DITSONG

MUSEUMS OF SOUTH AFRICA

an agency of the

Department of Sport, Arts and Culture

ANNUAL REPORT
2021 / 2022

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TABLE OF CONTENTS

PART A:

GENERAL

PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	DITSONG: Museums of South Africa
REGISTRATION NUMBER:	Not Applicable
PHYSICAL ADDRESS:	70 WF Nkomo Street GaMohle Building Pretoria 0002
POSTAL ADDRESS:	PO Box 4197 Pretoria 0001
TELEPHONE NUMBER/S:	+27 12 492 5744
FAX NUMBER:	+27 12 323 6592
EMAIL ADDRESS:	info@ditsong.org.za
WEBSITE ADDRESS:	https://www.ditsong.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	First National Bank (FNB)
COUNCIL SECRETARY	Mr F. Mashilo

2. LIST OF ABBREVIATIONS/ACRONYMS

ACH	Arts, Culture and Heritage
AFS	Annual Financial Statements
ARIC	Audit, Risk and Information Communication Technology Committee
AGSA	Auditor-General of South Africa
AVE	Advertising Value Equivalency
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa (BRICS countries)
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPD	Corporation for Public Deposits
Covid-19	Coronavirus Disease 2019
CoT	City of Tshwane
DKM	DITSONG: Kruger Museum
DMSA	DITSONG: Museums of South Africa
DNMCH	DITSONG: National Museum of Cultural History
DNMMH	DITSONG: National Museum of Military History
DNMNH	DITSONG: National Museum of Natural History
DPM	DITSONG: Pioneer Museum
DPWI	Department of Public Works and Infrastructure
DSAC	Department of Sport, Arts and Culture
DSI	Department of Science and Innovation
DSMM	DITSONG: Sammy Marks Museum
DTMC	DITSONG: Tswaing Meteorite Crater
DWPAM	DITSONG: Willem Prinsloo Agricultural Museum
EE	Employment Equity
EXCO	Executive Committee
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
HDI	Historically Disadvantaged Individuals
HO	Head Office
HR	Human Resources
HRREMCO	Human Resources and Remuneration Committee
ICT	Information and Communications Technology
MANCO	Management Committee
MOU	Memorandum of Understanding

MTSF	Medium-Term Strategic Framework
NAC	National Arts Council
NDP	National Development Plan
NEASA	National Employers Association of South Africa
NRF	National Research Foundation
NSCF	Natural Sciences Collection Facility
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PMTE	Property Management Trading Entity
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
RAMP	Repairs and Maintenance Programme
SAASTA	South African Agency for Science and Technology Advancement
SCM	Supply Chain Management
SLA	Service Level Agreement
TR	Treasury Regulations
UP	University of Pretoria
WSP	Workplace Skills Plan

1. FOREWORD BY THE CHAIRPERSON

Introduction

I am pleased to present the 2021/22 Annual Report on behalf of the Council of DITSONG: Museums of South Africa (DMSA). This report has been prepared in accordance with the Cultural Institutions Act (No. 119 of 1998, as amended in 2001) and the Public Finance Management Act (No. 1 of 1999, as amended).

The report presents the organisation's performance against pre-determined objectives as outlined in the Annual Performance Plan (APP) for the year under review. It reflects successes, challenges and future opportunities to be considered in ensuring that the natural and cultural heritage resources under DMSA's care are well conserved for the current and future generations.

Overview of DMSA strategy and performance

The year under review was characterised by increased social inequality and unemployment as well as an economic meltdown exacerbated by the Covid-19 pandemic. Public institutions were placed under immense pressure to deliver much-needed services, and DMSA was no exception. Notwithstanding the grave challenges faced in the reporting period, DMSA achieved 72% of its annual performance targets under extremely challenging circumstances, largely created by a liquidity crisis.

The Covid-19 pandemic has dramatically altered the world and the global economic effects of the pandemic are far-reaching and will likely be long-lasting. Cultural institutions, including museums, had to rapidly change their business models and become more flexible and innovative, particularly as the impact of the pandemic is expected to continue into the near future. The pandemic has changed our business model from physical access to digital access, in keeping with the vision of being a 'museum of the future'. Like many other cultural institutions and museums, DMSA has scaled-up its online presence on social media platforms.

Turnaround strategy

DMSA's turnaround strategy, which was necessitated by the liquidity challenges experienced in 2021/22 was developed with the singular objective of ensuring the institution's long-term sustainability. My fellow Council members, together with management and the shareholder, dedicated much of their time during the period under review to find solutions to several challenges that had been pre-empted in the previous financial year.

Some of these actions include but not limited to, continuous engagements with the Department of Sport, Arts and Culture (DSAC) regarding the funding model to protect DMSA's sustainability and capabilities, revenue diversification and cost containment strategies as well as regular monitoring of cash flows, and ongoing engagement with creditors and staff. There is a major emphasis on strengthening the balance sheet through efficient working capital management and adherence to good governance in all its activities. As a result of these interventions, Council believes that DMSA will continue to operate as a going concern.

The turnaround strategy seeks to:

1. Commercialise and monetise our assets – movable and immovable in order to diversify and improve on our revenue streams as well as our revenue generation capability.
2. Modernise our buildings so that they become more customer-centric and appealing to a wide range of stakeholders.
3. Modernise our exhibitions to ensure that we remain relevant.
4. Optimise partnerships that support the achievement of strategic outputs specifically our capability to maximise own revenue.

Council remains confident that all the implementation of the turnaround strategy will yield positive results.

Financial results

This report is presented within the broader social-economic environment and the lingering impact of Covid-19, which has had a major impact on DMSA's liquidity. Compared to the previous year, our visitor numbers have increased from 38 893 (2020/21) to 94 395 (2021/22). Own revenue also increased from R3 351 188 in 2020/21 to R5 217 396 in 2021/22.This marginal increase can be attributed to the vaccination programme and relaxation in then Disaster Management regulations and the easing of the risk-adjusted levels.

Council and Management also sought to address the DMSA's second biggest cost driver after salaries, namely the prohibitively high cost of utilities. Council has requested Management to urgently investigate and implement energy-efficient systems and change usage behaviour of all DMSA staff.

Corporate governance and audit outcome

We recognise that our heritage assets (collected over 130 years) are our core assets as they carry historical, cultural and educational heritage value.

The Council of DMSA and its Committees executed their responsibilities in accordance with their respective charters and enabling legislation. This oversight has yielded positive outcomes for DMSA as we have successfully maintained our governance record.

Looking forward

The Revised White Paper on Arts, Culture and Heritage (approved by Cabinet in October 2018) as well as the Feasibility Study for the Amalgamation of the DSAC Entities have recommended the amalgamation of DSAC entities with a similar mandate, focus and sector activity. Council acknowledges that this is a work in progress and any decisions will be duly communicated by the Department in due course. This reframing of the heritage sector institutions will present challenges and opportunities for DMSA, which opportunities will also bode well for the sector.

Acknowledgements

I would like to express my sincere appreciation for the oversight role of the various Council Committees in fostering accountability. The contribution of all of our stakeholders through various engagements at various platforms in the planning and execution of our mandate is greatly appreciated. Furthermore, I am appreciative of the support received from Minister Mthethwa who has continued to show interest in and support for DMSA.

While continuing our efforts to transform DMSA into a sustainable museum organisation that is relevant and accessible to all, I wish to assure our employees, suppliers, customers and stakeholders that Council's focus on financial sustainability is a top priority.

On behalf of Council, I would like to convey our heartfelt appreciation to the CEO for her leadership, cooperation and support, particularly during this challenging period. In addition, our gratitude also goes out to the management and staff of the DMSA for their dedication, commitment and passion towards making Ditsong a success

In conclusion, this is my final report as Chairperson of Council and I am proud to hand over an organisation in a much better position than when I was appointed in this role in 2017. I wish the new Council, CEO and the entire DMSA family all the best in achieving and exceeding its vision.

MS K. RAPOO
CHAIRPERSON OF COUNCIL
31 July 2022

3. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Introduction

The impact of Covid-19 extended into the year under review and placed tremendous strain on DMSA's finances. In the 2020/21 external audit, the Auditor-General of South Africa (AGSA) conducted an assessment of DMSA's financial viability and assessed it as 'concerning'.

The assessment determined the two main contributing factors were a decrease in revenue generation from admission fees due to challenges posed by the Covid-19 pandemic; and a decrease in cash reserves. However, DMSA does remain a going concern.

Although DMSA is an entity of government, we were not spared the negative consequences of the pandemic and resultant lockdowns. Like most organisations, the challenges brought on by the pandemic required agility, consultation and responsive decision-making. The major challenge we experienced in this period was related to our liquidity. Management pre-empted the risk and implemented mitigation strategies to ensure business continuity and the ability to meet our obligations to creditors. I would like to thank our labour partners, National Education, Health and Allied Workers' Union (NEHAWU) and South African Parastatal and Tertiary Institutions Union (SAPTU), staff and creditors for assisting Management to navigate this challenge.

The ultimate acknowledgement goes to the Department of Sport, Arts and Culture (DSAC), under the leadership of the Director-General for their assistance through an additional R17 million allocation that enabled DMSA to meet its obligations. Despite the hardships brought on by the pandemic, DMSA managed to achieve 72% of its annual performance targets.

