Actual amount**	**Variance**	**Budget**	**Actual amount**	**Variance**
	R	**R**	**R**	**R**	**R**	**R**
Grants - Operational DSAC	R65 849 000	R65 849 000	R0	R66 275 000	R65 269 000	(R1 006 000)
Grants - Capital (DSAC)	R0	R9 604 615	R9 604 615	R6 974 000	R1 459 925	(R5 514 075)
Grants -Incubator Programme (DSAC)	R1 781 000	R1 187 656	(R593 344)	R670 000	R666 582	(R3 418)
Grants - PGWC	R0	R491 402	R491 402	R0	R188 037	R188 037
Grants - City of Cape Town	R2 000 000	R2 000 000	R0	R2 000 000	R2 000 000	R0
Sponsorship - General	R0	R121 339	R121 339	R0	R78 400	R78 400
Lease (Service-in-kind)	R10 759 000	R10 877 845	R118 845	R9 962 000	R10 147 243	R185 243
Venue rental	R5 965 000	R971 947	(R4 993 053)	R0	R631 658	R631 658
Other operating revenue	R996 000	R3 457 501	R2 461 501	R0	R168 474	R168 474
Interest earned	R1 800 000	R1 083 170	(R716 830)	R494 000	R640 690	R146 690
TOTAL	R89 150 000	R95 644 475	R6 494 475	R86 375 000	R81 250 009	(R5 124 991)

Due to prolonged lockdown as a result of the COVID-19 pandemic, we were unable to generate the budgeted venue rentals and other operating revenue. Furthermore, the regulations of the National State of Disaster, significantly reduced our capacity to host patrons.
We did not budget for the capital grants as these were only confirmed during the course of the financial year.

Programme Expenditure

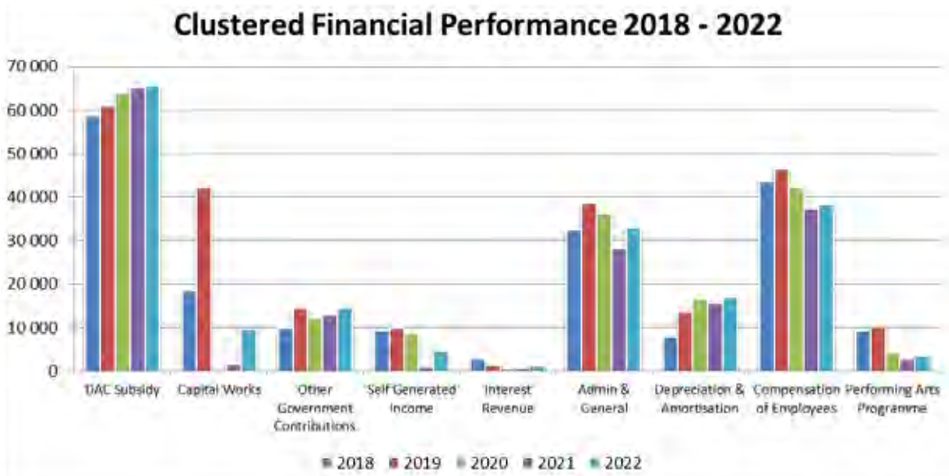
	2021/2022			2020/2021		
Programme/activity/objective	**Budget**	**Actual amount**	**Variance**	**Budget**	**Actual amount**	**Variance**
	R	**R**	**R**	**R**	**R**	**R**
Administration	84 289 000	69 813 498	(14 475 502)	82 983 000	63 758 555	(19 224 445)
Business development	3 781 000	3 469 589	(311 411)	2 670 000	2 745 239	75 239
Infrastructure	17 580 000	18 080 143	500 143	17 222 000	17 243 062	R21 062
TOTAL	105 650 000	91 363 230	(14 286 770)	102 875 000	R83 746 856	(19 128 144)

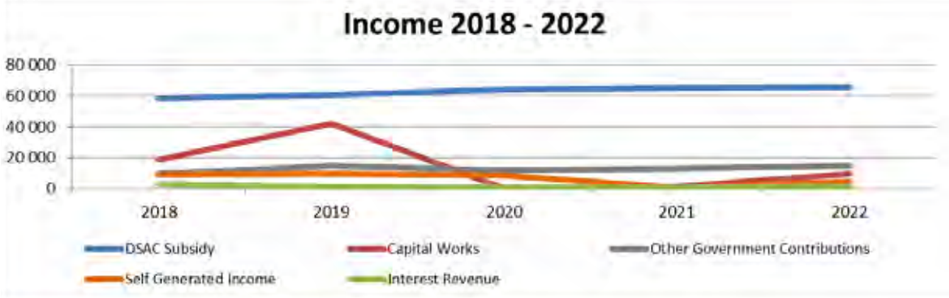
Due to the extended lockdown as a result of COVID-19 we had to reduce expenditure significantly to ensure the the long-term sustainability of the theatre. In line with that, salary expenditure had to be curtailed to the absolute minimum.

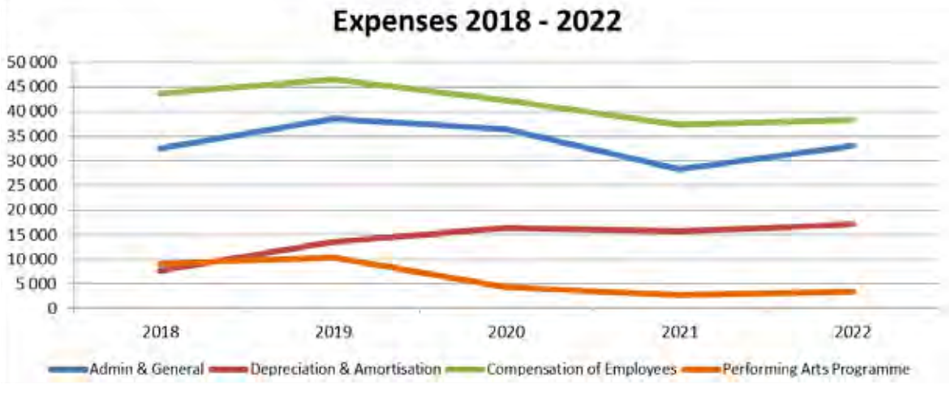
Capital Investment

	2021/2022			2020/2021		
Infrastructure Projects	**Budget**	**Actual amount**	**Variance**	**Budget**	**Actual amount**	**Variance**
	R	**R**	**R**	**R**	**R**	**R**
Replacement of CCTV System				R1 496 000	R1 047 406	(R448 594)
Replacement of Stage production communication system				R1 400 000	R1 299 915	(R100 085)
Facilities Management	R4 062 250	R2 103 901	(R1 958 349)	R3 400 000	R239 072	(R3 160 928)
Replacement of tungsten-based lighting equipment with LED equipment and associated infrastructure	R8 000 000	R3 915 577	(R4 084 423)	R5 400 000	R5 288 677	(R111 323)
Streaming equipment	R1 268 400	R1 117 528	(R150 872)			
TOTAL	**R13 330 650**	**R7 137 006**	**(R6 193 644)**	**R11 696 000**	**R7 875 070**	**(R3 820 930)**

Our infrastructure investment plan seeks to ensure that Artscape properly maintain its facility and equipment so that they are fully operational so that our programs and activities can be effectively supported.







PRODUCTIONS & EVENTS

50th Anniversary of the Artscape Theatre Centre

During 2021, Artscape celebrated our journey of diversity and affirmation of our humanity, our patrons, performances, and very talented performers and crew (Celebrating a breathing space for all). The 50th Anniversary celebrations highlighted the building in the theme of "Yesterday, Today and Tomorrow". The celebration of the 50 years of the performing arts venue took place throughout 2021 with key events which highlighted the celebrations.

Turning 50

The Artscape Building opened on 19 May 1971 and on 19 May 2022 we commemorated the 50th year with great fan-fair. The day began with a staff celebration in the morning, followed by the unveiling of a commemorative artwork and ending with a glorious performance of the ballet, Ingoma, choreographed by Mthuthuzeli November and performed by Cape Town City Ballet.

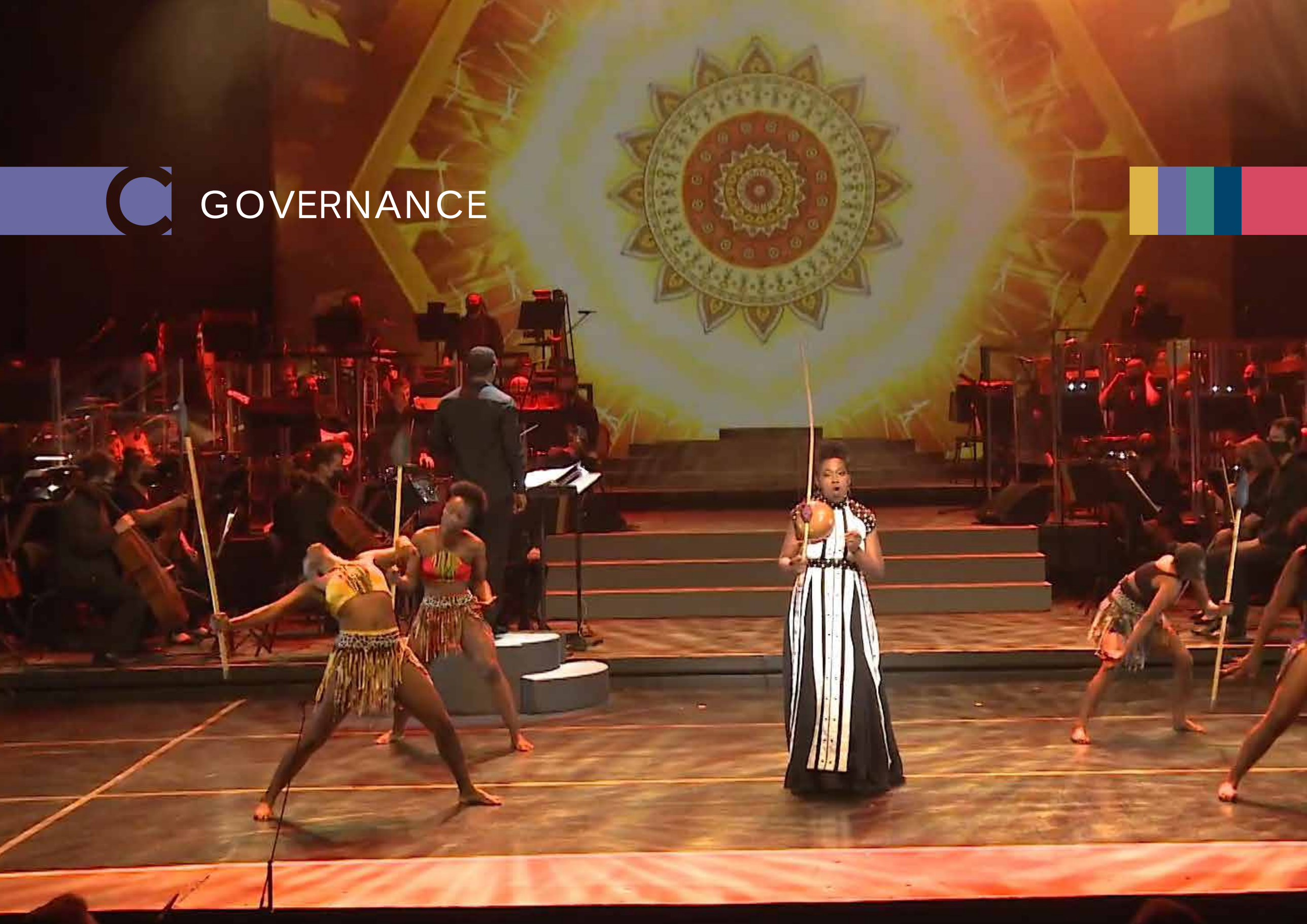
Costume Exhibition

The launch of the costume exhibition in the foyers as part of the 50th Celebrations, featuring more than 40 costumes seamed by the Artscape wardrobe department and including costumes from the opera, operetta, drama, ballet, musicals and contemporary dance productions. These included productions such as Aida, which was staged during the opening year in 1971, Tartuffe, The Magic Flute, Evita, Joseph and the Amazing Technicolor Dream Coat, and many more. In addition, the 'design wall' also included drawings of the many wonderful costume designs by artists and designers.

End of Year Thanksgiving Concert and Unveiling

The year of celebration culminated on 28 November 2021 with a plaque unveiling and Thanksgiving Concert. The plaque commemorating the 50th Anniversary of the building was unveiled by the Premier Alan Winde. Also in attendance was the new Mayor of Cape Town, Geordin Hill-Lewis, MEC for Cultural Affairs and Sport, Anroux Marais, Artscape Council and various Consul Generals and Ambassadors. The highlight of the day was the Thanksgiving concert which showcased some of the magnificent talent of Cape Town including our Associated Arts Companies.

GOVERNANCE



GOVERNANCE

INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling corporate governance with regard to public entityies is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of Artscape are responsible for corporate governance. Artscape's Council, appointed by the Minister of Sport, Arts & Culture, acts as the accounting authority in terms of the Public Finance Management Act.

PORTFOLIO COMMITTEE

The Portfolio Committee on Sport, Arts and Culture visited the Artscape Theatre complex for an in-situ inspection and engagement with the management and Council members of Arstcape on 9 June 2021. A fruitful engagement took place and the Portfolio Committee was pleased that they had not seen any negative publicity concerning Artscape.

THE ACCOUNTING AUTHORITY

The Artscape Council and Management continued their commitment to the principles of good corporate governance as prescribed by the King IV Report, and constantly strive for the highest standards of professionalism, integrity and ethics. Council is satisfied that the institution has applied adequate corporate practices of transparency, integrity and accountability for the year.

Council conducted a strategic workshop in August 2021 to agree on transformation objectives and strategy for Artscape. Council met 6 times during the review period and has reviewed systems of internal control, risk management, budgets and strategic plans to maximise efficiencies in fulfilling its statutory mandate.