The highlights for the period include the following:

- In partnership with DSAC, DMSA was featured at the Heritage Week at the World Expo 2020, Dubai (SA Pavilion), along with other heritage institutions under the auspices of the Department. This was a wonderful platform to present DMSA to the world, thus realising our objective of internationalisation.
- In partnership with Concerts SA, DMSA hosted the inaugural music concert at DITSONG: Pioneer Museum as part of our co-curate and co-create programme, which seeks to work with organisations in the arts, culture and heritage sector; and
- DMSA partnered with a youth organisation, Choxen Factory, where the organisation filmed a song commemorating Youth Day at the DITSONG: National Museum of Cultural History.

Financial overview

Spending trends

The spending at DMSA is guided by the entity's Strategic Plan and the Annual Performance Plan, which is a by-product of the five-year Strategic Plan. DMSA reported a deficit of R2 945 601 in the 2021/22 financial year (audited). The overall expenditure was 5.9% above budget in the 2021/22 financial year, mainly because of expenses relating to the valuation of the post-retirement obligation amounting to R1 588 328 and underfunded utility bills amounting to R13 543 977, against a utility grant of R7 877 000.

COVID-19 had a negative impact on own revenue generation resulting in serious cash flow challenges. Own revenue collection amounted to R5 217 396 against a budget of R13 101 955. DMSA implemented various cost cutting measures across all expenditure items and this assisted in cushioning the available cash flows to meet obligations to creditors and staff costs. A request was made to the Department of Sport, Arts and Culture for additional funding and the Department (DSAC) availed an additional grant amounting to R17 million to assist with cash flow challenges.

Capacity constraints and challenges

The Covid-19 pandemic continued into 2021/22 and, like many organisations, DMSA had made certain assumptions about what the 'new normal' would entail. These assumptions required constant navigation through the ebbs and flows of multiple 'waves' (periods of increased transmission) of the pandemic. These waves meant the organisation operated at reduced capacity as required by the Disaster Management regulations. The consequences of operating under various lockdown regimes meant fewer visitors and lower than expected levels of own revenue raised.

In the main, operating within a pandemic has:

- Affected visitor numbers and revenue generation – this trend is projected to carry on for another year or two.
- Required DMSA to negotiate its mission with:
  - shifting demographics;
  - evolving visitor expectations;
  - funding constraints, reduction and possible entity rationalisation; and
  - constant technological changes.
- Necessitated the expansion of IT capabilities to open wider fields of research and communication.
- Fast-tracked our focus on digital forms of engagement and content production; and
- Required the continuous review of public programmes and our service offering.

The state of financial distress resulted in supplier rationalisation, suspension of certain services, programme deferment and cost containment on staff-related costs such as the freezing of posts and no salary increases. The finalisation of the new structure was delayed as a result of freezing posts.

Despite the challenges, DMSA managed to meet its service delivery mandate and secure critical partnerships to achieve its objectives. I would like to appreciate the following funders and partners:

- The National Arts Council
- Freedom Park
- Concerts SA (managed by IKS Cultural Consulting)
- Kara Heritage Institute
- The South African Agency for Science and Technology
- The Natural Sciences Collection Facility
- SA National Museum of Military History Building Trust
- Perception Codes and Greater Translogic Advisory Services to create a Holo Museum for DITSONG: National Museum of Military History

Discontinued key activities

DMSA, like many other organisations, had planned its Annual Performance Plan (APP) based on certain assumptions and a clearly defined programme of action. This APP was revised due to liquidity challenges. The revision of the APP resulted in the reduction and/or deletion of certain performance indicators and targets to ensure that the entity met minimum performance expectations. These revisions were supported by the Executive Authority and approved by Parliament.

New or proposed key activities

The impact of underfunding of the public sector heritage institutions means that institutions are not fully responding to the objects of the founding legislation, the Cultural Institutions Act (No. 119 of 1998). Broadly, this underfunding presents challenges that include:

- Underfunded utility bills.
- Under-collection of own revenue in 2020/21 and 2021/22.
- Budget cuts effected by National Treasury.
- Collections management, security and conservation - inadequate funding prevents holistic solutions to the core business of managing heritage assets.
- Exhibition funding – inadequate resources and funding to upgrade exhibition content; and
- Collections – no funding to acquire new artworks and objects and increase the representation in collections; collection acquisition and preservation are the critical core mandate of a museum.

In response to the above listed challenges, a heritage sector working team was established through the Heritage Sector Forum to develop a business case working with the DSAC, which will be presented to the National Treasury for consideration of funding. The role of the heritage sector as the custodian of national memory can only be fully appreciated and valued if concomitant funds are allocated accordingly. The work of the task team will continue into the 2022/23 financial year.

Requests for rollover of funds

The closing cash and cash equivalents for the 2021/22 financial year amounted to R8 504 842 against current liabilities of R26 400 464. The request for rollover of funds to National Treasury for the 2021/22 financial year will be made on the basis of the audited figures as highlighted above.

Supply chain management

Management has improved the operations of the supply chain unit significantly over the years and there are no significant control deficiencies raised by the Auditor-General.

There were no unsolicited bid proposals submitted to DMSA for the reporting period.

Future outlook

The Turnaround Strategy was prepared and supported by Council to ensure DMSA's financial stability in the immediate to long-term. This strategy was presented to officials at DSAC and Parliament.

The three main components of the strategy are:

- Cost containment.
- Prudent financial management of staff-related costs.
- Financial sustainability.

This Turnaround Strategy is the blueprint for DMSA and was developed with the core understanding that the government purse is limited and we, therefore, have to implement strategies that will augment the annual government allocation.

Events after the reporting date

There were no significant events to report on after the reporting date.

Economic viability

The Annual Financial Statements (AFS) were prepared according to the Generally Recognised Accounting Practice (GRAP) Standards, taking into consideration that DMSA is a going concern.

Acknowledgements and appreciation

This Annual Report is presented at the end of term of the current Council. I would like to express my sincere gratitude to Council for their stewardship, vision and support during this tumultuous period, under the leadership of the Chairperson. I have the fortune and honour of working with a dedicated and capable Management team and staff – thank you for weathering the storms with composure and dedication to DMSA.

MS A. LEBETHE
CHIEF EXECUTIVE OFFICER
31 July 2022

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE 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 is consistent with the Annual Financial Statements audited by the Auditor-General.

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 this information.

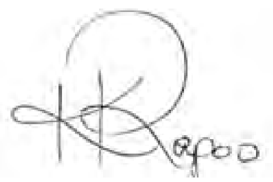
The Accounting Authority is responsible for establishing and implementing a system of internal control. The system has been designed to provide reasonable assurance regarding the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

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.

Yours faithfully,

MS A. LEBETHE
CHIEF EXECUTIVE OFFICER
Date: 31 July 2022



MS K. RAPOO
CHAIRPERSON OF COUNCIL
Date: 31 July 2022

6. STRATEGIC OVERVIEW

6.1. Vision

Sustainable museums, accessible and relevant to all.

6.2. Mission

To acquire and preserve, research, exhibit and display heritage assets, and educate the public on cultural, military and natural heritage in a sustainable and transformational manner.

6.3. Values

Within the Ubuntu philosophy, our values are the following:

Accountability

We are responsible and answerable, that the products and services provided by our museums are of the best possible quality, given our resources and capabilities, and are delivered in accordance with the principles of good governance.

When mistakes are made, we take corrective action and resolve the situation quickly, ensuring that lessons learnt inform new, improved approaches to how we work.

Ethical behaviour

We are serious about our responsibility of preserving, creating awareness and building knowledge about heritage assets and culture.

Our decisions and actions are therefore considered to ensure that we take the correct action.

Our ethical behaviour means that we have zero-tolerance towards unfairness and discrimination of any form.

Excellence

We strive for excellence in all that we do. We know that our impact and sustainability is dependent on putting people first, especially our customers and employees.

We therefore benchmark ourselves with international best practices, as we move towards being a digitally transformed, accessible and relevant group of museums.

Professionalism

We execute our duties with utmost professionalism to improve the reputation of the organisation.

We continually strive towards acquiring more knowledge and expertise by growing and developing our competencies and capabilities in the management of heritage assets.

We strive to be thought leaders in the knowledge and heritage sectors.

We advance the rights of vulnerable groups and promote access to our programmes and facilities.

Teamwork

We are committed to working as a team and creating synergies for shared learning and improved efficiencies across all our museums.

As a team, we support each other and work tirelessly at building the reputation of our brand as the place “where cultures meet”.

Value our people

To count and be counted, our people are the heartbeat of DMSA.

Each person matters, they are valued, they are developed, their opinion is important, and their contributions are recognised.

7. LEGISLATIVE AND OTHER MANDATES

DITSONG: Museums of South Africa (DMSA) is a Schedule 3A public entity, accountable to the Department of Sport, Arts and Culture (DSAC) and Parliament, in terms of financial and performance management, as required by legislation.

7.1. Constitutional mandate

The constitutional mandate of DMSA is based on Chapter 2, Section 31, of the Constitution of South Africa (Act 108 of 1996), which states:

31. Cultural, religious and linguistic communities. -

(1) Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community-

(a) to enjoy their culture, practise their religion and use their language; and

(b) to form, join and maintain cultural, religious and linguistic associations and other organs of civil society.

(2) The rights in subsection (1) may not be exercised in a manner inconsistent with any provision of the Bill of Rights.

7.2. Legislative mandates

DMSA develops, manages and administers some of the largest and most significant southern African heritage assets in the fields of fauna, palaeontology, cultural history, anthropology, archaeology and military history; which require constant monitoring of the sustainable and responsible custodianship of these irreplaceable national heritage assets as required by policy and legislation.

The primary legislative mandate of DMSA is informed by the Cultural Institutions Act (No. 119 of 1998), promulgated by Parliament in furtherance of the constitutional mandate of the Department of Sport, Arts and Culture. In terms of section 8 of the Act, the DMSA's mandate, through a Council appointed by the Minister of Arts and Culture, is:

(a) to formulate policy;

(b) to hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned;

(c) to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1);

(d) to raise funds for the institution;

(e) to manage and control the moneys received by the declared institution, and to utilise those moneys for defraying expenses in connection with the performance of its functions;

(f) to keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto, and to cause proper books of account to be kept;

(g) to determine, subject to this Act, and with the approval of the Minister, the objectives of the declared institution, and

(h) to generally carry out the objects of the declared institution.

7.3. Other mandates

7.3.1. Alignment to NDP and MTSF

Government priority from the 2020-2025 Medium-Term Strategic Framework (MTSF) directly linked to the DMSA mandate is **Priority 6: Social cohesion and safe communities.** However, the DMSA's outcomes as outlined in the entity's Strategic Plan also supports other MTSF priorities, including:

Priority 1: A capable, ethical and developmental state.
Priority 2: Economic transformation and job creation.
Priority 3: Education, skills and health.
Priority 5: Spatial integration, human settlements and local government.

7.3.2. Alignment to DSAC outcomes

Shareholder mandate

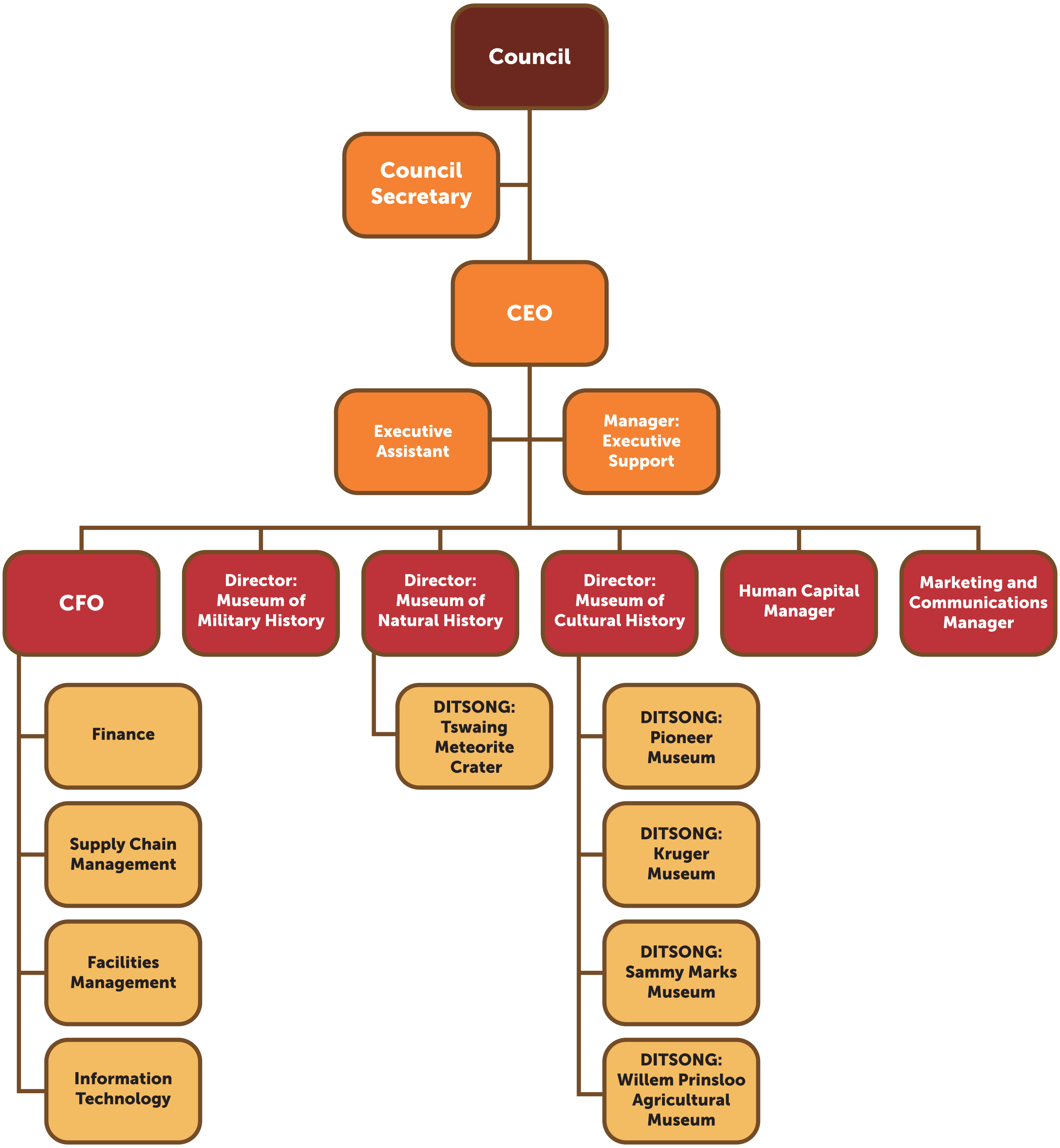
In support of the Government imperatives and DSAC, the DMSA has embedded the implementation of the MTSF goals – to realise nation building and social cohesion – in the execution of its mandate.

DSAC Shareholder Outcomes	DMSA Outcomes
Increased market share of and job opportunities created in sport, cultural and creative industries	Outcome 3: Increased visibility, accessibility and awareness of heritage assets
A diverse, socially cohesive society with a common national identity	Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant
	Outcome 2: Heritage assets preserved in accordance with international guideline standards
Transformed, capable and professional sport, arts and culture sector	Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector
	Outcome 5: Improved financial sustainability of DMSA
Integrated and accessible infrastructure and information	Outcome 3: Increased visibility, accessibility and awareness of heritage assets
	Outcome 2: Heritage assets preserved in accordance with international guideline standards
Compliant and responsive governance	Outcome 6: A compliant and responsive organisation

7.4. Other relevant legislation

ACTS	NUMBER
Basic Conditions of Employment Act	Act 75 of 1997
Broad-Based Black Economic Empowerment Act	Act 53 of 2003
Employment Equity Act	Act 5 of 1998
Firearms Control Act	Act 60 of 2000
Government Immovable Asset Management Act	Act 19 of 2007
Infrastructure Development Act	Act 23 of 2014
Labour Relations Act	Act 66 of 1995
Military Veterans Act	Act 18 of 2011
National Environmental Management Act	Act 107 of 1998
National Heritage Resources Act	Act 25 of 1999
Occupational Health and Safety Act	Act 85 of 1993
Preferential Procurement Policy Framework Act	Act 5 of 2000
Promotion of Access to Information Act	Act 2 of 2000
Promotion of Equality and Elimination of Unfair Discrimination Act	Act 4 of 2000
Protected Areas Act	Act 57 of 2003
Protection of Personal Information Act	Act 4 of 2013
Public Finance Management Act	Act 1 of 1999
Skills Development Act	Act 97 of 1998

8. ORGANISATIONAL STRUCTURE



MANAGEMENT COMMITTEE

Standing Left to Right -	Mr K. Manamela, Ms L. Zincume, Mr N. Zwane, Mr F. Mashilo, Dr M. Mohapi, Mr D. Nemavhoini, Mr T. Diutlwileng, Ms S. Mackenzie, Mr P. Maduguma,
Seated Left to RIght -	Ms M. Gumbi, Mr K. Kaposa, Ms A. Lebethe, Ms T. Perregil
Not present in photo -	Ms J Roelofse, Mr J Schoonraad, Ms B Legwase, Mr N Hlophe, Dr N. Solani

EXECUTIVE COMMITTEE

Ms A. Lebethe (CEO) , Mr K. Kaposa (CFO), Dr M. Mohapi (Director: DNMNH),
Ms S. Mackenzie (Director: DNMMH)

Not present in photo - Dr N. Solani (Director: DNMCH)

9. EXECUTIVE COMMITTEE

Ms A. Lebethe
CEO

Mr K. Kaposa
CFO

Dr M. Mohapi
Director: DNMNH

Ms S. Mackenzie
Director: DNMMH

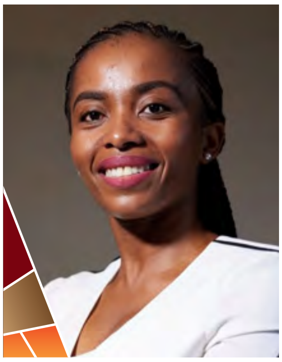
Dr N. Solani
Director: DNMCH

10. COUNCIL AND COMMITTEES

Ms K. Rapoo
Chairperson of Council

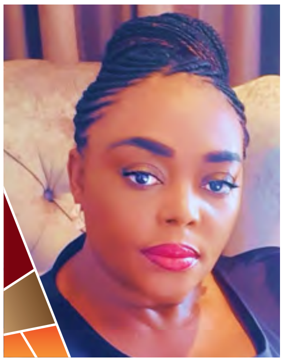
Dr L. Konar
Deputy Chairperson of Council

Dr M. Mdletye
Chairperson of Core Functions Committee



Ms L. Vilakazi
Member of Core Functions Committee

Mr G. Ontong
Member of Core Functions Committee



Ms Y. Mashilela
Chairperson of HRREMCO

Adv L. Nevondwe
Member of HRREMCO

Ms S. Mudau
Independent Chairperson of ARIC

Dr L. Konar
Member of ARIC

Ms V. Menye
Member of ARIC

11. OVERVIEW OF DITSONG MUSEUMS

DITSONG: Museums of South Africa is an amalgamation of eight museums, seven in Tshwane and one in Johannesburg. These museums have diverse collections covering the fields of fauna and flora, palaeontology, military history, cultural history, geology, anthropology and archaeology.