Council continued its risk management oversight through the Audit and Risk Committee. The Social Ethics and Human Resources Committee continued to monitor employee-related policies and practices and reported to Council on its work and functioning. The overall staff demographics have shown a positive advance towards the set targets. This Committee continued to monitor adherence to the entity's Transformation Strategy.

During the current year, the following reports were submitted to the Department of Sport, Arts & Culture

- Annual Performance Plan 2022/2023
- Quarterly Reports for the quarters ending June 2021, September 2021, December 2021 and March 2022

The Chairperson signed the Shareholder's Compact for 2021/2022 with the Minister of Sport, Arts & Culture on 10 March 2022.

COUNCIL CHARTER

1 INTRODUCTION

1.1 The Entity manages the Artscape Theatre Centre and is a facilitator of stage performances, community arts activities, training programmes and audience development initiatives to sustain all forms of performing arts.

1.2 The Entity was declared a Cultural Institution in terms of section 3 of the Cultural Institutions Act, 1998. It is also listed as a Schedule 3A (national entity) under the Public Finance Management Act, 1999 (The FPMA).

1.3 The PFMA regulates public entities and in terms of section 49 of the said Act, every public entity must have an accounting authority, which must be accountable for the purposes of this Act.

2 PURPOSE

The purpose of these terms of reference is to set out the Council's role and responsibilities, its relationship with the Department of Sport, Arts and Culture ("the Shareholder") as well as the requirements for its composition and meeting procedures.

3 COUNCIL AND SHAREHOLDER RELATIONSHIP

3.1 The relationship between the Shareholder and the Entity is governed by the Shareholder Compact. The targets to be achieved by the Entity in any financial year are determined in the Shareholder Compact. It is the joint responsibility of the Shareholder and the Council to ensure that the Shareholder Compact is developed.

3.2 The Council shall, when reporting to the Shareholder, present a balanced and understandable assessment of the Entity's position. The Executive Authority must immediately be provided with any information that may have a material effect on the value of the Entity as soon as the Entity becomes aware of that information.

4 ROLE AND RESPONSIBILITIES OF THE COUNCIL

4.1 In addition to their duties and responsibilities as stipulated in sections 50, 51 and 55 of the PFMA, Council Members are responsible for the governance of the Entity and has a duty of care, a fiduciary duty and a duty to act only within their powers and authority.

4.2 Every Member of the Council shall:

4.2.1 At all times conduct himself/herself in a professional manner, having due regard to his/her fiduciary duties and responsibilities.

4.2.2 Uphold the core values of confidentiality, integrity and independence in all dealings on behalf of the Entity;

4.2.3 Ensure that he/she has sufficient time available to devote to his duties as a Council Member;

4.2.4 Be diligent in discharging his/her duties and seek to acquire a broad knowledge of the Entity's business so as to be able to provide meaningful direction to it;

4.2.5 Keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social, technology and legal climate generally, which may impact on the Entity's business;

4.2.6 Use their best endeavours to attend all Council meetings, to read all necessary documentation and prepare themselves thoroughly in advance of Council meetings.

4.2.7 The Council shall allow every Member to play a full and constructive role in its affairs. Members shall accordingly participate fully, frankly and constructively in Council discussions and other activities and shall endeavor to bring the benefit of their particular knowledge, skills and abilities to Council discussions;

4.2.8 As Members are individually and collectively accountable for compliance with its statutory and regulatory obligations, every Member should endeavour to be conversant with the statutory and regulatory framework within which the Entity operates;

4.2.9 Members are required to inform the Council through the Secretariat in advance, of any conflicts or potential conflicts of interest they may have in relation to particular items of business to be transacted at a meeting and members should recuse themselves from discussions or decisions on matters in which they have a conflict of interest;

4.2.10 Members may not vote and must not be counted in the quorum of a meeting to pass a resolution in respect of any business where they have a direct or indirect interest;

4.2.11 Members may not formally communicate or comment on behalf of the Council and/or the entity unless being formally mandated to do so by the Chairperson.

5 ROLE OF THE CHAIRPERSON

5.1 The Chairperson's role is to lead and manage the Council and ensure that it discharges its responsibilities.

5.2 The responsibilities of the Chairperson include:
5.2.1 ensuring that all Council Members are fully involved and informed of any business issue on which a decision has to be taken;
5.2.2 ensuring that management play an effective management role and participate fully in the operation and governance.
5.2.3 ensuring that the Council Members monitor the business and contribute to the business decisions
5.2.4 exercising independent judgment, acting objectively and ensuring that all relevant matters are placed on the agenda and prioritised properly;
5.2.5 working closely with the council members in ensuring that at all times the Council Members fully understand the nature and extent of their responsibilities as Council Members in order to ensure the effective governance.

5.3 The Chairperson will act as a facilitator at meetings of the Council to ensure that no member dominates the discussion, that relevant discussion takes place, that the opinions of all members relevant to the subject under discussion are solicited and freely expressed and that Council discussions lead to appropriate decisions.

5.4 The Chairperson will seek a consensus amongst the Council but may, where considered necessary, call for a vote, in which event the decision of an ordinary majority of members will prevail and dissenting views will be recorded. The Chairperson shall have a casting vote.

5.5 In the event of any matter arising, which the Chairperson, or the majority of the Council, feel that the Chairperson may not be able to deal with objectively, the Chairperson shall temporarily relinquish the chair to the Deputy Chairperson or any other Non-Executive Member for the duration of the discussion on such issue. In such event, the Chairperson shall be entitled to enter into discussion and to vote as any other member present at the meeting.

5.6 Communication with the Shareholder will take place through the Chairperson of the Council. At his discretion, the Chairperson may invite the CEO or any other Council Members to meetings with the Shareholder.

5.7 The CEO may communicate with the Director General of the Department of Sport, Arts and Culture provided, that the Chairperson is informed prior to the meeting and its purpose. The CEO shall report to the Chairperson the outcome of such meetings.

6 CONFLICT OF INTERESTS

6.1 Council Members should declare all interests and minimise circumstances which may give rise to conflicts of interest, misinterpretation, misunderstanding and breach of ethics. Council Members should also declare any possible conflict of interest in any matter under discussion at a Council meeting.

6.2 The Council should consider all declarations after the facts are fully disclosed and should make a ruling whether a conflict exists based on the following principles:
6.2.1 That the duty of loyalty to the entity is strict;
6.2.2 That a breach is based on conflict between duty and interest;
6.2.3 That there should not be any connections or other conditions which could affect, or appear to affect the independence of the decisions of the Council Member;
6.2.4 That the Council Members is not receiving any benefit as a result of his/her other position or connection that is being disclosed;
6.2.5 The onus is on the Council Member to show that there is no conflict.

6.3 If any Council Member willfully or negligently fail to disclose an interest as required above or if he/she participates in the proceedings of the Council notwithstanding any conflict of interest, the relevant proceedings of the Council may, at the discretion of the other Members be declared null and void. This shall be in addition to any other sanction that the Council may collectively apply in respect of the errant Member, which sanction may include a recommendation to the Minister that such Member be removed from the Council.

7 COMMITTEES OF THE COUNCIL

7.1 The Council must form Committees to assist the Council to discharge its duties. The Committees must have their responsibilities set out in a formal terms of reference.
7.2 Council committees will observe the same rules of conduct and procedures as the Council, unless the Council specifically determines otherwise in the Committee's terms of reference and the Shareholder will be informed if any Committee Member is absent from two consecutive Committee meetings without a compelling reason and a recommendation will be made to the Minister that such Member be removed from the Council.

7.3 Such Committees as may be formed may take independent professional advice at the Entity's cost as and when necessary. The Committee structure, membership and mandates must be reviewed regularly.

7.4 The Chairperson, considering the desires of individual Members, will propose the assignment of Members to various Committees.

7.5 Council Committees must be constituted having regard to the skills, expertise and experience of Members propose the respective Committees' mandates. Where appropriate or necessary, independent external professionals with relevant skills and expertise may be co-opted as Advisors to the Committees to assist or bolster the Committees where there is a shortage of such skills or expertise. Such co-opted professionals shall have the status of invitees to the Committee, shall not form part of the quorum for meetings and shall have no voting rights.

7.6 The Council shall have the power, at all times, to alter the size of any of its Committees, to remove any Member or Members from a Committee and to fill any vacancies created by such removal.

7.7 Committees must have due regard to the fact that they do not have independent decision-making powers. They make recommendations to the Council except in situations where the Council authorizes the Committee to take decisions and implement them. Thus, in undertaking its duties, each Committee must have due regard to its role as an advisory body to the Council, unless specifically mandated by the Council to make decisions.

7.8 A formal report back, either orally or in writing, shall be provided by the Chairperson of each Committee to all Council meetings following the Committee meetings to keep the Council informed and to enable the Council to monitor the Committee's effectiveness.

8 COUNCIL MEETINGS

8.1 The Council should meet regularly, at least once a quarter, but could meet more frequently if circumstances require as such and must disclose in the Annual Report the number of Council and Committee meetings held in the year and the details of attendance of each Member.

8.2 The Council must institute efficient and timely methods for informing and briefing Council Members prior to meetings while each Council member is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.

8.3 Council Members shall use their best endeavours to attend Council meetings and to prepare thoroughly for them. Council Members must participate fully, frankly and constructively in Council discussions and other activities to bring the benefit of their particular knowledge, skills and experience to the Council.

8.4 Council Members who are unable to attend a meeting must advise the Chairperson or the Entity Secretary at the earliest possible time and a record should be kept to that effect.

8.5 A Council member should at least attend two thirds of a meeting to be regarded as having attended the meeting.

8.6 The Shareholder will be informed if any Council Member is absent from two consecutive Council meetings without a compelling reason and a recommendation will be made to the Minister that such Member be removed from the Council.

8.7 Five (5) members of the Council will constitute a quorum at any meeting of the Council. The five (5) Members of the Council must be present in person or through electronic media.

8.8 The Chairperson, with the assistance of the responsible official, shall develop the agenda for each Council meeting and in doing so may consult with the CEO and other Members. The agenda for each meeting shall provide an opportunity for the Chairs of the Committees to report orally on any matters of importance.

8.9 The Chairperson must also place on the agenda any item that is proposed in writing by a Member. The agenda and other relevant documents shall be circulated to Council members at least five (5) days in advance.

8.10 The Company Secretary shall cause information and data that is important to the Council's understanding of the business to be distributed in writing at least five (5) days before the Council meets. This material should be as brief as possible while still providing the essential information.

8.11 Presentations, wherever possible, should be sent to the Council Members at least five (5) days in advance so that the Council's meeting time can be conserved, and the discussion time focused on questions that the Council has about the material distributed. On those occasions when, in the opinion of the Chairperson, the subject matter may be too sensitive to record, the presentation will be discussed at the meeting.

8.12 The Council and its Committees may, subject to this being sanctioned by the Chairperson in the case of the Council and by the respective Committee Chairperson in the case of the Committees, take decisions on urgent and non-contentious issues, by means of the round robin resolution method. The approval of the round robin resolution should be by at least the majority of the Council members.

9 SECRETARY

9.1 The Company Secretary shall be the secretary of the Council and shall ensure that minutes are kept of all meetings. The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Council for review thereof. The minutes must be formally approved by the Council at its next scheduled meeting.

9.2 The Company Secretary is also responsible for providing legal guidance to the Council and the Entity and must act in good faith and avoid any conflicts of interest between the interests of the Council and the Entity.

10 SELF-ASSESSMENT

The Council should conduct continual self-assessment or self-evaluation and the Council must perform an evaluation of the effectiveness of the Council every year.

COUNCIL

The following Council members, appointed by the Minister of Arts & Culture on 8 December 2020, were in office at 31 March 2022:

Mr Rajesh Jock (Chairperson)

Ms Xoliswa Nduneni-Ngema

Ms Ndileka Manana

Ms Karen Meiring

Mr Mongezi Menye

Mr Jerry Poe

Mr Philip van Ryneveld

COUNCIL MEMBERS' ATTENDANCE OF MEETINGS – APRIL 2021 TO MARCH 2022

COUNCIL MEETINGS		
Member	**No. of Meetings**	**No. of Meetings Attended**
Mr Rajesh Jock	6	6
Ms Xoliswa Nduneni-Ngema	6	5
Ms Ndileka Manana	6	6
Ms Karen Meiring	6	6
Mr Mongezi Menye	6	6
Mr Jerry Poe	6	4
Mr Philip van Ryneveld	6	6
SOCIAL ETHICS AND HUMAN RESOURCES COMMITTEE MEETINGS		
Member	**No. of Meetings**	**No. of Meetings Attended**
Ms Xoliswa Nduneni-Ngema	4	4
Ms Karen Meiring	4	4
Mr Jerry Poe	4	3
AUDIT & RISK COMMITTEE MEETINGS		
Member	**No. of Meetings**	**No. of Meetings Attended**
Mr Philip van Ryneveld	6	5
Ms Ndileka Manana	6	5
Mr Mongezi Menye	6	5
Ms Crystal Abdoll (external member)	6	6
Mr Richard Rhoda (external member)	6	6

REMUNERATION OF COUNCIL MEMBERS

Artscape is a schedule 3A National Public Entity, subject to the Public Finance Management Act and Treasury regulations.

In terms of Treasury Regulation 20.2.2, National Treasury determines the maximum remuneration tariffs of Non-official members. Official members, i.e. employees of National, Provincial and Local Government and Entities of Government serving on Councils or Committees are not entitled to additional remuneration. Artscape is classified as a Category E2 Public Entity.

In terms of Chapter 3, paragraph 3.1.6 of Treasury Regulations, these remuneration tariffs are also applicable to Audit Committee members who are not in the full-time employment of the State.

Rates payable per official meeting attended:

	Meeting rate	Comment
Chairperson	R4218	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Vice-Chairperson	R2880	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R2616 R3484 (out of town)	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

Members of committees, other than the audit committee are remunerated on the same basis as council members. Committee and Council members are paid a preparation rate which is equivalent to the meeting rate.

Remuneration of Audit Committee Members payable per official meeting attended:

Chairperson	R6480	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R3924	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

REMUNERATION OF COUNCIL AND COMMITTEE MEMBERS

Emoluments of Non-Executive Management and Members of Accounting Authority/Committee	2022 R	2021 R
Council Members: (1 April 2020 - 08 December 2020)		
Princess C Dlamini (Chairperson)	-	17 664
Dr M Jacobs	-	10 900
Mr R Jock	-	14 626
Dr N le Roux	-	9 155
Adv P Magona	-	1 349
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-	0
Ms T Ngoma	-	3 702
Dr A Vilakazi (employed by Coega - no fee payable)	-	-
Mr M Vulindlu (employed by City of Cape Town - no fee payable)	-	-
	-	**57 396**
Audit and Risk Committee Members: (1 April 2020 - 08 December 2020)		
Mr R Jock (Chairperson)	-	30 660
Adv P Magona (Chairperson) until 16 August 2018	-	-
Dr M Jacobs	-	18 600
Ms T Maharaj	-	11 160
Mr R Rhoda	-	18 600
Dr A Vilakazi (employed by Coega - no fee payable)	-	-
	-	**79 020**
Human Resources Committee Members: (1 April 2020 - 08 December 2020)		
Mr M Vulindlu (Chairperson)(employed by City of Cape Town - no fee payable)	-	-
Mr R Jock	-	10 415
Dr N le Roux	-	7 848
Adv P Magona	-	8 911
	-	**27 174**
Social, Ethics and Transformation Committee: (1 April 2020 - 08 December 2020)		
Dr M Jacobs (Chairperson)	-	7 848
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms T Ngoma	-	6 968
	-	**14 816**
Council Members: (09 December 2020 - 31 March 2021)		
Mr R Jock - (Chairperson)	48 507	25 308
Ms N Manana	19 620	7 848
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms K Meiring	19 620	7 848
Mr M Menye	23 544	5 232
Mr J Pooe	13 514	7 848
Mr P van Ryneveld	27 468	15 696
	152 273	**69 780**
Audit and Risk Committee Members: (09 December 2020 - 31 March 2021)		
Mr P van Ryneveld (Chairperson)	32 400	6132
Ms N Manana	19 620	3 720
Mr M Menye	22 176	3 720
Ms C Abdoll	23 544	-
Mr R Rhoda	24 852	-
Social Ethics and Human Resources Committee Members:	**122 592**	**13 572**
(09 December 2020 - 31 March 2021)		
Ms X Nduneni-Ngema (Chairperson)(employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms K Meiring	10 464	2 616
Mr J Pooe	10 464	-
	20 928	**2 616**
Total emoluments of Council and Committees	**295 793**	**264 374**

RISK MANAGEMENT

Artscape annually conducts a risk management workshop. This workshop is attended by management and key members of staff.

Once all pertinent risks have been identified each risk is assessed in terms of its impact on achieving the business objectives as well as the likelihood of the risk occurring. This is done on an inherent risk basis, i.e. before considering existing systems, processes, controls and people in place to manage the risk. The outcomes of the risk management workshop are presented to the Audit and Risk Committee and form the basis for the internal audit coverage plan.

Management ensures that existing controls and processes are in place to sufficiently address risks and will implement specific action plans to manage the residual risk exposure to an acceptable level. The Audit and Risk Committee as well as the Council may wish to include/incorporate additional risks if deemed necessary. The risk register is updated on a quarterly basis.

INTERNAL CONTROL UNIT

Artscape has limited resources and the size of the organisation does not justify having an internal control unit. Internal control is a responsibility for each individual manager. We have policies and procedures which are used to prescribe internal controls and the policies are reviewed on a regular basis to ensure they are up to date in terms of laws and regulations. Management also uses the findings of the auditors to improve and strengthen internal controls.

The management of Artscape monitors compliance to internal policies and procedures.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee is mandated by Council to provide the necessary oversight to ensure that the governance, risk management and control environment is sound and effective through the processes facilitated by management and the assurance obtained by internal and external audit.

The report of this committee appears on page 48 of the Annual Report.

GOVERNANCE

COMPLIANCE WITH LAWS AND REGULATIONS

Artscape, the Council and all members of staff are required to comply with the principles of good corporate governance and all laws and regulations. Management report on a quarterly basis on compliance with laws and regulations. The PFMA checklist is compiled and any noncompliance is reported to Council and its subcommittees.

The system of internal control is considered effective as the various reports of the Internal Auditors and the Auditor-General have not reported any significant or material non-compliance with prescribed policies and procedures and laws and regulations in the current year.

B-BBEE COMPLIANCE

Artscape's Supply Chain Management process ensures that the entity enforced the preference points system and thus provided the platform to implement its socio-economic objectives at correcting the imbalances of the past. Due to a ruling by the Constitutional Court in February 2022, we could not apply the PPPFA from 16 February 2022 until further guidance on the matter was provided by National Treasury after the financial year-end. Artscape's policy is intended to address the Preferential Procurement Policy Framework Act (PPPFA) objectives. Artscape has recently been verified and is non-compliant but is addressing this issue and working towards compliance in the future.

Artscape has continued to provide a platform to empower artists and performers from all walks of life.

FRAUD AND CORRUPTION

Artscape has a fraud prevention plan and strategy based on prevention, detection, response and investigation and a Fraud Prevention Committee.

Staff guilty of misconduct are disciplined in term of Artscape's disciplinary code. All disciplinary matters are reported to Council's Human Resources Committee and also included in the Annual Report (see page 55).

The Audit and Risk Committee also considers fraud at each quarterly meeting.

MINIMISING CONFLICT OF INTEREST

All staff members are required to make annual declarations of financial interests to avoid conflict of interest.

Council and external Audit and Risk Committee members are also required to submit annual declarations of interest and to declare their possible interests at every meeting.

CODE OF CONDUCT

A code of conduct is in place for all staff members. Non-compliance will result in staff being subjected to the disciplinary code and procedure.

Artscape also has a code of conduct for Council members, which is included in the Council Charter.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

In order to ensure safety on stage, Artscape provides all the hirers with a copy of the theatre rules and regulations as part of the venue rental agreement.

As part of the building and renovation projects, an outside health, safety environmental company was appointed as consultants to ensure that health, safety and environmental requirements are considered and adhered to.

COMPANY SECRETARY

The Company Secretary is responsible for ensuring the proper compilation and timely circulation of Council documents and accurate recording of meetings and resolutions. She assists the Council and its committees with drafting of annual work plans and provides Council members collectively and individually with guidance as to their duties, responsibilities and powers. The Company Secretary has a key role to play in ensuring that Council procedures are both followed and regularly reviewed and that Council members are aware of any law relevant to or affecting the entity.

SOCIAL RESPONSIBILITY

Artscape has an internship programme to provide on-the-job training to interns from schools, universities and arts organisations. In addition to this Artscape also has exchange programmes with organisations. However, due to the Covid-19 pandemic these programmes could not be realised in the 2021/2022 financial year.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

in Terms of Section 13(G)(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003
as Amended by Act 46 of 2013

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable to Artscape
Developing and implementing a preferential procurement policy?	No	The Preferential Procurement requirements are included in the Procurement for Goods and Services Policy Artscape has in place.
Determining qualification criteria for the sale of state-owned enterprises?	No	This is not applicable to Artscape.
Developing criteria for entering into partnerships with the private sector?	No	This is not applicable to Artscape.
Determining criteria for the awarding of incentives, grants and investment schemes in support of oBroad Based Black Economic Empowerment?	No	This is not applicable to Artscape.

AUDIT AND RISK COMMITTEE REPORT

Members and Attendance

The Audit and Risk Committee (the Committee) consists of the members listed hereunder and meets at least twice per annum as required by the Public Finance Management Act and as per its approved terms of reference. Six meetings were held during the 2021/2022 financial year.

Member	No. of Meetings attended
Mr Philip van Ryneveld	5
Ms Ndileka Manana	5
Mr Mongezi Menye	5
Ms Crystal Abdoll (external member)	6
Mr Richard Rhoda (external member)	6

Audit and Risk Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1.10. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Risk Management

The Committee ensured that risks identified through the risk management workshop, facilitated by Internal Audit, for managers are continuously monitored and that the risk register is updated on a regular basis.

Internal Audit

The internal audit function is outsourced to Nexia SAB&T. Through its reports, Internal Audit makes recommendations to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with Artscape and its activities. The Audit and Risk Committee has reviewed and approved the internal audit charter and the audit coverage plans for the year ended 31 March 2022. Internal audit reports were presented to the committee during the year under review.

The following internal audits were approved by the Audit and Risk Committee and completed by Internal Audit during the financial year:

- Technical review of Draft AFS for year ending 31 March 2021
- Review of Business Continuity Plan and
- Follow-up reviews of previous Internal Audits

The areas for improvement, as noted by Internal Audit during the performance of their work, were agreed to by management. The Audit and Risk Committee monitors the implementation of the agreed actions on a quarterly basis.

Artscape also engaged a service provider to assist us in developing a Combined Assurance Framework.

The Effectiveness of Internal Control

The financial controls have been found to be effective. We review internal audit and external audit recommendations and implement these. Business Continuity Management has been found ineffective and we will engage a service provider to provide the necessary plans for implementation. The Auditor General has identified a weakness in the description of our technical indicators for our performance reports. We will revisit these indicators to ensure they adequately describes and incorporates all events which we wish to measure and report on.

The Quality of Quarterly Reports

Quarterly reports on performance information and Artscape's finances are presented and reported at Committee meetings. The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the institution during the year under review.

Compliance

The Audit and Risk Committee reviewed the entity's compliance with legal and regulatory provisions on a quarterly basis. Management will review its current compliance management processes and introduce improvements as required.

Fraud and corruption

No matters of fraud or corruption were brought to the Committee's attention during the year under review.

Focus areas for 2022 -2023 financial year

The Audit and Risk Committee has identified the following focus areas for the year ahead:

- The combined assurance process
- The development of a Business Continuity Plan.
- Strengthening of Risk management

Auditor's Reports

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

Evaluation of Financial Statements and Predetermined Objectives

The Committee has reviewed the:

- Audited annual financial statements to be included in the annual report;
- Report on predetermined objectives to be included in the annual report;
- AGSA management letter and management's response; and
- Report of the Auditor-General for the year ended 31 March 2022.

Through the guidance of the Committee, the finance function has enhanced its processes and controls, and this has impacted on the audit outcomes.

The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

Mr Philip van Ryneveld
Chairperson of the Audit & Risk Committee
Artscape
29 July 2022

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Artscape understands that its human capital is the hidden centre of competitive advantage where sustainable and unmatched value is created. To strive towards sustainable results for the organisation, the Artscape Human Resource Committee (HRC) meets on a quarterly basis to provide oversight over human resource management at the public entity.

The key highlights of the past financial year include:

- Performance Management – performance agreements with the key executives were implemented during the year.
- Staff redeployment – in response to COVID-19's negative impact on employment, Artscape put more efforts into retaining staff by redeploying some of them in areas that lacked capacity instead of employing new employees.
- Hybrid model of work- Artscape ensured continued service in the midst of lockdown through the introduction of the hybrid work model. Employees able to work from home were supported with IT infrastructure to work productively from home.
- Staff Wellness – Remained a critical focus of Artscape with the employee wellness service provider offering services to employees and their immediate family members.

HUMAN RESOURCE OVERSIGHT STATISTICS

Human Resources Management

As at 31 March 2022 Artscape employed 73 (2021: 77) persons on a permanent basis and 11 (2021: 12) persons on an annual contractual basis. Depending on operational requirements, additional staff is appointed on a part-time or casual basis.

	Operating expenses	Compensation of employees	Training & Capacity Building	Other staff overheads	Total staff cost	Total staff cost as a percentage of operating expenses
	R'000	R'000	R'000	R'000	R'000	
2022	91,363	37,951	88	984	39,023	43%
2021	83,747	37,114	45	192	37,351	45%

Analysis of staff compensation (excluding part-time wages)

	Salary & other benefits		Overtime		Provident Fund		Medical Assistance		Cost of Employment	
	R'000	% staff cost	R'000	% staff cost	R'000	% staff cost	R'000	% staff cost	Staff compensation (Excluding part time)	Average staff expenditure R'000
2022	30,495	80.88%	0	0.00%	4,299	11.40%	2,911	7.72%	37,705	373
2021	29,346	79.73%	52	0.14%	4,426	12.02%	2,984	8.11%	36,808	364

Employment and Vacancies as at 31 March 2022

	Number of Posts	Number of Posts Filled	Vacancy	Vacancy Rate
Permanent staff	81	73	8	10%
Annual contractual staff	12	11	1	8%
TOTAL	**93**	**84**	**9**	**10%**

Staff turnover for the period 1 April 2021 – 31 March 2022

	Staff as at 31 Mar 21	New Appointments	Temporary boarding/ ill health	Transfer from contract to permanent	Terminations	Staff as at 31 Mar 22
Permanent staff	77	0	0	0	4	73
All Contract staff	12	1	0	0	2	11
TOTAL	**89**	**1**	**0**	**0**	**6**	**84**

Reasons for leaving the Institution

Termination type	Number of employees	% of total terminations	% of total number of employees
Resignations	3	50%	3.6%
Contract ended	1	17%	1.2%
Retired	2	33%	2.4%
TOTAL	**6**	**100%**	**7.1%**

HUMAN RESOURCE MANAGEMENT

STAFF PROFILE

PERMANENT HEADCOUNT AS AT 31 MARCH 2022													
Occupational Levels	Male				Female				Foreign Nationals		Total	Persons with Disabilities	
	A	C	I	W	A	C	I/A	W	Male	Female			
Top management (gr.20-25)	1	3	0	0	0	1	0	1	0	0	6		1
Senior management (gr.16-19)	0	1	0	0	1	2	0	0	0	0	4		
Professionally qualified and experienced specialists and mid-management (gr.11-15)	0	6	0	1	0	3	0	1	0	0	11		
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (gr.6-10)	6	22	0	4	2	9	0	2	0	0	45	2	
Semi-skilled and discretionary decision making (gr.3-5)	1	5	0	0	3	5	0	1	0	0	15	1	
Unskilled and defined decision making (gr.1&2)	1	3	0	0	0	1	0	0	0	0	5		
GRANT TOTAL	**9**	**40**	**0**	**5**	**6**	**21**	**0**	**5**	**0**	**0**	**86**	**3**	**1**
PERMANENT	**9**	**38**	**0**	**4**	**3**	**18**	**0**	**3**	**0**	**0**	**75**	**3**	
CONTRACT	**0**	**2**	**0**	**1**	**3**	**3**	**0**	**2**	**0**	**0**	**11**		**1**