HIGHLIGHTS FROM MUSEUMS

11.1. DITSONG: National Museum of Cultural History (DNMCH)

When we speak of the practice of culture and heritage in times of disaster, what do we mean? Are we speaking of the preservation of things (objects)? Are we speaking of essence (intrinsic nature of things) or are we speaking of the link between the present and the past? In the tragic drama of Covid-19 experienced by humanity in the past few years, could we boldly talk about the human appreciation of cultural treasures, or are we in perpetual mourning with no known end in sight? In this environment of uncertainty, is culture a response to uplift the spirit of people to appreciate life and the now? In peace times, in times of calamity, the human spirit demands fulfilment and culture is one of those human assets that tends to fill that void. It does so by linking both the past and the present in our societal evolution and development. Our country has experienced many tragedies that influenced the cause of history and our heritage. S. E. K. Mqhayi captures a minute of these tragedies in his poem published in *iZwi Lwa Bantu* (Voice of the People) of 27 October 1908, when he wrote:

Therefore:

I the Bard of Gompo
Am starting this song
Of poverty and degradation
Of sorrow and oppression
Of wounds and exploitation
Of humiliation and depravation
That led to the destruction of our nation
Like the falling of the banks of a river.

We ask these questions and make these points to outline the context in which the DITSONG: National Museum of Cultural History (DNMCH), its sites and indeed the whole of the DITSONG: Museums of South Africa operated and had to achieve the objectives it set itself in its five-year Strategic Plan that has to be operationalised on an annual basis. We highlight what is already a known fact: That the period we are experiencing has produced many contradictions in our lives. On the one hand, we had to perform our tasks as if we are in a normal environment at work, in our lives and society as a whole. On the contrary, the constraints, both physical and financial were telling a different story that we need to reprioritise how we do things and how we need to achieve them. We could not in all honesty expect that the numbers of people visiting the museums to experience our heritage treasures would remain constant in an environment where families were struggling and continue to struggle just for mere survival. We could not expect learners who were studying from home to come and learn from the museum, to contextualise what is in their textbooks through our exhibitions.

It is in this contradictory environment that we highlight the achievements of the previous financial year. This report covers the highlights of the DNMCH, DITSONG: Kruger Museum (DKM) DITSONG: Sammy Marks Museum (DSM), DITSONG: Pioneer Museum (DPM) and DITSONG: Willem Prinsloo Agricultural Museum (DWPM). The focus of this report, however, will be on the management of heritage assets. In the previous year, we reported that while the impact of Covid-19 limited our practice, it also had provided an opportunity for us to visit and improve on our conservation practices. This financial year, we saw that planning bearing fruit, since we were able to identify and focus on high priority heritage objects that required urgent attention in terms of restoration and conservation. Given the current environment in which we practice our craft, the museums were able to come up with innovative ideas of encouraging community and public participation in our institutions. An example of this is the “Stories on the Stoep” public programme at DKM, which focusses on historical knowledge in contemporary society. It is said that Kruger used to sit on the *stoep* (veranda) of his house while passers-by would often stop for small talk. This programme is based on that historical knowledge.

On the international front, we participated in the Second BRICS Alliance of Museums Conference with the theme: “Museums of the Future and New Challenges”. The conference took place on 27 October 2021 via Zoom (a virtual platform). The paper presented by DMSA centred on the topic of “Social Inclusion in Museums” with a focus on “social cohesion and nation building in a transforming society”.

The current global situation requires a global response to how heritage will be managed in the future. No country can afford to be isolationist under the disguise that they have expertise in the heritage field. The situation itself demands a radical shift of thinking and it is in this context that we were appreciative when Ms Motsane Getrude Seabela was awarded a curatorial career development visit to the United Kingdom by the John Ellerman Foundation as part of the Protea International Curatorial Exchange Programme. She will use this opportunity in the 2022/23 financial year. We hope that the exchange programme will be able to enrich her and the DMSA with the infusion of new ideas.

11.2. DITSONG: National Museum of Military History (DNMMH)

The DNMMH is an internationally renowned military history museum. The collections range on a timeline from the Arctic Medal (1857) to 21st century aircraft, the Aerospatiale Alouette III helicopter and present day objects from South African National Defence Force soldiers involved in the United Nations peacekeeping forces. Included in the Museum are extremely rare aircraft such as the only surviving example of a ME 262 (Messerschmitt) night fighter, trainer, jet engine German aircraft in the world, a Super Marine Spitfire Mark VIII, a De Havilland Mosquito PR IX and a Dassault Mirage III CZ. The DNMMH also houses an armoured fighting vehicle collection which has, among others, a 1920 Crossley, the Olifant Mk 1B Main Battle Tank, the Ratel Infantry Fighting Vehicle, all designed and produced in South Africa for the Border War (1966-1990). Among the external exhibits are the T34/85 Russian Main Battle Tank, the 55 Russian Main Battle Tank, the PT 76 Light Amphibious Tank, the WW2 Autoblinda 40/1 Armoured Car and the Centurion Main Battle Tank Mk VII. There is also an extraordinary naval collection that includes the Molch (Salamander) midget submarine and several large naval artillery pieces.

DNMMH has been extremely fortunate in being supported by external businesses and trusts, and in this period The SA National Museum of Military History Building and Development assisted by paying for contract cleaners for a period of three months whilst DMSA had had to suspend cleaning contracts due to financial constraints, as well as covering the cost of two disabled individuals to assist with display cleaning and gardening. They also financed one display and paid for the maintenance of equipment for the upkeep of the gardens in and the vistas around the museum. Several veterans' organisations members gave up a Saturday in August 2021 to do a thorough cleaning and maintenance of all of the large external exhibits at the DNMMH. Due to a lack of staff, this has become increasingly important to the museum. All indications are that this will be repeated hopefully twice a year in the future.

The following quarter scale model aircraft were donated to the DNMMH:

- Albatross DVA WW1 Fighter,
- German Goth GII WW1 Bomber, and
- British Aircro DH2 WW1 fighter.

MILKOR signed an MOU with the Museum and donated a MI II Grenade Launcher. The DNMMH was also fortunate in receiving 27 anti-apartheid Austrian pamphlets, a very rare find. Conservation of the following heritage objects was completed: Douglas C4 Dakota; Olifant Mk I RV; and 200 flags were rolled into cardboard holders.

Maintenance of infrastructure was concentrated on upgrading and repairing the CCTV cameras and also putting up biometric machines outside valuable collection storerooms with the ability of limiting and recording access to these storerooms. The redesign of the area around the Rand Light Infantry Memorial was completed and has greatly increased the appearance and neatness of the Memorial. This was sponsored by the Rand Regiments Memorial Trust.

The Annual MOTH Remembrance Shadow Parade was held on 11 November 2021 with over 110 participants.

Although the year was marked by frugal expenditure due to financial constraints it was a relatively successful year with targets on research being exceeded and peer-reviewed articles being written by senior members of staff for the first time and being published in peer-reviewed journals.

11.3. DITSONG: National Museum of Natural History (DNMNH)

DITSONG: National Museum of Natural History (DNMNH) is one of the biggest custodians of South Africa's natural heritage and is the only natural history museum in Gauteng. The DNMNH curates over two million natural history specimens ranging from hominid fossils from the Cradle of Humankind and the Karoo, to large and small mammals, birds, beetles, reptiles, moths and butterflies.

DNMNH has a satellite site museum called DITSONG: Tswaing Meteorite Crater (DTMC). It is located on the site of a 220 000-year-old meteorite crater, which is one of the best-preserved in the world and is covered with saline water. The name Tswaing denotes 'a place of salt'. Other attractions of Tswaing include a large variety of flora and fauna, a wetland area, hiking trails, overnight accommodation, picnic facilities and guided tours.

The year under review was a year of renewal following the scourge of Covid-19. It was a year when the DNMNH began to see a steady increase in the number of visitors, although it is still not out of the woods in terms of revenue created. The DNMNH tried to revert to normality in terms of public programming, reintroducing physical events as opposed to reliance on virtual events. One such event was the inaugural Saul Sithole Memorial Lecture, through which the Museum commemorated one of its unsung heroes, Mr Saul Sithole. Saul Sithole served the DNMNH as a preparator in various departments for 62 years, and made an immense contribution in building the ornithology and palaeontology collections. The keynote speaker of this memorial lecture was Ms Lorato Trok, an author who has written a book on Saul Sithole.

The DNMNH commemorated National Science Week through a webinar hosted in partnership with the Agricultural Research Council on the topic, "Celebrating the International Year of Fruits and Vegetables: Food Security and Crop Health". In addition, the DNMNH donated human evolution teaching kits to ten high schools, as well as seedlings to six schools in Hammanskraal. The teaching kits consisted of education quality fossil casts, including the cast of Mrs Ples, as well as information booklets with worksheets. This donation was funded through moneys received from the South African Agency for Science and Technology Advancement (SAASTA).

The DNMNH celebrated Mandela Day (18 July 2021) through hosting a mentorship programme, where learners from various schools had an opportunity to engage with Curators and have a behind-the-scenes tour of the DNMNH collections. Night tours also continued to enjoy popularity, especially amongst youth.

In terms of research, the DNMNH experienced an increase in the number and quality of peer-reviewed articles submitted for publication. This is largely due to the almost complete complement of curatorial staff, with only one collection being without a Curator. The DNMNH contributed in the description of new species. One such contribution was made by our Coleoptera Curator, Dr Werner Strumpher, who in partnership with scientists from sister institutions, published descriptions of new beetle species.