PERCENTAGES / PERMANENT HEADCOUNT AS AT 31 MARCH 2022 2022											
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I/A	W	Male	Female	
Top management (gr.20-25)	1.16%	3.49%	0.00%	0.00%	0.00%	1.16%	0.00%	1.16%	0	0	6.98%
Senior management (gr.16-19)	0.00%	1.16%	0.00%	0.00%	1.16%	2.33%	0.00%	0.00%	0	0	4.65%
Professionally qualified and experienced specialists and mid-management (gr.11-15)	0.00%	6.98%	0.00%	1.16%	0.00%	3.49%	0.00%	1.16%	0	0	12.79%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (gr.6-10)	6.98%	25.58%	0.00%	4.65%	2.33%	10.47%	0.00%	2.33%	0	0	52.33%
Semi-skilled and discretionary decision making (gr.3-5)	1.16%	5.81%	0.00%	0.00%	3.49%	5.81%	0.00%	1.16%	0	0	17.44%
Unskilled and defined decision making (gr.1&2)	1.16%	3.49%	0.00%	0.00%	0.00%	1.16%	0.00%	0.00%	0	0	5.81%
GRANT TOTAL	**10.47%**	**46.51%**	**0.00%**	**5.81%**	**6.98%**	**24.42%**	**0.00%**	**5.81%**	**0**	**0**	**100%**
PERMANENT	**10.47%**	**44.19%**	**0.00%**	**4.65%**	**3.49%**	**20.93%**	**0.00%**	**3.49%**	**0**	**0**	**87.21%**
CONTRACT	**0.00%**	**2.33%**	**0.00%**	**1.16%**	**3.49%**	**3.49%**	**0.00%**	**2.33%**	**0**	**0**	**12.79%**
WESTERN CAPE EAP	**19.30%**	**25.40%**	**0.60%**	**7.70%**	**17.30%**	**22.20%**	**0.40%**	**7.20%**	**0**	**0**	**100%**
VARIANCE	**-8.83%**	**21.11%**	**-0.60%**	**-1.89%**	**-10.32%**	**2.22%**	**0.40%**	**-1.39%**	**0**	**0**	

Health Promotion and HIV/AIDS Programmes

Employee wellness remains a key focus area of Artscape. Artscape ensured in this financial year that employees remained equipped to deal with COVID-19 pandemic and its negative impact. The employee wellness service provider continued to support the Artscape employees and their immediate families. Although no corporate wellness day was arranged during the year under review due to the COVID-19 pandemic, however, there was continued wellness communication via the CEO's video messages, email messages and line managers' engagements and communication to the staff.

Misconduct and Disciplinary Hearings for permanent and annual contractual employees finalised

There were 3 hearings in this financial year.

Skills Development

Regardless of limited finances due to the COVID – 19 pandemic Artscape continued investing in learning and development initiatives, not just as activities but for impact. Artscape's skills development programme included ongoing training to permanent and contractual staff. Priority was given to critical developmental needs due to financial constraints. Furthermore Artscape participated in youth development initiative through the EPWP and Distell internship programme in the 2021 – 2022 financial year. These are highlighted below:

Training Summary Report 2021/22 = Twelve Months

Number of training interventions for the year 2021/22	Amount of employees trained/attended 2021/22
20	229

Analysis of training costs (Excluding part time)

	Staff compensation	Training & Capacity building	Training & Capacity building as % of staff compensation
2022	32,023	88	0.23%
2021	37,351	45	0.12%

Internship opportunities 01 April 2021 to 31 March 2022

Gender	Number of interns
Male	1
Female	1
TOTAL	**2**

Performance Rewards

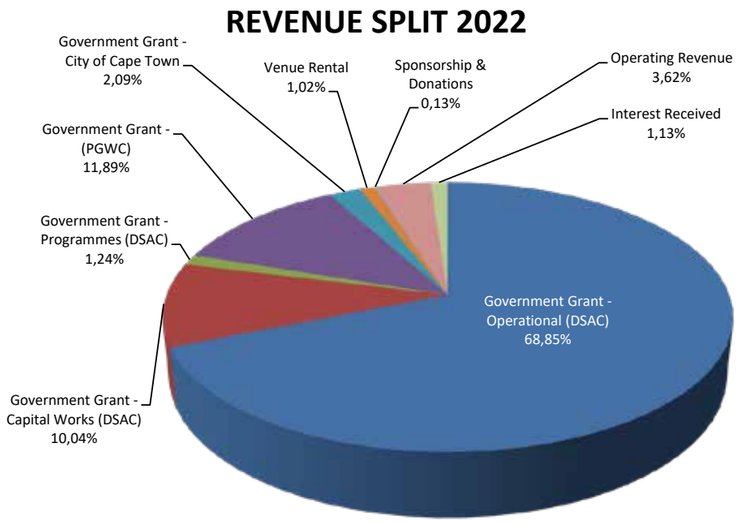
None during the current year.

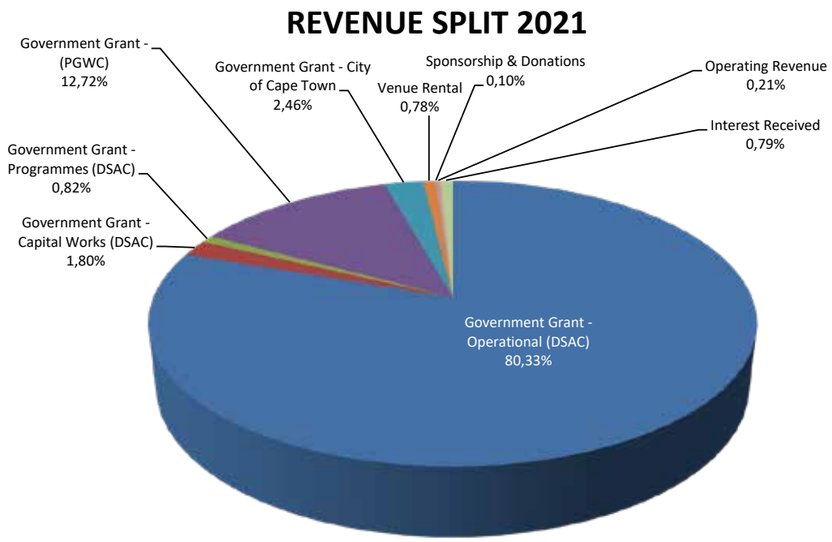
FINANCIAL INFORMATION

FINANCIAL INFORMATION

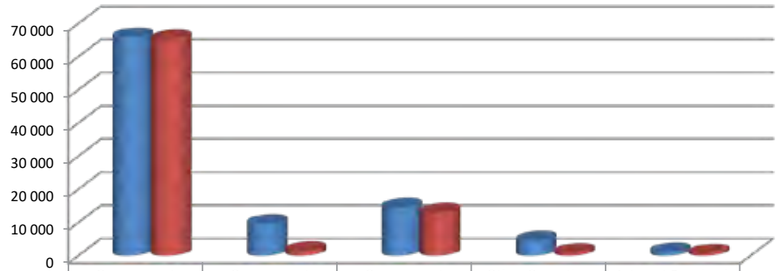
Overview of the year ended 31 March 2022

Total revenue increased by 17,70% in 2022, from R81,3m to R95,6m, mainly due to a significant increase In Government grants for Capital works as well as the insurance claim received for business interruption as a result of the COVID-19 pandemic, which forced the closure of our theatres for a considerable period of time. The total government grants for 2022 increased slightly by 13,7% from 2021 to 83% of total revenue (2021: 86%), while other operating income generated contributed 3,6% of total revenue. Interest revenue contributed 1,1,% of total revenue.





The graph below reflects a comparison of revenue between 2022 and 2021.



	Government Grant - Operational	Government Grant - Capital Works	Government Grant - Other	Other Operating Revenue	Interest Received
2022	65 849	9 605	14 557	4 551	1 083
2021	65 269	1 460	13 002	878	641

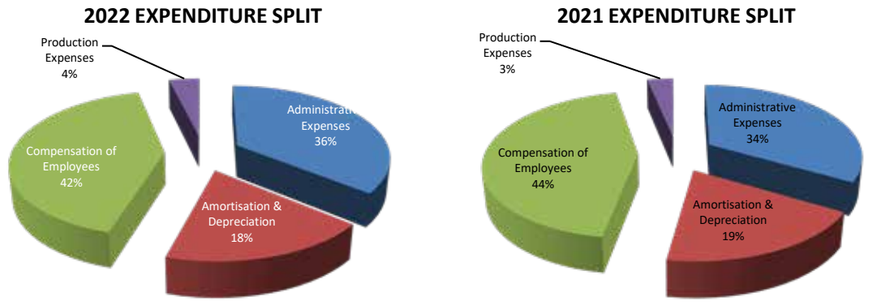
- The annual grant from the Department of Sport, Arts and Culture (DSAC) increased by 1% from R65,3m to R65,8m.
- Other Government Grants utilised in the current year included R9,6m from DSAC for Capital Works, R1,2,m for the Incubator Programme and R2 m from the City of Cape Town.
- Other operating revenue increased by 283% from R1,4m to R5,5m, mainly as a result of the once-off insurance claim for business interruption.
- Interest received slightly from R0,6m to R1,1,m due to slightly higher interest rates and an improved cash flow .

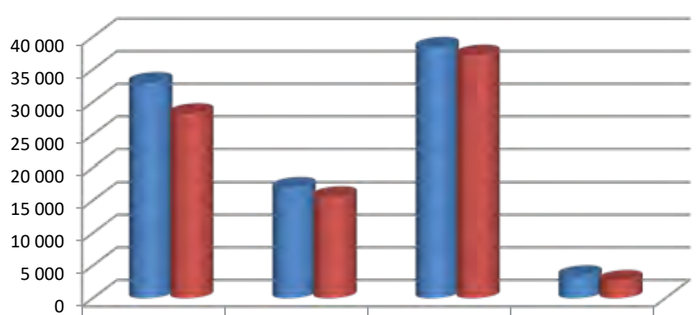
FINANCIAL INFORMATION

Operating Expenses

A comparison between 2022 and 2021 shows an increase of R8,1 million in total expenses incurred.

EXPENDITURE COMPARISON





	Administrative Expenses	Amortisation & Depreciation	Compensation of Employees	Production Expenses
2022	33 015	17 023	38 410	3 470
2021	28 229	15 606	37 236	2 745

Administrative expenses (excluding amortisation and depreciation) increased from R28,2m to R33,0m.

Substantial changes include:

- Repairs and maintenance decreased by 35% from R1,6m to R1,1m due to a reduction in infrastructure facilities management expenditure.
- Electricity and water consumption increased by R2,5 million from R3,6 m to R6,1 m due to the theatre being opened to a lot more productions during the current financial year, compared to the severe lockdown in the 2021 financial year as a result of the COVID-19 pandemic.
- Transport related expenses increased from R92 194 in 2021 to R469 089 in 2022 due to increase in activities as a result of the relaxation of the Covid-19 lockdown regulations.

Compensation of employees increased by 3% from R37,2m to R38,4m. This was mainly as a result of no annual salary adjustment for the 2021 financial year, no overtime worked, and where positions became vacant, no replacements were appointed, whilst in the 2022 financial year a small salary increase and a once-off allowance was granted to all members of staff.

Production costs increased by 26,4% to R3,5m. This was mainly as a result of funding received for productions from the City of Cape Town and DSAC.

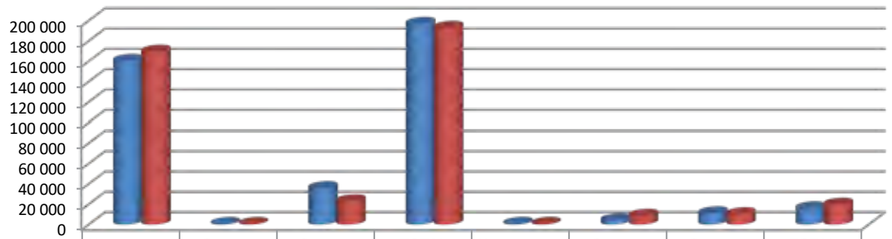
Operating Surplus

An operating surplus of R3,7m (2021 deficit of R2,6m) was achieved for this financial year. The operating surplus is mainly the result of the managing of costs much more effectively through our turnaround strategy, a substantial increase in the capital grant income and an insurance claim for business interruption of R3,3 million in 2022.

Provision for post-retirement medical benefit

The actuarial valuation, as well as current contributions paid, resulted in a liability being decreased from R0,836m in 2021 to R0,734 million in 2022 as a result of the reduction in qualified pensioners from 3 to 2 members during the financial year.

FINANCIAL POSITION (R'000)



	Non-current assets	Current assets - non cash	Current assets - cash resources	TOTAL ASSETS	Non-current liabilities	Current liabilities - other	Current liabilities - Unspent government grants and donations	TOTAL LIABILITIES
2022	160 514	520	35 826	196 860	633	4 242	11 140	16 015
2021	169 481	545	22 943	192 968	696	8 681	10 175	19 552

The decrease in non-current assets is due to the very little additions to property, plant and equipment and a significant depreciation charge of R17,0 m for the year.

The decrease in non-cash current assets is due to the decrease in receivables mostly as a result of minimal production activities for the year due to COVID-19.

The increase in cash resources is as a result of a reduction in expenditure due to our turnaround strategy which improved cash flows and capital funding from DSAC.

Non-current liabilities decreased slightly due to the reduction in the actuarial valuation of the post-retirement medical benefit.

Current liabilities (other) increased primarily due to an increase in unspent government grants.

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON ARTSCAPE

Report on the financial statements

• I have reviewed the financial statements of Artscape set out on pages 68 to 99, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

Conclusion

• Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Artscape as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Emphasis of matter

• I draw attention to the matter below. My conclusion is not modified in respect of this matter.

Restatement of corresponding figures

• As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting authority for the financial statements

• The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

• In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the review of the financial statements

• My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with the relevant ethical requirements.

• A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

• The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Report on the annual performance report

• In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

• I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.

• I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.

• My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

• I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

• I selected the following material performance indicators contained in programme 2: Business development presented in the entity's annual performance report for the year ended 31 March 2022 set out on page 27. I selected the indicators that measure the entity's performance on its primary mandated functions and which are of significant national, community or public interest.

Performance indicators – Programme 2: Business development
Indicator 2.1: Present annual arts programmes
Indicator 2.2: Present educational programmes

• I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

Other matters

• I draw attention to the matter below.

Achievement of planned targets

• Refer to the annual performance report on page 26 for information on the achievement of planned targets for the year and management's explanations provided for the over achievement of targets.

Adjustment of material misstatement

• I identified a material misstatement in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: business development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on compliance with legislation

• In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

• I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

• I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 38(1)(a)(iv); 38(1)(b); 44; Sections 45(b); 51(1)(b)(i); Sections 51(1)(b)(ii); 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a) to (b); 55(1)(c)(i);
Treasury regulations	TR 8.2.1; 8.2.2; TR 16A3.2(a); 16A3.2 (fairness); 6.1; TR 16A6.2(a) & (b); TR 16A6.3(a) to (c); 16A6.4; 16A6.5; TR 16A6.6; 16A8.3; TR 16A9.1(b)(ii); 16A9.1(d) to (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) to (b); 30.1.3(d); TR 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); TR 32.1.1(a) to (c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2.1(a), (b) and (f)
Preferential Procurement regulations, 2011	Regulations 4(1)); 4(3); 5(5); 6(5); 7(1) Regulations 9(1); 9(5); 11(5)
Preferential Procurement regulations, 2017	Regulations 4(1); 4(2); 5(1); 5(3); 5(6) Regulations 5(7); 6(8); 7(8); 8(2); 8(5) Regulations 9(1); 10(1); 10(2); 11(1)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
NT SCM Instruction Note 05 of 2009/10	Paragraph 3.3
NT SCM Instruction Note 04 of 2015/16	Paragraph 3.4
NT SCM Instruction Note 03 of 2016/17	Paragraph 8.1; 8.5
NT SCM Instruction Note 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 07 of 2017/18	Paragraph 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A – FIPDM]	Paragraph 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Paragraph 3.1.1; 3.6; 3.7.2; 3.7.6(i) to (iii)
NT SCM Instruction Note 03 of 2020/21	Paragraph 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Paragraph 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Paragraph 1; 2
Second Amendment to NT SCM InstructionNote 05 of 2020/21	Paragraph 1
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
SCM Practice Note 8 of 2007/08	Paragraph 3.3.1; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10+	Paragraph 4.1.2

• I did not raise any material findings on compliance with the selected legislative requirements.

Internal control deficiencies

• I considered internal control relevant to my engagements on the financial statements, reported performance information and compliance with key legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Professional ethics and quality control

• I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

• In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards

Auditor-General

Cape Town
29 July 2022

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY

The Public Finance Management Act 1999 (Act No 1 of 1999) requires the Accounting Authority to ensure that Artscape keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of Artscape, its financial results, its performance against predetermined objectives and its financial position at year end.

The Annual Financial Statements are the responsibility of the Accounting Authority. The Auditor-General South Africa is responsible for independently auditing and reporting on the financial statements.

The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board. The annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Accounting Authority is responsible for the Institution's internal controls and risk management. These controls are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets and to prevent and detect material misstatements and loss. Nothing has come to the attention of the Accounting Authority to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

In view of our current financial position, the Accounting Authority has every reason to believe that Artscape will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the financial statements.

Submission of Annual Financial Statements
The annual financial statements for the year ended 31 March 2022 set out on pages 68 to 99, were submitted for auditing on 31 May 2022 in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act 1 of 1999).

Marlene Le Roux
Chief Executive Officer

Vernon van der Linde
Chief Financial Officer

ACCOUNTING AUTHORITY REPORT
for the year ended 31 March 2022

Artscape is a declared Cultural Institution in terms of Section 3 of the Cultural Institution's Act 1998, (Act 119 of 1998). The entity is listed as a schedule 3A entity (national entity) under the Public Finance Management Act, 1999 (Act 1 of 1999).
Artscape's Council acts as the Accounting Authority in terms of the Public Finance Management Act.

COUNCIL

The following Council members were appointed by the Minister of Sport, Arts & Culture on 9 December 2020 and were in office on 31 March 2022:
Mr R Jock (Chairperson)
Ms N Manana
Ms K Meiring
Mr S Menye
Ms X Nduneni-Ngema
Mr J Pooe
Mr P van Ryneveld

EXECUTIVE MANAGEMENT
The executive management are responsible for the day-to-day management of the Institution and are in full-time employ of the institution. As at 31 March 2022, the Executive Management consisted of the following:

Chief Executive Officer (CEO)	Marlene le Roux
Chief Financial Officer (CFO)	Vernon van der Linde
Senior Manager: Human Resources	Lungisani Nkomo
Director: Operations	Marius Golding
Senior Manager: Programme & Business Management	André Steenveld
Company Secretary	Ilze-Marie De Wet

NATURE OF BUSINESS
The main objective is to advance, promote and preserve the performing arts in South Africa, but predominantly in the Western Cape.

CONTROLLING ENTITY
The Department of Sport, Arts and Culture is the controlling entity and has ownership control of Artscape.

ADDRESSES
The Institution's business and postal addresses are as follows:
Business Address: ARTSCAPE Theatre Centre, DF Malan Street, Cape Town, 8001
Postal Address: P O Box 4107, Cape Town, 8000

Country of incorporation: Republic of South Africa
Banker: Nedbank Limited
Internal Auditors: Nexia SAB&T Chartered Accountants Inc.
External Auditors: Auditor-General South Africa

FINANCIAL INFORMATION

Statement of Financial Position
as at 31 March 2022

	Notes	2022	2021 RESTATED
ASSETS		**R**	**R**
Current assets			
Cash and cash equivalents	3	35 826 002	22 942 580
Trade and other receivables from exchange transactions	4	309 658	334 517
Inventory	5	210 170	210 170
		36 345 830	23 487 267
Non-current assets			
Property, plant and equipment	6	160 514 400	169 474 184
Intangible assets	7	34	6 363
		160 514 434	169 480 547
TOTAL ASSETS		**196 860 264**	**192 967 814**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8.1	3 001 482	3 857 213
Employee benefits - staff leave accrual	8.2	1 139 496	980 683
Unspent government grants and receipts	9	11 140 108	10 174 551
Current portion of post-retirement medical aid liability	10	101 003	140 403
		15 382 089	**15 152 850**
Non-current liabilities			
Post-retirement medical benefit	10	632 963	695 830
		632 963	**695 830**
TOTAL LIABILITIES		**16 015 052**	**15 848 680**
Net assets		**180 845 212**	**177 119 134**
Accumulated Surplus		180 845 212	177 119 134
TOTAL NET ASSETS AND LIABILITIES		**196 860 264**	**192 967 814**

Statement of Financial Performance
for the year ended 31 March 2022

	Notes	2022	2021 RESTATED
REVENUE		**R**	**R**
Revenue from non-exchange transactions			
Government grants			
- Operational (DSAC)		65 849 000	65 269 000
- Capital Works (DSAC)	9	9 604 615	1 459 925
- Incubator Programme (DSAC)	9	1 187 656	666 582
- PGWC	9	491 402	188 037
- City of Cape Town	9	2 000 000	2 000 000
Sponsorship - General	11	121 339	78 400
Lease (Service-in-kind)	24	10 877 845	10 147 243
Total Revenue from non-exchange transactions		**90 131 857**	**79 809 187**
Revenue from exchange transactions			
Venue rental		971 947	631 658
Other operating revenue	11	3 457 501	168 474
Interest earned - external investments	12	1 083 170	640 690
Total Revenue from exchange transactions		**5 512 618**	**1 440 822**
TOTAL REVENUE		**95 644 475**	**81 250 008**
EXPENSES			
Employee related costs	13	38 409 548	37 235 989
Repairs and maintenance	14	1 057 031	1 636 849
Depreciation and amortisation expense	15	17 023 112	15 606 213
Other operating expenses	16	3 469 589	2 745 239
Administrative expenses	17	31 403 950	26 522 565
TOTAL EXPENSES		**91 363 230**	**83 746 857**
OTHER (LOSSES)		**(555 167)**	**(69 142)**
Gain/(Loss) on provision for post-retirement medical benefit	10	102 268	(69 142)
(Loss) on sale of assets	6	(657 435)	-
CONTINUING OPERATIONS SURPLUS/(DEFICIT)		**3 726 078**	**(2 565 991)**
TOTAL SURPLUS/(DEFICIT) FOR THE PERIOD		**3 726 078**	**(2 565 991)**

FINANCIAL INFORMATION

Statement of Changes in Net Assets
for the year ended 31 March 2022

	Accumulated Surplus R	Total Net assets R
FOR THE YEAR ENDED 31 MARCH 2020 (Restated)	179 685 125	179 685 125
BALANCE AT 1 APRIL 2020 (Restated)	179 685 125	179 685 125
Deficit for the period (Restated)	(2 565 991)	(2 565 991)
		-
FOR THE YEAR ENDED 31 MARCH 2021 (Restated)	**177 119 134**	**177 119 134**
BALANCE AT 1 APRIL 2021 (Restated)	**177 119 134**	**177 119 134**
Surplus for the period	3 726 078	3 726 078
		-
FOR THE YEAR ENDED 31 MARCH 2022	**180 845 212**	**180 845 212**

Cash Flow Statement
for the year ended 31 March 2022

	Note(s)	2022 R	2021 RESTATED R
Cash flows from operating activities			
Receipts		**85 705 189**	**75 939 790**
Cash received from customers (sale of goods and services)		4 429 449	800 132
Cash received from government grants		80 192 570	74 498 968
Interest received - investment	12	1 083 170	640 690
Payments		**64 107 330**	**57 594 630**
Cash paid to suppliers (services rendered and goods received)		25 949 930	20 235 178
Cash paid to employees		38 157 400	37 359 452
Net cash flows from operating activities	19	**21 597 859**	**18 345 160**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(8 714 437)	(39 326)
Net cash flows from investing activities		**(8 714 437)**	**(39 326)**
Net increase in cash and cash equivalents		**12 883 422**	**18 305 834**
Cash and cash equivalents at the beginning of the year		22 942 580	4 636 746
Cash and cash equivalents at the end of the year	3	**35 826 002**	**22 942 580**

Statement of Comparison of Budget and Restated Actual Amounts

Restated Actual 2021 R		Actual amounts on comparable basis 2022 R	Original Approved Budget R	Adjustment R	Final Approved Budget R	Difference between final budget and actual R
81 250 007	**INCOME**	**95 644 475**	**85 369 000**	**3 781 000**	**89 150 000**	**6 494 475**
79 730 786	Government grants	90 010 518	76 608 000	3 781 000	80 389 000	9 621 518
878 531	Rendering of services	4 550 787	6 961 000	-	6 961 000	(2 410 213)
640 690	Investment revenue	1 083 170	1 800 000	-	1 800 000	(716 830)
83 746 856	**OPERATING EXPENDITURE**	**91 363 230**	**101 869 000**	**3 781 000**	**105 650 000**	**(14 286 771)**
26 522 566	Administrative expenses	31 403 950	41 948 000		41 948 000	(10 544 050)
15 606 213	Amortisation and depreciation	17 023 112	16 500 000	-	16 500 000	523 112
37 235 989	Compensation of employees	38 409 548	42 341 000	-	42 341 000	(3 931 452)
1 636 849	Repairs and maintenance	1 057 031	1 080 000	-	1 080 000	(22 969)
2 745 239	Production expenses	3 469 589	-	3 781 000	3 781 000	(311 411)
(2 496 849)	**OPERATING SURPLUS/(DEFICIT)**	**4 281 244**	**(16 500 000)**	**-**	**(16 500 000)**	**20 781 244**
-	Loss on write-off of assets	(657 435)				(657 435)
(69 142)	Gain/(loss) on provision for post-retirement medical benefit	102 268				102 268
(2 565 991)	**SURPLUS/(DEFICIT)**	**3 726 078**	**(16 500 000)**		**(16 500 000)**	**20 226 077**
	Capital Works	**-**	**-**	**-**	**-**	**-**
(2 565 991)	**NET SURPLUS/(DEFICIT)**	**3 726 078**	**(16 500 000)**	**-**	**(16 500 000)**	**20 226 077**
1 459 925	**CAPITAL EXPENDITURE**	**9 604 615**	**-**	**-**	**-**	**9 604 615**

Statements of Comparison of Budget and Actual Amounts
as at 31 March 2022

Reconciliation of approved budget deficit with the surplus/(deficit) in the statement of financial performance		2022 R	2021 RESTATED R
Net Surplus/(Deficit) per the statement of financial performance		**3 726 078**	**(2 565 991)**
Adjusted for:			
(Increase)/Decrease in capital works grant utilised	1*	(9 621 518)	6 150 214
Decrease/(Increase) in other operating revenue	2*	2 410 213	(878 531)
Decrease/(Increase) in interest received	3*	716 830	(146 690)
Decrease in administrative expenses	4*	(10 544 050)	(16 516 435)
Increase/(Decrease in) amortisation and depreciation	5*	523 112	(893 785)
Decrease in compensation of employees	6*	(3 931 452)	(2 708 011)
(Decrease)/Increase in repairs and maintenance	7*	(22 969)	914 850
(Decrease)/Increase in other production expenses	8*	(311 411)	75 238
Increase in loss on write-off of fixed assets	9*	657 435	-
(Decrease)/Increase in provisions for post-retirement medical benefit	10*	(102 268)	69 142
Net (Deficit) per approved budget		**(16 500 000)**	**(16 500 000)**

Differences between budget and actual amounts basis of preparation and presentation

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the above table.