Training and capacity building of young scientists continued through supervision of post-graduate students, as well as teaching of undergraduate courses/modules in the areas of Herpetology, General Entomology, Small Mammals, Coleoptera and Archaeozoology. Moreover, Dr Teresa Kearney secured funding from the National Research Foundation (NRF) (through their Professional Development Programme) to employ a post-doctoral research fellow to carry out research in the Small Mammals Collection. Regrettably the post-doctoral fellow got offered a permanent position by a sister institution and left after a few months.

Dr Mirriam Tawane, the Palaeontology Curator, secured funding from the National Research Foundation (NRF), through its African Origins Platform, to fund research in plio-pleistocene palaeontology over a period of three years. The money will be used to purchase equipment needed for research, such as a hand-held scanner and a 3D printer. Further, Dr Tawane was requested by the Department of Science and Innovation (DSI) to facilitate the formation of the Anthropology Collections Cluster. This is a clear example of two government departments sharing expertise and resources to reach government imperatives.

Dr Tharina Bird, the Curator of General Entomology, was invited to contribute an article to the journal called the *South African Medical Practitioner* on medically important spiders. This is important as it highlights the recognition of our various expertise in an applied manner. The same applies to the invitation to participate in two radio interviews, where she had to answer questions from listeners regarding her work.

Dr Annie Antonites, the Archaeozoology Curator, made it to the list of candidates selected to be a part of TheMuseumsLab22. TheMuseumsLab is a platform for joint learning, exchange and continuing education on the future of museums in both Africa and Europe. The programme aims to establish close and lasting networks between future shapers of museum concepts on both sides. It was developed by the German Academic Exchange Service (DAAD), the Museum für Naturkunde Berlin and the Master's Programme in Museum Management and Communication at the University of Applied Sciences (HTW) Berlin, in close cooperation with the African consultancy group The Advisors. Several African and European museums, as well as cultural institutions are partners with the programme. The project is financed by the German Federal Foreign Office and supported by the German Minister of State for Culture and the Media, as well as the German Federal Ministry for Economic Cooperation and Development.

DTMC continued to grapple with challenges associated with the lack of a fence due to vandalism. Poaching continued, resulting in the death of a few zebras. Animals also tend to wander out of the reserve freely due to the lack of fencing. A few cases of theft were reported, including that of a heavy steel gate, which further exacerbated the level of exposure of the site to unsavoury acts. In this regard, Management engaged the South African Police Service and the Gauteng Provincial Department of Agriculture and Rural Development (GDARD) for assistance and advice, particularly with regards to the declaration of Tswaing as a protected area. However, the process of declaring DTMC a protected area was put on hold due to financial implications of such a declaration.

The local business forums continued to disrupt the work of contractors appointed to work at Tswaing as a result of their demand for preferential procurement. While DMSA Management has tried to negotiate with the business forums, there has been little to no willingness on their side to work harmoniously with Management. Plans to secure the services of a Liaison Officer to conduct public participation on behalf of DMSA have not materialised due to financial constraints.

On the positive side, Tswaing has seen an increase in the number of hiking visitors in comparison to previous years. National Heritage Day was commemorated through hosting a hike to the crater, followed by a braai. Management has taken a decision to leverage on this positive development, by expanding the site's offerings to quad-biking and mountain cycling in the years to follow. The Department of Public Works and Infrastructure (DPWI) assisted with the upgrade of the picnic area. Hopefully this enhancement of the picnic area will help attract more visitors to the site.

PART B:

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PRE-DETERMINED 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 pre-determined objectives is included in the report to Management. The conclusion is reported in the "report on the annual performance report" section of the auditor's report.

Refer to page 94 of the Report on the Auditor-General's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

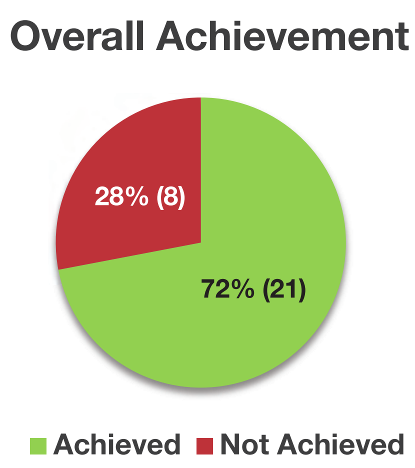
2.1. Service delivery environment

This is the second Annual Report of the DMSA aligned to the 2020-2025 Strategic Plan which was tabled in Parliament in March 2020. DMSA has crafted six outcomes that will enable the entity to contribute significantly to the Medium-Term Strategic Framework (MTSF) Priority 6: Social cohesion and safe communities.

The 2021/2 APP was implemented during a period of uncertainty due to the continued existence of the Covid-19 pandemic. Two waves of the virus were declared during the financial year. The third wave which was driven by the Delta variant was declared in June 2021, leading to the imposition of level-4 state of disaster regulations, resulting in the temporary closure of our museums. The fourth wave, which was driven by the Omicron variant was declared in November 2021, and had an impact on international travel.

Due to the environment in which the APP was being implemented, the planned number of visitors to museums could not be achieved. The total amount of own revenue generated was also less than the planned target.

Despite the numerous challenges caused by the effects of the Covid-19 pandemic during the financial year, DMSA was able to achieve 72% of its annual output indicators.



2.1.1. Annual Performance Plan indicators 2021/22

The detailed reporting on DMSA's pre-determined outputs, including indicators, is outlined below. DMSA's performance information reflects that out of the 29 planned indicators, 21 (72%) were achieved, and 8 (28%) were not achieved.

Output Indicators	Annual Targets	2021/22 Achievements
Programme 1: Administration		
Sub-programme – Marketing and Communications		
Total public relations value earned (Rand)	R 5 000 000	R16 331 060
Number of physical visitors to museums per annum	200 000	94 395
Number of virtual visitors per annum	4 000 000	8 019 305
Number of people exposed to DMSA through outreach activities	2 250	10 191
A virtual museum project implemented	Development of four (4) museums virtually	One (1) museum developed virtually
Percentage improvement in visitor perception rating	10% improvement on baseline	Research conducted. Results = 10% improvement
Sub-programme – Office of the CFO: Supply Chain Management		
Percentage of contracts awarded to black-owned service providers per annum	50%	100%
Percentage of total rand value of procurement spent on level 1 B-BBEE compliant service providers	90%	90%
Sub-programme – Office of the CFO: Finance		
Rand value of own revenue generated	R13 101 955	R5 217 396
Percentage compensation of employees' expenditure to total expenses	60%	48.31%
Percentage expenditure of budget on core business functions	42%	43.17%
External audit outcome on previous year's financial statements	Unqualified, with no material findings	Unqualified Audit Report, with no material findings on the 2020/21 financial year
Sub-programme – Human Capital Management		
Percentage implementation of annual Workplace Skills Plan	100%	36.84%
Number of experiential training participants per annum	10	15

Output Indicators	Annual Targets	2021/22 Achievements
Programme 2: Business Development		
Sub-programme – Research		
Number of peer-reviewed articles submitted for publication	10	22
Number of popular articles published or posted	22	49
Number of public lectures presented	16	19
Number of internal research seminars presented	2	2
Sub-programme – Collections Management		
Percentage of heritage objects accessioned per annum	100%	100%
Percentage of high-value heritage assets verified per annum	5%	11.44% 86 856/759 062
Sub-programme – Conservation and Restoration		
Percentage implementation of conservation plan per annum	100%	100%
Programme 3: Public Engagement		
Sub-programme – Public Programmes		
Number of new partnerships established per annum	6	7
Number of events held	16	22
Number of new educational programmes developed and approved per annum	10	10
Number of travelling exhibitions hosted	2	1
Number of displays created	12	14
Number of temporary exhibitions created	2	1
Number of permanent exhibitions created	1	0
Number of ACH projects implemented through co-curate and co-create programme	10 ACH projects implemented	2 ACH projects implemented

2.2. Organisational environment

The challenges that emanated from the operating environment, coupled with a longstanding challenge of underfunded utility bill budget led to cashflow challenges during the financial year. Stringent expenditure management measures were put in place. As a result, the DMSA revised its APP during the third quarter of the year under review. The revision was in the form of removal of five (5) output indicators. These indicators were linked to projects that were put on hold due to the financial challenges that the DMSA experienced. The following indicators were removed:

- Number of staff enrolled for the Management Development Programme per annum;
- Percentage achievement of the project milestones for the establishment of a functional digital repository (for heritage assets);
- Number of ICT automation projects implemented and maintained;
- A digitisation project implemented; and Commercialisation of collections and museum shop project implemented.

Due to the cashflow challenges, DMSA made a request, and was granted additional funding from the DSAC. The entity had to negotiate with service providers to either temporarily reduce their services or suspend their services while cash flow challenges were being resolved. A Turnaround Strategy has been developed with the objective to improve the financial performance of the entity in the coming financial years.

2.3. Key policy developments and legislative changes

There were no policy / legislative changes during the reporting period.

2.4. Progress towards achievement of institutional impacts and outcomes

In support of the National Development Plan, DMSA's 2020-25 Strategic Plan anticipated DMSA's contribution to the Medium-Term Strategic Framework (MTSF) 2020-2025 priorities of:

- Priority 1: A Capable, Ethical and Developmental State.
- Priority 2: Economic Transformation and Job Creation.
- Priority 3: Education, Skills and Health.
- Priority 5: Spatial integration, Human Settlements and Local Government.
- Priority 6: Social Cohesion and Safer Communities.

Informed by the Cultural Institutions Act (No. 119 of 1998), Council has identified six (6) outcomes for the 2020-2025 planning period:

1) Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant.
2) Outcome 2: Heritage assets preserved in accordance with international guideline standards.
3) Outcome 3: Increased visibility, accessibility and awareness of heritage assets.
4) Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector.
5) Outcome 5: Improved financial sustainability.
6) Outcome 6: A compliant and responsive organisation.

The intended impact of achieving the above outcomes is *"increased awareness, knowledge and appreciation for the heritage of South Africa through accessible, relevant and sustainable museums"*.

Outcome (What we wish to achieve by 2025)	Outcome Indicator	Baseline (2020/21)	Five-year Target (March 2025)	2021/22
Strategic Focus Area: Conduct research and disseminate knowledge				
1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant	1.1. Average number of citations per peer-reviewed article or conference paper within the first 5-year period of publication	· Number of peer-reviewed articles submitted for publication – 8	Average of 10 citations per peer-reviewed article or conference paper within the first 5-year period of publication	· Number of peer-reviewed articles submitted for publication – 22 · Number of popular articles published or posted – 49
	1.2. Number of NRF rated scientists employed by DMSA	Zero	Two NRF rated scientists employed by DMSA	
	1.3. Percentage of research papers disseminated over the period that meet the pre-determined criteria of inclusivity and relevance	· Number of popular articles published or posted – 49	80% of research papers disseminated over the period that meet the pre-determined criteria of inclusivity and relevance	
Strategic Focus Area: Acquire and preserve heritage assets				
2. Heritage assets preserved in accordance with international guideline standards	2.1. Percentage of objects in the collection impaired over the 5-year period	Percentage of high-value heritage assets verified per annum – 5,99%	<1% of objects impaired over the 5-year period	11.44% 86 856/759 062
	2.2. Percentage of planned heritage assets conserved/ restored over the 5-year period (In terms of 5 x annual integrated conservation plans)	Percentage implementation of Conservation Plan per annum – 100%	100% of planned heritage assets conserved/restored over the 5-year period	Percentage implementation of Conservation Plan per annum – 100%
	2.3. Percentage of heritage objects accessioned per annum	100%	100%	Percentage of heritage objects accessioned per annum – 100%

Outcome (What we wish to achieve by 2025)	Outcome Indicator	Baseline (2020/21)	Five-year Target (March 2025)	2021/22
Strategic Focus Area: Exhibit, display and educate				
3. Increased visibility, accessibility and awareness of heritage assets	3.1. Cumulative number of physical visitors over the 5-year period. (Includes to the museums through outreach)	2020/21 – 38 893 physical visitors	2020/21-2024/25: 1,750,000 (Avg. 350,000 p/a, with 500,000 achieved in final year of SP)	94 395 physical visitors
	3.2. Cumulative number of virtual visitors over the 5-year period	4 106 786 virtual visitors	2020/21-2024/25: 12,500,000 (Avg. 600,000 p/a, with 3,000 000 achieved in final year of SP).	8 019 305 virtual visitors
	3.3. Percentage increase in public awareness of the natural, military and cultural heritage exhibited, displayed and taught by DITSONG Museums	Baseline for visitor perception rating established	10% improvement on previous biennial survey result	Research conducted. Results = 10% improvement

Outcome (What we wish to achieve by 2025)	Outcome Indicator	Baseline (2020/21)	Five-year Target (March 2025)	2021/22
Strategic Focus Area: Socio-economic transformation				
4. Increased participation of historically disadvantaged groups in the heritage sector	4.1. Percentage of the cumulative rand value of procurement spent on small enterprises owned by HDIs over the 5-year period	Percentage of contracts awarded to black-owned service providers per annum – 100%	Black – 60% Women – 30% Youth – 35% PwDs – 2%	Percentage of contracts awarded to black-owned service providers per annum – 100%
	4.2. Cumulative number of youths trained through internship and experiential training programmes over the 5-year period	0 – Indicator postponed due to Covid-19	2020/21-2024/25: 150 youths trained through internship and experiential training programmes	Number of experiential training participants per annum – 15
	4.3. Cumulative number of young entrepreneurs supported in DMSA public programmes over the 5-year period	Percentage of total rand value of procurement spent on level 1 B-BBEE compliant service providers – 95%	50 young entrepreneurs supported in DMSA public programmes over the 5-year period	Percentage of total rand value of procurement spent on level 1 B-BBEE compliant service providers – 95%
Strategic Focus Area: Financial sustainability				
5. Improved financial sustainability of DMSA	5.1. Cost-to-income ratio	Percentage compensation of employees' expenditure to total expenses -– 57.5% Percentage expenditure of budget on core business functions-42.96%	95 to 100 (cost-to-income)	· Percentage compensation of employees' expenditure to total expenses – 48.31% · Percentage expenditure of budget on core business functions – 43.17%
	5.2. Rand value of own revenue generated	R3 351 188	30% own revenue generation to total revenue	R5 217 396

Outcome (What we wish to achieve by 2025)	Outcome Indicator	Baseline (2020/21)	Five-year Target (March 2025)	2021/22
Strategic Focus Area: Compliant and responsive governance				
6. A compliant and responsive organisation	6.1. Audit opinion from the AGSA on previous year"s financial and non-financial information	Unqualified Audit Report, with no material findings on the 2019/20 financial year	Clean audit outcome	Unqualified Audit Report with no material findings on the 2020/21 financial year
	6.2. Overall organisational performance rating	Overall organisational performance for 2020/21 – 72%	100% overall organisational performance rating	Overall organisational performance for 2021/22 – 72%
	6.3. Percentage improvement in stakeholder satisfaction survey rating	Baseline established	10% improvement on previous biennial stakeholder satisfaction survey rating	Research conducted. Results = 10% improvement

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Administration

The purpose of Programme 1: Administration is to provide strategic leadership, management and support services to the organisation. The purpose of each sub-programme is as follows:

Sub-programme	Purpose
Office of the Chief Executive Officer	To provide overall strategic leadership of the operations of DMSA by ensuring the Council-approved Strategic Plan and Annual Performance Plan are implemented, and that the organisation is compliant with legislation, and run efficiently and effectively through prioritised resource allocation.
Office of the Chief Financial Officer	To manage the financial sustainability of the organisation through diversified revenue sources and the optimisation of costs, to support the organisation to achieve and maintain a clean audit outcome, and to provide an effective, efficient and compliant supply management service.
Human Capital Management	To provide effective human resources management and development services towards positioning DMSA as an employer of choice.
Marketing and Communications	To implement the full package of marketing and communications services, including public relations, brand and customer satisfaction/perception management, advertising and social media towards increased physical and online visitor numbers.
Information Communication and Technology (ICT)	To develop and implement an ICT integrated governance framework by focussing on the needs and requirements of the end-users, and to develop and implement a digital transformation strategy underpinned by the Fourth Industrial Revolution (4IR).

PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Administration Programme delivers against the following outcomes reflected in the Strategic Plan:

Outcome 3: Increased visibility, accessibility and awareness of heritage assets.
Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector.
Outcome 5: Improved financial sustainability of DMSA.
Outcome 6: A compliant and responsive organisation.

Finance

The role of finance management is to manage the financial sustainability of the organisation through diversified revenue sources, and the optimisation of costs, to support the organisation to achieve and maintain a clean audit outcome. Finance is responsible for day-to-day record keeping and preparation of financial statements. Finance is also responsible for preparing, monitoring and evaluating budget implementation. Finance prepares and submits periodic financial reports for Management, Council, DSAC and National Treasury, relating to the performance of financial activities including the results of operations and statement of financial position on a periodic basis.

Supply Chain

Supply chain supports all other departments at DMSA through procurement of goods and services in a fair, equitable, transparent, competitive and cost-effective manner. In fulfilling this function, a revised Supply Chain Management Policy has been approved, which is in accordance with legislation and the latest National Treasury Instructions and Practice Notes. All supply chain contracts have service level agreements (SLAs) which stipulate service standards.

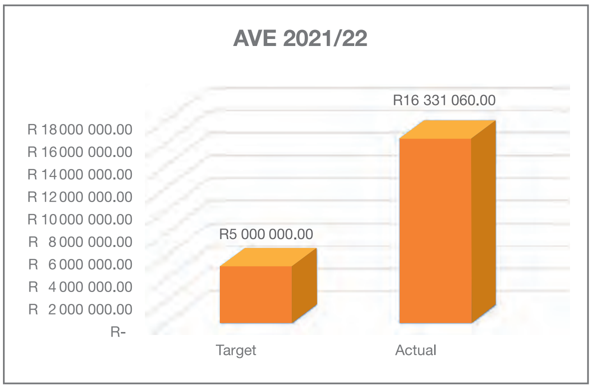
The Supply Chain Unit has developed a contract register for all contracts (revenue-generating contracts and suppliers). All contract amounts have been added to the contract register including the duration of the contracts and any payments made against each contract. The contract register is also used for calculating commitments which are disclosed in the Annual Financial Statements.