The effect of Covid-19 had a tremendous impact on operations of Artscape.

Explanation of differences between budget and actual amounts for the current year.

1*- Capital works funds were received during the year, however, were not included in the 2021/2022 budget.
2*- Operating revenue decreased as a result of the suspension of theatre productions as a result of the national lockdown.
3*- The interest income was lower than budgeted due to lower interest rates and cash.
4*- Administrative expenses decreased as a result of the suspension of theatre productions due to Covid-19 national lockdown.
5*- Depreciation and Amortisation costs are slightly higher than the budgeted amount due to additions to PPE
6*- Employee cost is below the budgeted amount primarily due to the implementation of Artscape's cost containment actions, which resulted in the delay in filling certain vacancies, curtailment of overtime and only a 2% salary increase for the year.
7*- Repairs and maintenance expenses are in line with the budget for the year.
8*- Production expenses are slightly below budget, due to a timing difference as funds were received late during the year and not all expenses have been incurred by year end.
9*- Assets which were identified as redundant with no economic value, have been written off. This loss was not budgeted for.
10*- The beneficiaries of the post retirement medical benefit decreased from 3 members to 2 members during the course of the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

1.1 Going concern assumption

The financial statements have been prepared on a going concern basis in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment of trade receivables

Artscape assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of these assets and liabilities.

Provisions and contingencies

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Property, plant and equipment and intangible assets

Artscape assesses the useful life and residual values of these assets based on the condition of the assets and the current practice for the replacement.

1.3 Property, Plant and Equipment

Land and buildings are registered in the name of the Provincial Government of the Western Cape (PGWC) and are made available to Artscape on a permanent basis. Such land and buildings not belonging to Artscape are not recognised as property, plant and equipment.

Property, plant and equipment are stated at historical cost less accumulated depreciation. Improvements to the property belonging to PGWC are capitalised and are stated at cost less accumulated depreciation. Work in progress on improvements to leased property are capitalised and are stated at cost and transferred to improvements to leased property upon completion. Vehicles, equipment, music instruments, furniture and fittings and computers are depreciated on a straight-line basis over their estimated useful lives to their residual value.

The useful life of an item of property, plant and equipment is the period over which the assets are expected to be available for use by Artscape. The residual value is the estimated amount that Artscape would obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or over the term of the lease, where the lease period is shorter (as listed in note 1.6.1 below).

Surpluses and losses on disposal of property, plant and equipment are credited or charged to the statement of financial performance and is recognised as a profit or loss on disposal.

Depreciation is calculated on the straight-line method, to write off the cost of each asset to estimated residual values over its estimated useful life as follows:

Improvement to leasehold property	10 - 25 years
Motor vehicles	14 – 51 years
Cellular phones	2 years
Equipment	2 - 60 years
Musical instruments, furniture and fittings	10 - 60 years
Computer equipment	3 - 25 years

Artworks are not depreciated as their current residual value is expected to be greater than their carrying amount. Stage props and costumes are written off on acquisition. Work in progress is not depreciated and is transferred to improvement to leasehold property upon completion.

Annual reassessment of useful life

The useful life of an item of property, plant and equipment is the period over which the asset is expected to be available for use by Artscape.

The useful life of assets is reassessed on an annual basis to ensure that the estimated useful lives are still appropriate. Where a change in the estimated useful life is identified, the change is accounted for as a change in accounting estimate on a prospective basis. In other words, the remaining value is written off on a straight-line basis over the remaining newly assessed useful life.

Residual values

Residual values are reviewed each year and, where estimates differ from those previously determined, the difference is accounted for as a change in accounting estimates on a prospective basis.

Impairment

The carrying amount of assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the condition of the asset is evaluated to ascertain its value in use. Where the asset is damaged beyond repair, the fair value of the asset is its scrap value.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the Annual Financial Statements

Reversals of impairment
An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

1.4 Intangible Assets
Intangible assets, being identifiable non-monetary assets without physical substance, are accounted for in terms of the cost model, at cost less accumulated amortisation and any accumulated impairment losses.
Intangible assets comprise of computer software and have been assessed as having a useful life of 3 years with the amortisation charge thereon recognised on a straight line basis.
The residual value of an intangible asset is assumed to be zero as there is no expectation of disposing of it before the end of its economic life.
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the condition of the asset is evaluated to ascertain its value in use. Where the asset is damaged beyond repair, the fair value of the asset is its scrap value.

1.5 Inventory
Inventory is valued at the lower of cost, determined on the first-in first-out basis, and net realisable value (the estimated selling price in the ordinary course of business, less the costs necessary to make the sale).

1.6 Leases
1.6.1 Financial Leases
Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to Artscape. Assets subject to finance lease agreements are capitalised at their cash equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates using the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between finance costs and the capital repayments using the effective interest rate method. Lease finance costs are expensed when incurred.

1.6.2 Operating Leases
Operating leases are those leases, which do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.7 Financial Instruments
Financial instruments recognised on the statement of financial position include cash and cash equivalents, trade and other receivables and trade and other payables. Management determines the classification of its financial assets and financial liabilities at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

1.7.1 Trade and other receivables
Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. Trade and other receivables are assessed individually for impairment in terms of recoverability.

1.7.2 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at bank, as well as deposits held on call with banks and are stated at cost. Interest on cash in bank and call accounts are accrued on a monthly basis and disclosed as interest received in the statement of financial performance.

1.7.3 Trade and other payables
Trade and other payables comprise trade payables, accruals and amounts owed to third parties in relation to employee costs. Trade and other payables are categorised as a financial instrument under current liabilities and recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, where applicable.

1.8 Provisions and contingencies
Provisions are recognised where the Artscape has a present legal or constructive obligation as a result of a past event; a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation at the reporting date.
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.
Contingent assets and contingent liabilities are not recognised.

1.9. Commitments
Commitments represent capital goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are thus not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.10. Related party
Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The disclosure note details the related party relationships and transactions.

Individual as well as their close family members and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Key management personnel are defined as the Chief Executive Officer and all other management reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

Artscape operates as a National Public Entity with its parent department being the Department of Sport, Arts & Culture and it is therefore regarded as a related party. As a consequence of the constitutional independence of the three spheres of government in South Africa, all entities commonly controlled by the Department of Arts & Culture are considered to be related parties.

Only transactions and balances with related parties not at arms length or not in the ordinary course of business are disclosed.

National Department of Sport, Arts & Culture (DSAC) has ownership control over Artscape. DSAC provides Artscape with an operational grant, additional funding for essential maintenance and funding for special projects and events. All public entities under the control of DSAC are also regarded as related parties.

The Provincial Government of the Western Cape (PGWC) owns the Artscape Theatre Centre. No rental for the use of the premises is being charged to Artscape.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Notes to the Annual Financial Statements

1.11 Employee benefits

1. 11.1 Short-term employee benefit

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to salaries, wages and annual leave represents the amount which Artscape has a present obligation to pay as a result of employees' service provided for at the reporting date. The provisions have been calculated at undiscounted amounts based on current salary rates.

1.11.2 Defined contribution plans

Prior to 30 September 2009 employees could elect to join either the existing pension fund, a defined benefit fund, or the newly formed Provident Fund for the Performing Arts Institutions, a defined contribution fund. Since this date, all qualifying employees had to join the defined contribution fund.

Contributions in respect of defined contribution plans are recognised as an expense in the year to which they relate.

1.11.3 Post-retirement medical benefits

With effect from 31 March 2000 the Institution changed its accounting policy relating to post-retirement medical benefit costs. Provision is made for post-retirement benefits in the form of medical aid benefits for certain employees who were pensioned prior to 1997 and employees approved by Council subsequent to this date. The total cost is assessed in accordance with the advice of qualified and independent actuaries. The amount accrued for post-retirement medical benefits are included as a liability.

The cost of providing benefits under this plan is determined using the projected unit credit actuarial valuation method. The current service in respect of the defined benefit plan is recognised as an expense in the current period. Past service costs and actuarial gains and losses relating to the above-mentioned retired employees are charged to the statement of financial performance in full in the current period.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

Revenue arising from the use by others of the insitution's assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the institution and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Other operating revenue

Other operating revenue comprises marketing and publicity services, costume manufacturing, hiring of costumes, contributions by ticketing agent towards employee costs of Artscape's Box office staff.

Production revenue

Production revenue comprises gross ticket sales in respect of Artscape's own productions.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

Grants received from Government are recognised as per note 1.14.

Artscape has entered into a lease agreement for the free use of certain land and buildings belonging to the Provincial Government of the Western Cape.

Sponsorship received is recognised as revenue, on a systematic basis, over the period necessary to match them with the related costs, which they are intended to compensate.

1.14 Grants and Donations

Grants related to operational expenditure is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless, an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

Grants related to the acquisition or construction of an asset is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless, an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

Donations are recognised when the expenditure relating to the donation, is incurred.

1.15 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including the PFMA.

Irregular expenditure as defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

(a) the PFMA; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act;

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Notes to the Annual Financial Statements

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they were incurred.

1.16 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives, where possible. The approved budget covers the fiscal period from 1 April to 31 March.

The financial statements and the budget are not on the same basis of accounting. The actual financial statement information is presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in Statement of Comparison of Budget and Actual Amounts.

The net surplus per the statement of financial performance is reconciled to the budget surplus and the material differences, as determined by the materiality and significance framework, are explained in Statement of Comparison of Budget and Actual Amounts.

1.17 Comparative figures

Comparative figures have been adjusted to conform to changes in the presentation of the current year, where necessary.

2. New Standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, Artscape has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective Date	Expected Impact
GRAP 104 (amended): Financial Intruments	01-Apr-21	Not material
GRAP 25 (amended): Employee Benefits	To be advised	Unlikely there will be a material impact

All applicable standards will be adopted at its effective date.

Notes to the Annual Financial Statements

3. Cash and Cash Equivalents

	2022 R	2021 R
Cash and cash equivalents consist of the following:		
Cash on hand	7 526	17 365
Cash at bank - Nedbank	672 468	1 016 340
Call deposit and investments - Nedbank	35 146 007	21 908 875
Total Cash and cash Equivalents	**35 826 002**	**22 942 580**
Bank balances held in respect of unutilised grants	11 140 108	10 174 551
Bank balances excluding unutilised grants	24 685 894	12 768 029
	35 826 002	**22 942 580**

Cash and cash equivalents held by the entity in respect of unutilised grants are not available for use for any other purpose other than that specified by the funder.

4. Trade and Other Receivables from Exchange Transactions

	Balance as at March 2022		
	Gross balances	Impairment	Net Balance
	R	R	R
Trade receivables	352 205	(351 110)	1 095
Other qdebtors	308 563	-	308 563
Total	**660 768**	**(351 110)**	**309 658**

	Balance as at March 2021		
	Gross balances	Impairment	Net Balance
	R	R	R
Trade receivables	457 680	(159 798)	297 882
Other sundry debtors	36 635	-	36 635
Total	**494 315**	**(159 798)**	**334 517**

Ageing of trade receivables	2022 R	2021 R
Current (0 – 30 days)	2 631	9 249
31 - 60 Days	290	29 100
61 - 90 Days	232	-
91 + Days	349 052	419 329
Impairment of debts	(351 110)	(159 798)
Total	**1 095**	**297 881**
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	159 798	120 073
Contributions to provision	191 313	39 725
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	**351 111**	**159 758**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

	2022 R	2021 R
The amounts are subject to the Artscape's standard credit terms and are due within a maximum of either 30 days after month end or the payment terms stated on the initial contract with the debtors.		
At 31 March 2022, trade and other receivables can be analysed as follows:		
Neither past nor due	1 094	9249
Past due but not impaired	-	288 633
Past due and impaired	351 111	159 798
	352 205	**457 680**
The ageing of amounts past due but not impaired is as follows:		
30 days past due	**-**	**288 633**

5. Inventory

Costumes	**210 170**	**210 170**

6. Property, Plant and Equipment

	2022			2021		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R	R	R	R	R	R
Motor Vehicles	783 028	(771 015)	12 012	785 492	(730 716)	54 776
Equipment	45 313 384	(28 298 597)	17 014 787	40 405 541	(23 850 791)	16 554 750
Musical instruments	389 845	(355 914)	33 931	457 802	(405 086)	52 716
Furniture & Fittings	9 949 640	(5 831 365)	4 118 275	10 993 669	(5 894 066)	5 099 603
Computer Equipment	2 447 954	(1 609 016)	838 938	2 218 837	(1 744 787)	474 050
Improvement to leased property	212 062 051	(73 788 039)	138 274 012	212 062 051	(65 046 206)	147 015 845
Artworks	222 444	-	222 444	222 444	-	222 444
Total	**271 168 346**	**(110 653 946)**	**160 514 400**	**267 145 836**	**(97 671 652)**	**169 474 184**

Reconciliation of Property, Plant and Equipment - 2022

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out R	Carrying Value Closing Balance
	R	R	R	R		
Motor Vehicles	54 776	-	-	(42 763)	-	12 013
Equipment	16 554 751	8 159 047	(534 271)	(7 164 739)	-	17 014 787
Musical instruments	52 716	-	(3 827)	(14 957)	-	33 931
Furniture & Fittings	5 099 603	-	(108 137)	(873 191)	-	4 118 275
Computer Equipment	474 049	555 390	(11 200)	(179 301)	-	838 936
Improvement to leased property	147 015 846	-	-	(8 741 832)	-	138 274 013
Artworks	222 444		-	-	-	222 444
Total	**169 474 184**	**8 714 437**	**(657 435)**	**(17 016 784)**	**-**	**160 514 400**

Reconciliation of Property, Plant and Equipment - 2021

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out R	Carrying Value Closing Balance
	R	R	R	R		
Motor Vehicles	96 450	-	-	(41 672)	-	54 776
Equipment	22 333 226	-	-	(5 778 477)	-	16 554 749
Musical instruments	67 825	-	-	(15 109)	-	52 716
Furniture & Fittings	5 977 119	-	-	(877 516)	-	5 099 603
Computer Equipment	575 483	39 326	-	(140 758)	-	474 049
Improvement to leased property	155 757 680	-	-	(8 741 834)	-	147 015 846
Artworks	222 444		-	-	-	222 444
Total	**185 030 226**	**39 326**	**-**	**(15 595 367)**	**-**	**169 474 184**

Repairs and Maintenance in respect of Property, Plant and Equipment is reflected in note 14.