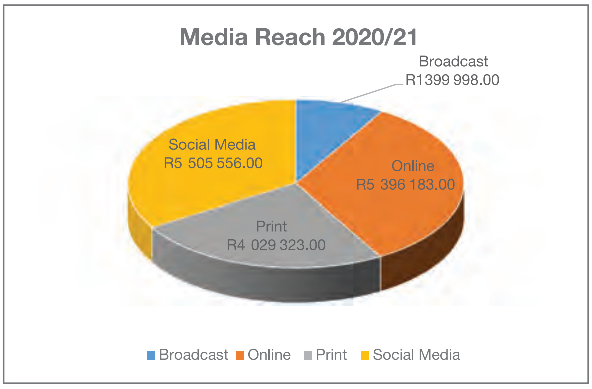
Marketing and Communication

The Marketing and Communications unit of DITSONG: Museums of South Africa implements marketing and communication tactics aimed at creating awareness of the DMSA brand, building brand loyalty, a good reputation for the institution and ultimately increasing the number of visitors to the museums.

The unit is also responsible for improving the advertising value equivalency (AVE) for the organisation through developing positive media exposure for the DMSA. In the 2021/22 financial year, DMSA exceeded its AVE target by 226% and achieved over R16 million (R16 333 060). This was achieved through exposure on broadcast media, print media, online and social media platforms.

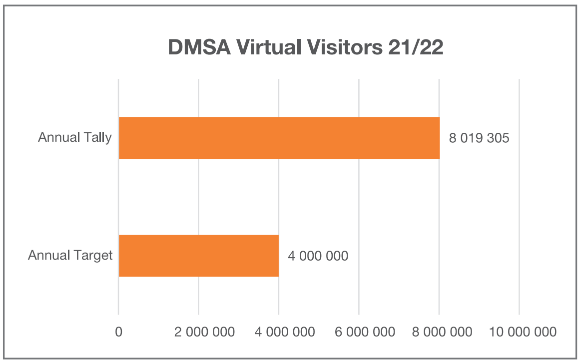
Advertising Value Equivalency

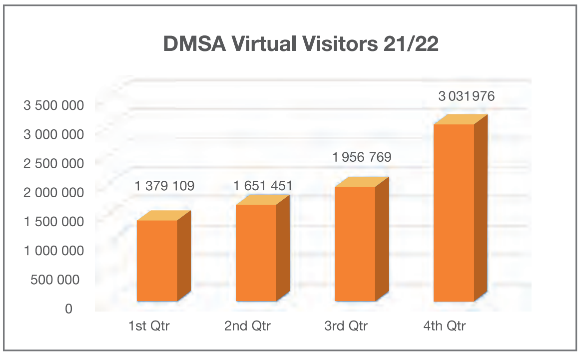


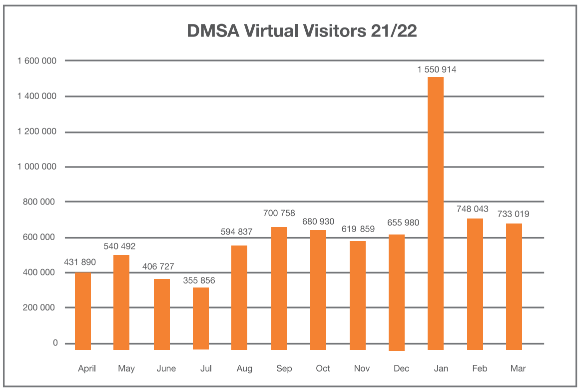


Visitor numbers are measured as virtual visitors and visitors that physically go to the museum. The virtual visitors target of 4 000 000 was exceeded by 100% due to continuous updates on the DMSA website. The Covid-19 pandemic required virtual engagement of visitors during lockdown. As a result, museum programmes were made accessible to visitors while they were unable to physically visit the museums.

DMSA Virtual Visitors





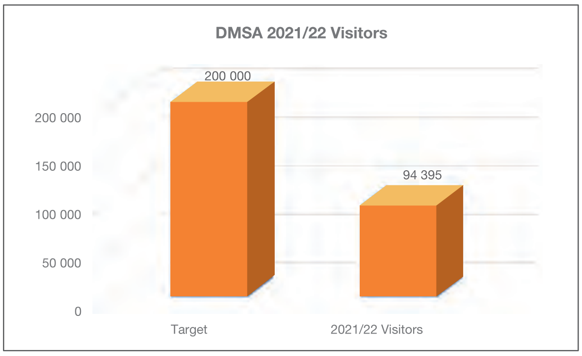


Development of a virtual museum

The DMSA commenced with a virtual museum project. A virtual tour of DITSONG: Kruger Museum was completed in the 2021/22 financial year. This contributed to the success in virtual museum visitors. The initially planned completion of four museums for the year was moved to 2022/23.

DMSA Physical Visitors

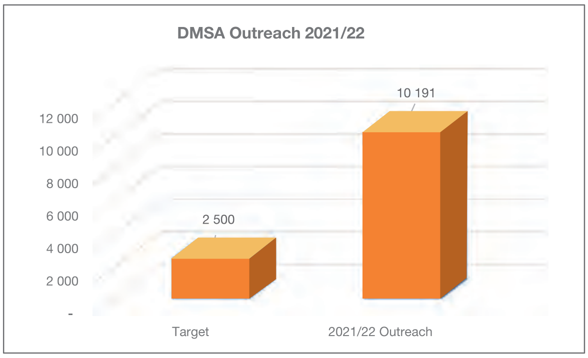
The impact of Covid-19 was evident when DITSONG museums had 94 395 visitors and the organisation achieved only 47% of the target for physical visitors. To attract a new audience to the museums, the DMSA implemented a diversification strategy and introduced Pioneer Museum Jazz Concerts when lockdown restrictions were lifted. Couples and families came to the Museum to see internationally acclaimed jazz artists perform. Besides providing educational tours and exhibitions, this positioned the DMSA as place for the whole family to unwind and have fun.



The Marketing and Communications Unit provided marketing support for DMSA events to position the DMSA as an agent for cultural diversity, social cohesion and economic development in the communities we serve. It also facilitated strategic alliances with sister organisations to maximise on the output of events, exhibitions and educational programmes. These included the Department of Sport, Arts and Culture (DSAC), the City of Tshwane, National Department of Tourism, Gauteng Department of Economic Development and various museums.

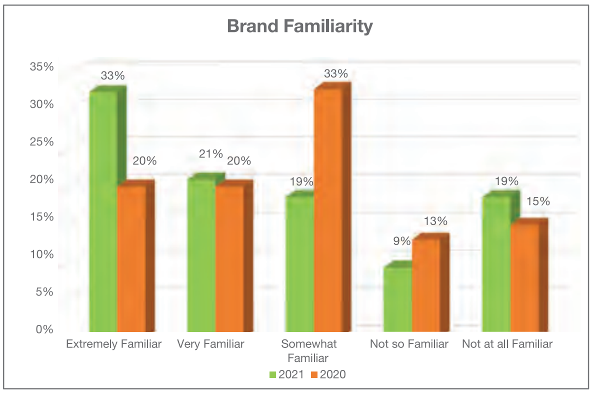
Exposure of the DMSA brand through outreach activities

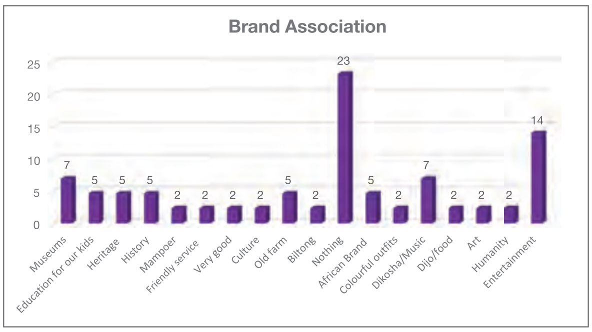
The DMSA Education team visited various schools to promote DMSA's museums. Temporary exhibitions were held at various malls and libraries to attract local tourists. The 2021/22 financial year closed with 10 191 visitors exposed to the DMSA brand through various outreach activities. This target was achieved and exceeded by 307%.

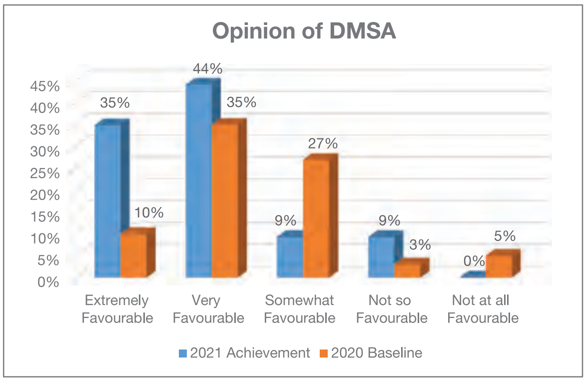


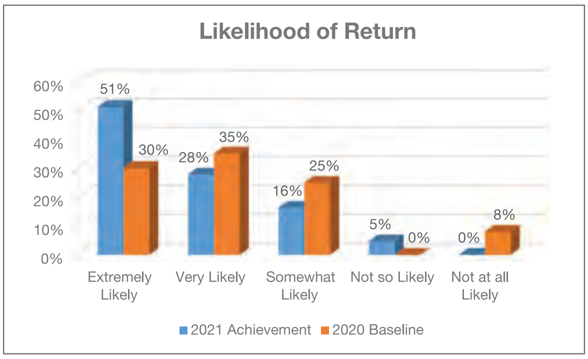
Increase of the customer perception rating by 10%

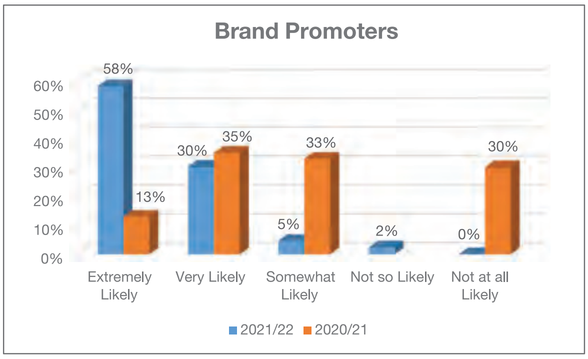
The DMSA conducted research to measure visitors' perception of its brand. The research focussed on measuring the following: Brand familiarity, brand association, opinion of the DMSA brand, likelihood of return and rate of increase in brand promoters. The overall growth from 2020/21 was 10%. The target was met. There was a significant 19% increase in brand promoters. The overall opinion of the DMSA improved by 10%. Visitors have begun to view the DMSA as a place where family and friends can have fun while enjoying the heritage of our country.