* See prior period adjustment in note 30 which impacted on the Opening carrying value of PPE at 01 April 2020 and the accumulated depreciation for 2021

7. Intangible Assets

Reconciliation of Carrying Value

	2022			2021		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R	R	R	R	R	R
Computer Software	840 572	(840 538)	34	840 572	(834 209)	6 363
Total	**840 572**	**(840 538)**	**34**	**840 572**	**(834 209)**	**6 363**

Reconciliation of Intangible Assets - 2022

	Cost	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	6 363	-	-	(6 329)		34
Total	**6 363**	**-**	**-**	**(6 329)**	**-**	**34**

Reconciliation of Intangible Assets - 2021

	Cost	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	**17 210**	-	-	(10 847)		6 363
Total	**17 210**	**-**	**-**	**(10 847)**	**-**	**6 363**

Notes to the Annual Financial Statements

	2022 R	2021 R
8.1 Trade and Other Payables from Exchange Transactions		
Trade payables	2 454 257	3 098 821
Payables to third parties	547 225	758 392
	3 001 482	**3 857 213**
8.2 Employee benefits - staff leave accrual		
Staff leave accrual	**1 139 496**	**980 683**
9. Unspent government grants and donations		
DEPARTMENT OF SPORT, ARTS&CULTURE		
Capital works		
Carrying amount at beginning of year	9 543 236	4 029 161
Amount received for capital works	10 797 570	6 974 000
Amount utilised for capital works	(9 604 615)	(1 459 925)
Carrying amount at end of year	**10 736 191**	**9 543 236**
Incubator Programme		
Carrying amount at beginning of year	-	666 582
Amount received for incubator programme	1 350 000	-
Amount utilised for incubator programme	(1 187 656)	(666 582)
Carrying amount at end of year	**162 344**	**-**
Total carrying amount at end of year (refer to note 23.1)	**10 898 535**	**9 543 236**
PROVINCIAL GOVERNMENT OF THE WESTERN CAPE		
Maintenance		
Carrying amount at beginning of year	63 887	-
Amount received for maintenance	196 000	200 000
Amount utilised	(259 887)	(136 113)
Carrying amount at end of year	**-**	**63 887**
EPWP		
Carrying amount at beginning of year	58 593	2 625
Amount received for sponsored projects (EPWP)	-	55 968
Amount utilised for sponsored projects (EPWP)	(3 439)	-
Carrying amount at end of year	**55 154**	**58 593**
Arts	228 077	280 000
Carrying amount at beginning of year	-	-
Amount received for Arts Organisations/Programmes	(228 077)	(51 923)
Amount utilised	-	**228 077**
Carrying amount at end of year		
	55 154	**350 557**
Total carrying amount at end of year (refer to note 23.2)		
CITY OF CAPE TOWN		
Arts Programmes		
Carrying amount at beginning of year	-	-
Amount received for Arts Programmes	2 000 000	2 000 000
Amount utilised	(2 000 000)	(2 000 000)
Carrying amount at end of year	**-**	**-**
Total carrying amount of unspent government grants at end of year	**10 953 689**	**9 893 793**
Unspent sponsorship	**186 419**	**280 758**
Total Unspent Grants and Donations	**11 140 108**	**10 174 551**

In terms of GRAP 23 the unspent government grants and sponsorships will be recognised to revenue as and when the conditions of the grants and sponsorships have been complied with. Refer to note 23.

	2022 R	2021 R
10. Post Retirement Medical Benefit		
Provision is made for certain post retirement medical benefit by funding a portion of the medical contributions of eligible retired employees.		
Gross carrying amount at beginning of year	836 233	767 091
Interest cost	71 062	66 825
Expected benefit payment	(108 864)	(245 868)
Actuarial (gain)/loss	(64 466)	248 185
Gross carrying amount at end of year	**733 965**	**836 233**
Accounted for as follows:		
Non-current liabilities	632 963	695 830
Current liabilities	101 003	140 403
	733 966	**836 233**
Movement of Post-retirement medical benefit liabilities		
Expected benefit payment	(108 864)	(245 868)
Interest cost	71 062	66 825
Actuarial (gain)/loss	(64 466)	248 185
Total Actuarial (gain)/loss	**(102 268)**	**69 142**

Artscape operates a post-retirement benefit scheme for eligible retired employees. The liability raised is in respect of the 2 (2021: 3) qualifying employees. The cost of this is recognised, as determined by independent actuaries, over the estimated service lives of the employees concerned. The most recent valuation of this liability was 31 March 2022.

Trend Information

The trend information as required by GRAP 25 for the previous 5 years, determined by the independent actuaries is:

	R'000				
	Mar-22	**Mar-21**	**Mar-20**	**Mar-19**	**Mar-18**
Present value of obligations	734	836	767	1 122	1 240
Fair value of plan assets	-	-	-	-	-
Present value of obligations in excess of plan assets	734	836	767	1 122	1 240
Experience adjustments					
(Actuarial gain/(loss) before changes in assumptions)					
In respect of present value of obligations	0.077	(0.320)	0.180	(0.027)	0.083
In respect of fair value of plan assets	-	-	-	-	-

Valuation method and main assumptions

The actuarial valuation method used by the actuaries to value the liabilities is the Projected Unit Credit Method prescribed by GRAP 25. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service member is accrued over expected working lifetime. Any plan assets are valued at current market value as required by GRAP 25. In order to undertake the valuation, it is necessary to make a number of assumptions.

The most significant assumptions used for the current and previous valuations were a discount rate of 9.81% (2021: 9.08%) and health care cost inflation of 8.25% (2021: 7.62%).

Sensitivity Results

The results of the valuation are extremely sensitive to the assumptions used.
The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

The liability was recalculated to show the effect of:
A one percentage point decrease or increase in the rate of health care cost inflation;
A one percentage point decrease or increase in the discount rate.

	Health Care Cost Inflation		
	Central Assumption 8.25%	-1%	1%
Accrued contributions liability as at 31 March 2022 (R' 000)			
% Change	734	701	770
Current service cost + Interest cost 2021/22			
% Change	0.091	0.090	0.091
	Discount rate		
Sensitivity results from previous valuation	Central Assumption 9.81%	-1%	1%
Accrued contributions liability as at 31 March 2022 (R' 000)			
% Change	734	770	700
Current service cost + Interest cost 2021/22			
% Change	0.091	0.082	0.099

	2022 R	2021 Restated R
11. Other operating revenue		
Revenue from exchange transactions		
Manufacturing services	27 190	18 840
Other revenue *	3 430 311	149 634
Total	**3 457 501**	**168 474**

* Included in Other revenue, is a R 3,3 million insurance payout during the current financial year in respect of the business interruption insurance policy. Furthermore it also includes the agent's contribution towards Artscape's Box office employee costs (refer to note 28).

Revenue from exchange transactions		
Sponsorship - General	**121 339**	78 400
12. Interest Earned - External Investments		
Bank - Call account and Short term investments	1 083 170	640 690
Total	**1 083 170**	**640 690**
13. Employee Related costs		
UIF contributions	173 625	158 605
Provident fund contributions (refer to note 21)	4 299 236	4 315 240
Medical aid contributions	2 911 152	2 983 858
Post retirement medical aid contribution (refer to note 30)	206 311	245 913
Overtime and shift allowances	-	52 096
Gross salaries, wages and other allowances	30 567 077	29 603 742
Accumulated leave	252 147	(123 463)
Total	**38 409 548**	**37 235 989**
14. Repairs and Maintenance		
Repairs and Maintenance during the year	434 411	176 924
Facilities Management Expenditure	622 620	1 459 925
Total	**1 057 031**	**1 636 849**
15. Depreciation and Amortisation Expense		
Property, plant and equipment	17 016 783	15 595 366
Intangible assets	6 329	10 847
Total	**17 023 112**	**15 606 213**
16. Other operating expense		
Production expenses *	3 469 589	2 745 239
Total	**3 469 589**	**2 745 239**

*Commission paid to the ticketing agent for Artscape's own productions, have been included in production expenses (refer to note 28).

Notes to the Annual Financial Statements

17. Administrative expenses

	2022 R	2021 Restated R
External auditor's remuneration	1 991 841	2 043 169
Internal auditor's remuneration	151 578	245 277
Bad debts	191 313	39 725
Bank charges	50 700	48 543
Catering service	17 353	104 464
Cleaning service	3 072 821	2 990 392
Consultancy fees	146 782	52 038
IT maintenance and support	926 969	939 585
Council and sub-committee members' remuneration (Refer to note 20.1)	295 793	264 374
Electricity and water	6 103 286	3 558 336
Insurance	227 285	189 953
Legal fee	15 650	-
Manufacturing consumables	1 264	300
Security services	4 161 582	3 851 633
Marketing and publicity	583 498	401 473
Operating leases	11 663	70 023
Office cost and telephone	870 295	829 716
Operating consumables	185 576	66 291
Other sundry expenses	571 766	504 440
Lease (Service-in-kind)	10 877 845	10 147 243
Staff related expense	391 783	38 415
Training and Development	88 218	44 985
Transport and travelling cost	469 089	92 194
Total	**31 403 950**	**26 522 565**

18. Operating lease

The operating leases comprise rentals charged for the leases of telephone and photocopier equipment.
The minimum operating lease commitments for these non-cancellable operating leases are:

Due within one year		11 663
Due later than one year but not later than five years	-	-
	-	**11 663**
	-	

19. Cash flows from operating activities

	2022 R	2021 Restated R
Surplus / (Deficit) for the year	3 726 078	(2 565 991)
Adjustment for :		
(Loss) on sale of Property Plant Equipment	657 435	-
Non-cash transactions		
Depreciation and Amortisation	17 023 112	15 606 212
(Decrease)/Increase in provision for post-retirement benefit obligation	(102 268)	69 142
	21 304 357	**13 109 364**
Operating surplus before working capital changes:		
(Increase)/Decrease in trade and other receivables	24 860	164 269
Increase in conditional grants and receipts	965 557	5 136 099
(Decrease)/Increase in trade and other payables	(855 731)	91 153
Increase/(Decrease) in employee benefits - staff leave accrual	158 815	(155 725)
	293 501	5 235 796
Net cash flows from operating activities	**21 597 859**	**18 345 160**

20. Remuneration

20.1 Emoluments of Non-Executive Management and Members of Accounting Authority/Committee

Council Members: (1 April 2020 - 08 December 2020)	
Princess C Dlamini (Chairperson)	17 664
Dr M Jacobs	10 900
Mr R Jock	14 626
Dr N le Roux	9 155
Adv P Magona	1 349
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-
Ms T Ngoma	3 702
Dr A Vilakazi (employed by Coega - no fee payable)	-
Mr M Vulindlu (employed by City of Cape Town - no fee payable)	-
	57 396
Audit and Risk Committee Members: (1 April 2020 - 08 December 2020)	
Mr R Jock (Chairperson)	30 660
Adv P Magona (Chairperson) until 16 August 2018	-
Dr M Jacobs	18 600
Ms T Maharaj	11 160
Mr R Rhoda	18 600
Dr A Vilakazi (employed by Coega - no fee payable)	-
	79 020
Human Resources Committee Members: (1 April 2020 - 08 December 2020)	
Mr M Vulindlu (Chairperson)(employed by City of Cape Town - no fee payable)	-
Mr R Jock	10 415
Dr N le Roux	7 848
Adv P Magona	8 911
	27 174

Notes to the Annual Financial Statements

	2022 R	2021 R
Social, Ethics and Transformation Committee: (1 April 2020 - 08 December 2020)		
Dr M Jacobs (Chairperson)	-	7 848
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms T Ngoma	-	6 968
	-	**14 816**
Council Members: (09 December 2020 - 31 March 2022)		
Mr R Jock - (Chairperson)	48 507	25 308
Ms N Manana	19 620	7 848
Ms X Nduneni-Ngema (employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms K Meiring	19 620	7 848
Mr M Menye	23 544	5 232
Mr J Pooe	13 514	7 848
Mr P van Ryneveld	27 468	15 696
	152 273	**69 780**
Audit and Risk Committee Members: (09 December 2020 - 31 March 2022)		
Mr P van Ryneveld (Chairperson)	32 400	6 132
Ms N Manana	19 620	3 720
Mr M Menye	22 176	3 720
Ms C Abdoll	23 544	-
Mr R Rhoda	24 852	-
	122 592	**13 572**
Social Ethics and Human Resources Committee Members: (09 December 2020 - 31 March 2022)		
Ms X Nduneni-Ngema (Chairperson)(employed by JHB Theatre, City of JHB - no fee payable)	-	-
Ms K Meiring	10 464	2 616
Mr J Pooe	10 464	-
	20 928	**2 616**
Total emoluments of Council and Committees (refer to note 17)	**295 793**	**264 374**

20.2 Emoluments of executive directors

	Basic salary	Allowances	Social Contributions	2022 Total	2021 Total
Ms M Le Roux (CEO)	1 637 719	48 000	391 953	2 077 672	2 009 825
Mr V van der Linde (CFO)	1 272 806	-	209 041	1 481 847	1 439 150
Mr M Golding (Director: Operations)	1 321 501	98 431	208 130	1 628 062	1 435 055
	4 232 026	**146 431**	**809 124**	**5 187 581**	**4 884 030**

21. Employee Benefit

Provident fund contributions

86 (2021: 89) employees are members of the Perfoming Arts Institutions Provident fund which is a defined contribution plan.

Employer and Employee contributions in the current year amounted to R4,299,236 (2021: R4,315,240). (refer to note 13)

	2022 R	2021 R

22. Financial Instruments and Risk Management

22.1 Financial instruments

Financial instruments carried on the statement of financial position are classified as financial assets and as financial liabilities in terms of GRAP 104 and consist of trade and other receivables, cash and cash equivalents and trade and other payables.

In accordance with GRAP104.45 the financial liabilities and assets of Artscape are classified as follows:

Financial Assets carried at amortised cost	35 826 002	22 942 580
Cash and cash equivalents	309 658	334 517
Trade and other receivables (excluding prepayment)	**36 135 660**	**23 277 097**
Financial Liabilities carried at amortised cost		
Trade and other payables	3 001 482	3 857 213
Staff leave accrual	1 139 496	980 683
Unspent government grants and receipts	11 140 108	10 174 551
	15 281 086	**15 012 447**

22.2 Fair Value

At 31 March 2022 and 31 March 2021 the carrying values of financial instruments reported in the financial statements approximate their fair value.

22.3 Credit Risk

Cash and cash equivalents

Credit risk is mitigated by the fact that Artscape only deposits cash surpluses with major banks of high credit standing. The maximum exposure to credit risk at the reporting date is the bank balances as disclosed in the Statement of Financial Performance . The table below shows the credit rating and balances of the banks used by Artscape.

	Rating	2022	2021
Nedbank Limited	AA1	35 818 476	22 925 215

Trade and Other Receivables

Credit risk is mitigated through management's assessment of the credit quality of debtors, taking into account their financial position, payment history, their production track record and the perceived perception of the quality of the production prior to it being staged. Each production is assessed individually and the agreement is negotiated and assessed in consultation with and the respective producer or promoter. Without classifying debtors differently, the assessment is done to ensure a fair practice an equitable agreement for all users of the same space whilst ensuring the presentation of excellent and varied products, meeting audience expectations and public demand. No collateral is held for any debtor.

The maximum exposure to credit risk at the reporting date is the fair value of trade and other receivables as disclosed in note 4. The 1 (2021: 2) debtor/s that constitute more than 70% of the trade receivables balance have a favourable payment history. The recoverability of amounts due by the professional arts companies associated with Artscape is dependent on the continued public and private funding for these art companies which is needed to continue their operations. Management is of the opinion that these debts are fully recoverable.

	2022 R	2021 R

22.4 Liquidity Risk

Artscape manages liquidity risk by monitoring its cash flow requirements. Council is of the opinion that the net carrying value of the liabilities approximate their fair value and that Artscape has sufficient resources to settle its short term liabilities.

The table below analyses Artscape's financial liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Maturity analysis

2022	Less than 12 months	Over 12 months
Trade payables	2 454 257	
Leave accruals	1 139 496	
Other payables	547 225	

Maturity analysis

2021	Less than 12 months	Over 12 months
Trade payables	3 098 821	
Leave accruals	980 683	
Other payables	758 392	

The deferred government grant revenue is not a financial liability as it is similar to revenue received in advance, and has been excluded from the maturity analysis. It will only become a financial liability if it becomes re-payable.

23. Related Parties

23.1 Department of Sport, Arts & Culture

The National Department of Sport, Arts & Culture (DSAC) has ownership control over Artscape. DSAC provides Artscape with an operational grant, additional funding for essential maintenance and funding for special projects and events.

All public entities under the control of DSAC are related parties. Except for the transaction with the DSAC public entities listed below, Artscape had no transactions with any of the other entities.

Details of the transactions between DSAC and Artscape are as follows:

Revenue received		
Operational grant	65 849 000	65 269 000
Capital works grant	10 797 570	1 975 000
Incubator programme	1 350 000	1 350 000
Total revenue received for the year	**77 996 570**	**68 594 000**
Amount deferred as balance as at year end (refer to note 9)	**10 898 535**	**9 543 236**

The deferred government grant will be fully utilised during the 2022/2023 financial year as part of the capital works and maintenance projects.

	2022 R	2021 R

23.2 Provincial Government of the Western Cape

The Provincial Government of the Western Cape (PGWC) owns the Artscape Theatre Centre. No rental for the use of the premises is being charged to Artscape. PGWC is responsible for the structural maintenance of the building and the maintenance of stages.

Details of the transactions between Artscape and PGWC are as follows:

Revenue received		
Annual maintenance	196 000	200 000
Contribution to EPWP internship programme	-	55 968
Contribution to Arts Organisations/Programmes	-	-
Total revenue received for the year	**196 000**	**255 968**
Amount deferred as balance as at year end (refer to note 9)	**55 154**	**350 557**

The management of Artscape are those responsible for planning, directing and controlling the activities of Artscape. As a result, the board members and directors are related parties to Artscape. Their remuneration is disclosed under note 20.

24. Service In Kind

Artscape occupies premises owned by the Provincial Government of the Western Cape (PGWC), free of charge. The value of the use of the premises has been calculated at R 10,877,845 (2021: R 10,147,243) assuming an annual increase of 7.2%. These amounts have been recognised as income and expenditure in the Statement of Financial Performance.

25. Irregular Expenditure

Reconciliation of irregular expenditure

Opening balance *	33 400 003	33 367 000
Irregular expenditure - due to supply chain deviation**	-	33 003
Irregular expenditure for the current period	**-**	**33 003**
Irregular expenditure at end of year awaiting condonation	**33 400 003**	**33 400 003**

*Included in the 2021 opening balance of R 33,367,000 is an amount of R 20,368,977. Funds were approved, allocated and received from DSAC for capital works (R20 368 977) in 2018/2019 but it was not reflected in the submitted budget because Artscape was not privy to what the allocation would be ahead of the budget being submitted. The Auditor General (AG) deemed the allocation as overspending on the budget, even though it was well within the approved capital allocation from DSAC.

** The 2020/2021 irregular expenditure relates to the appointment of an insurance broker at a cost of R 33 003 which did not follow a due process. This has been corrected and a proper procurement process was followed in the 2021/2022 financial year.

	2022 R	2021 R

26. Commitments

At the financial position date, Artscape had outstanding Capital commitments in respect of orders placed for goods and services but not yet received or rendered.

Capital expenditure	3 915 577	7 607 568
	3 915 577	**7 607 568**

27. Segment Reporting

It is the view of management that the programmes of the Artscape are not segments in terms of the definition in GRAP 18 and therefore segment reporting is not required. Management's considerations whether segments exist are the following: GRAP 18, paragraph 5 defines a segment as follows: "A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
(c) for which separate financial information is available."

Taking the Artscape's programmes into consideration and the types of internal management reports as well as the annual financial statements, the following can be deduced when assessed against the definition of segment reporting:

Administration Programmes are support functions to the entity for it to generate economic benefits. Business development programmes cannot generate economic benefits alone and they cannot be seen as segments. Public Engagement Programmes on the other hand do not generate economic benefits. All reporting is done on an aggregated economic reporting level.
Programmes are based on the Artscape's functional activities with support service departments bearing the cost of a general nature. Accordingly data is not analysed for allocation to individual departments.

28. Principal /Agent Agreement : GRAP 109

Artscape concluded an agreement with Computicket, a national ticketing agent on 10 May 2018 in terms of which Computicket is appointed as a ticketing agent for all allocated events submitted via an Event Information Sheet. In terms of this arrangement, Artscape is the principal and Computicket is the agent.

In terms of the agreement, Computicket makes a monthly contribution towards Artscape box office employee related costs. Computicket provides all the equipment and ticketing software system , whilst Artscape provides the physical office for the box office staff (employed by Artscape). The turnover from any ticket sales are banked by Computicket. Computicket pays security services on behalf of Artscape for the physical cash in transit. A COVID 19 pandemic National State of Disaster lockdown level 5 was imposed with effect from 26 March 2020, Computicket ceased the box office operation for most of the 2021 financial year, and these contributions by Computicket were accordingly reduced significantly. The new agreement with Computicket which was implemented from 01 August 2021, does not provide for any contribution towards Artscape's Box Office employee costs.

	2022 R	2021 (Restated) R

Where Artscape is not the producer of the event or show (e.g. such as Cape Town City Ballet or Cape Town Opera), the producer may appoint its own ticketing agent. In such a case, should Computicket operate the ticketing for these performances, Computicket does not act as Artscape's agent, but as the agent of the producer of such a show or performance. The purpose of the principal-agent relationship is for Computicket who have the ticketing system, to sell Artscape's event tickets at all its outlets nationwide. Artscape entered into this arrangement due to the benefits that Computicket can provide, allowing a nation-wide outlet for ticket sales. The cost-savings obtained for Artscape not having to acquire and maintain its own ticket software system, outweighs the costs paid through commissions from using the agent to sell the tickets.

1. Contributions paid by agent to Artscape towards box office employee cost *	-	17 000
2. Contributions paid by agent to Artscape towards Cash collections/ banking services of box office sales *	-	2 400
3. Commission paid to agent for Artscape's own productions **	4 880	-

* These contributions by the Agent, are included in Other Operating Revenue as per Note 11.
**This commission paid to the ticketing agent for Artscape's own productions, were charged to Production Expenses and reflected under Other Operating expenses as per Note 16. There were no ticket sales for Artscape's own productions. There are no resource implications for Artscape as all the equipment and ticketing software are owned by the agent. Artscape would upon termination of the current agreement, have to source a new ticketing agent to provide such services.

29. Events after the reporting date

No adjusting events have occurred after the reporting date. It should however be noted that the National State of Disaster in respect of the Covid-19 pandemic terminated at midnight of 4 April 2022.

At year-end Artscape awarded a contract to a supplier for the supply and installation of capital equipment to the value of R 3,9 milion (refer to note 26). After year-end on 23 May 2022, a motion of summons issued by the Cape High Court was received from an unsuccessful bidder. Artscape is intending to defend the matter.

30. Prior Period Errors
30.1 Adjustment of an error that resulted from an adjustment of R1 assets

The entity has revalued the useful lives of its R 1 assets for the 2020/2021 fy which resulted in the following changes (refer to note 6) :

Increase in Property, Plant and Equipment	2 895 038
Increase in accumulated surplus	2 895 038
Decrease in depreciation and amortisation expense	558 047
Decrease in total deficit for the year	558 047

30.2 Correction to an error relating to employee costs in 2020/2021 (refer to note 13)

Decrease in trade and other payables from Exchange transactions	69 142
Decrease in employee costs	69 142

31. Going Concern Assessment

The financial statements have been prepared on a going concern basis in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

The Current Assets at 31 March 2022 exceed Current Liabilities by R21,0 million (2021 : R8,3 million). It should be pointed out that a deficit budget of R 16,450 million (which equals the amount budgeted for depreciation) for the year ending 31 March 2023 had been approved by Council.

With the manifestation of the COVID-19 pandemic and the fact that the State President declared a National State of Disaster with effect from 26 March 2020, normal operations at Artscape came to a complete halt. The National State of Disaster contains 5 lockdown stages and under Lockdown level 5 and level 4 theatres such as Artscape could not operate and all performances and shows had to be cancelled from the end of March 2020. From Lockdown Level 4 which commenced on 1 May 2020, Artscape could host limited recordings for streaming but these actions did not generate any income for Artscape. From 1 June 2020, lockdown level 3 commenced and performances were allowed to take place but with severe restrictions and conditions. These restrictions did not make it viable for producers to arrange performances at playhouses. South Africa was on lockdown level 1 at 31 March 2022, which allowed for a maximum of approximately 500 patrons in the Opera House. Although the National State of Disaster terminated on 4 April 2022, certain regulations remained in place. Currently we still have to maintain social distancing for patrons which reduce our theatre capacity to approximately one third of total capacity. Hence in all likelihood, Artscape will not be able to generate any substantial revenue from box office ticket sales and venue rentals.

We have also completed a Cash flow projection based on the approved budget and projected figures. The projection is that we will have a Cash balance at 31 March 2023 of about R21,4 million. We will be able to meet the commitments for the financial year such as Salaries for permanent staff and staff with long term contracts, security services, cleaning services, ICT services, payment of our municipal utility bills as well as deferred capital expenditure.

Artscape has experienced cash flow challenges since 2018, which to a large extent were caused by Employee related costs which moved from R37,3 million in the 2017 financial year, to R43,7 million in 2018 and then to R46,5 million in the 2019 financial year. This growing payroll cost was clearly not sustainable when the dire economic circumstances which prevailed in the country made it impossible to grow the revenue base (from the side of Government and in respect of box office ticket sales and venue rentals).

Hence, Artscape introduced a turnaround strategy towards the end of 2018 which attempted to curtail this growing payroll costs by managing overtime costs, and following a process of natural attrition where vacancies which arose, were filled for the most essential posts. Training costs were also reduced to the absolute minimum.

Other austerity steps taken were the following:
The following additional initiatives and interventions have already been implemented or will be implemented:

1. Reduction in overtime hours worked as a result of a more effective management of our resources.
2. Limit attendance of workshops and training courses to those of absolute necessity.
3. Manage the renewal of employment contracts for critical staff positions only.
4. Delay the filling of certain positions.
5. Implement the audit of all positions to ensure no duplicate positions exist or that there is any excess staff in those areas.
6. Manage salary increases for 2020/2021 financial year with a zero increase and a 2% increase for the 2021/2022 financial year. We will continue to manage salary increases for the 2022/23 financial year as we granted a 4.5% increase for 2022/2023.
7. Manage overseas travelling expenses and reduce such to the absolute bare minimum.
8. More efficient management of the transportation of staff.
9. Manage the catering operating expenses by closing the operations at Arts Café. We closed the restaurant and bars and will engage a service provider to transfer the risks and rewards from Artscape to the service provider.
10. Manage any surplus cash more effectively where possible, through our Call account.
11. Manage the generation of third stream income as best as possible – our third stream income is in the main the rental income from the hiring out of venues and donations from possible sponsors.

We are of the opinion that based on the fact that the Department of Sport, Arts and Culture will continue to fund Artscape for the 2022/23 financial year as per the funding allocation letter, it is appropriate that the financial statements have been prepared on the going concern basis.

32. Public Finance Management Act 1999 (Act No 1 Of 1999)

Section 55 (2)
No material losses through criminal conduct and/or fruitless or wasteful expenditure were incurred during the year. Irregular expenditure has been disclosed in note 25.

Section 54 (2)
In terms of the PFMA and Treasury Regulation 28.1.5 the Council has developed and agreed to a framework of acceptable levels of materiality and significance.

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