Human Resources

The role of this department is to provide effective human resources management and development services towards positioning DMSA as an employer of choice. The Unit continued to oversee the implementation of the Human Capital Management Strategy. Out of the three output indicators, one was removed during revision of the APP, one was achieved, and one was not achieved.

Information and Communications Technology (ICT)

The ICT Department provides support and services to DMSA employees, strategic partners, shareholders and third-party service providers through the use of innovative technology. The ICT governance model was adopted to strengthen and oversee the development and delivery of enabling ICT for DMSA. The ICT governance framework was implemented to improve our competitive advantage in line with DMSA's strategic direction, vision and mission. Furthermore, the ICT Department adopted a new business model that is inspired by the elements of pro-activity and agility, in order to quickly move in and deploy the right technology solution commonly known as the People, Process and Technology Model and ensuring compliance with ICT governance frameworks and code of good practice.

The ICT Department strategically partnered with the organisation to identify shortcomings, the root causes of those problems and outlined a plan to address those gaps. In addition, it is the vision of the ICT Department to assist the organisation in addressing the key ICT-related strategic risks as defined in the strategic risk register.

During the 2021/22 financial year, the ICT Department strengthened ICT governance by developing an ICT Governance Framework, ICT Disaster Recovery and Business Continuity Plan, User Access Policy and ICT System Security Policy. In addition, the DMSA appointed a service provider for the provision of cloud backup services, and an anti-virus and network monitoring tool to ensure business continuity and safeguarding the information of the organisation against cybercrime.

The ICT projects which refer to the establishment of a functional digital repository and ICT automation project that were linked to the APP, were deferred to the new financial year due to financial constraints.

Programme 1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Original APP until re-tabling

The table below reflects outputs, output indicators and targets that were revised or removed during the 2021/22 financial year.

Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22 – Until Date of Re-tabling	Deviation from Planned Target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
Sub-programme: Human Capital Management									
6. A compliant and responsive organisation	Improved systems, processes and people management	6.3. Number of staff enrolled for the Management Development Programme per annum	0	15	0	0	15 – under-achieved	The programme could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.	The indicator was removed because the programme could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.

Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22 – Until Date of Re-tabling	Deviation from Planned Target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
Sub-programme: ICT									
6. A compliant and responsive organisation	Improved systems, processes and people management	6.4. Percentage achievement of the project milestones for the establishment of a functional digital repository (for heritage assets)	New indicator	0%	30%	0%	100% – underachieved	The project could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.	The indicator was removed because project could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.
		6.5. Number of ICT automation projects implemented and maintained	0 ICT projects implemented	1 ICT automation project implemented	1 ICT automation project implemented	0 ICT projects implemented	1 – underachieved	The project could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.	The indicator was removed because project could not be implemented due to financial challenges faced by the entity during the 2021/22 financial year.

Re-tabled APP

The table below reflects outcomes, output indicators and targets that were included in the revised APP which was approved by Parliament on 7 October 2021.

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/2021**	**Planned Annual Target 2021/22**	**Actual Achievement 2021/22**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviation**
Sub-programme: Marketing and Communications								
3. Increased visibility, accessibility and awareness of heritage assets	Increased number of visitors to DMSA Museums	3.1. Total public relations value earned (rand)	R4 390 000	R18 652 359	R5 000 000	R16 331 060	R11 331 060 – overachieved	The positive variance is a result of increased online activities as well as more print and broadcast media advertorials and editorials.
		3.2. Number of physical visitors to museums per annum	242 227	38 893	200 000	94 395	105 605 – underachieved	The annual target could not be achieved due to the extended lockdown period

Programme 1: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
		3.3. Number of virtual visitors per annum	4 226 985	4 106 786	4 000 000	8 019 305	4 019 305 – overachieved	The positive variance is a result of increased online activities which directed visitors to the DMSA website.
		3.4. Number of people exposed to DMSA through outreach activities	-	4 460	2 250	10 191	7 941 – over-achieved	Outreach activities conducted when lockdown regulations were eased boosted the numbers.
		3.5. A virtual museum project implemented	-	Phase 1 of the project implemented. Service provider appointed.	Development of 4 museums virtually	1 museum developed virtually	3 – under-achieved	3 more virtual museums could not be developed due to financial challenges.

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Sub-programme: Office of the CFO – SCM								
4. Increased participation of historically disadvantaged groups in the heritage sector	Preferential procurement and set-asides implemented	4.1. Percentage of contracts awarded to black-owned service providers per annum	Indicator reworded	100%	55%	100%	45% - over-achieved	Procurement was targeted at black-owned businesses, with the intention to support their empowerment.
		4.2. Percentage of total rand value of procurement spent on level 1 B-BBEE compliant service providers	Indicator reworded	95%	90%	90%	-	N/A

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/2021**	**Planned Annual Target 2021/22**	**Actual Achievement 2021/22**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviation**
Sub-programme: Human Capital Management								
4. Increased participation of historically disadvantaged groups in the heritage sector	Internship and experiential programme implemented	4.4. Number of experiential training participants per annum	-	-	10	15	5 – over-achieved	It was possible to take more students on board as the lockdown regulations started to ease. In 2020/21 the indicator was removed due to hard lockdown.

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Sub-programme: Office of the CFO – Finance								
5. Improved financial sustainability of DMSA	Increased revenue through diversified sources	5.1. Rand value of own revenue generated	16.37%	R3 351 188	R13 101 955	R5 217 396	R7 884 559 – underachieved	Revenue could not be generated during the period of lockdown which was necessitated by the Covid-19 regulations.
	Costs contained and resources directed towards the core business	5.2. Percentage compensation of employees' expenditure to total expenses	39.70%	43.5%	60%	48.31%	11.69% - over-achieved	Reduction in COE budget affected during the FY as instructed by DSAC.
		5.3. Percentage expenditure of budget on core business functions	-	42.42%	42%	43.17%	1.17% - over-achieved	The impact of Covid-19 resulted in less expenditure for core functions whilst administration costs like sanitising, PPE, W&L, etc. increased.

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Planned Annual Target 2021/22**	**Actual Achievement 2021/22**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviation**
Sub-programme: Office of the CFO								
6. A compliant and responsive organisation	External audit outcome on financial statements	6.1. External audit outcome on previous year's financial statements	Unqualified, with material findings	Unqualified, with no material findings (2019/20)	Unqualified, with no material findings (2020/21)	Unqualified, with no material findings (2020/21)	-	N/A
Sub-programme: Human Capital Management								
6. A compliant and responsive organisation	Improved systems, processes and people management	6.2. Percentage implementation of annual Workplace Skills Plan	100%	100%	100%	36.84%	63.16% - underachievement	Training deferred due to financial constraints.
Sub-programme: Marketing and Communications								
6. A compliant and responsive organisation	Improved visitor perception of DMSA (survey conducted at targeted events)	6.6. Percentage improvement in visitor perception rating	-	Baseline for visitor perception rating established	10% improvement on baseline	Research conducted. Results = 10% improvement	-	N/A

3.2. Programme 2: Business Development (Core Business)

Purpose: The purpose of Programme 2: Business Development (Core Functions), is to research, manage, maintain, restore and render access to museum collections. The purpose of each sub-programme is as follows:

Sub-programme	Purpose
Research	Endorse the research of articles and publications relating to heritage, ensuring dissemination of research that is increasingly relevant and inclusive
Collection Management	Develop and maintain a system to ensure that all specimens and objects are well-documented and catalogued
Conservation and Restoration	Contribute towards the achievement of curating collections, and to undertake conservation and restoration

PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Business Development (Core Functions) Programme delivers against the following outcomes reflected in the Strategic Plan:

Outcome 1:	Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant.
Outcome 2:	Heritage assets preserved in accordance with international guideline standards.

3.2.1. Programme performance information

Research

All four output indicators under the sub-programme: Research were achieved. This positively contributes to Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant. Despite the difficulties that came with the lockdown, DMSA Curators utilised the period to focus on research and writing.

Collections management

All (100%) heritage objects that were received and approved were accessioned during the financial year. A total of 11.44% of high value heritage assets were verified during the financial year. This is more than the planned 5% target. These contributed positively to the entity's output of preserving heritage assets.

Conservation and restoration

All three conservation and restoration plans that were developed at DNMCH, DNMMH and DTMC were fully implemented, positively contributing to the entity's output of heritage assets conserved and restored.

Programme 2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Original APP until re-tabling

The table below reflects outcomes, outputs, output indicators and targets that were revised or removed during the 2021/22 financial year.

Programme 2: Business Development									
Outcome	**Output**	**Output Indicator**	**Audited Actual Perfor-mance 2019/20**	**Audited Actual Perfor-mance 2020/21**	**Planned Annual Target 2021/22**	**Actual Achieve-ment 2021/22 – Until Date of Re-ta-bling**	**Devia-tion from Planned Tar-get to Actual Achievement**	**Reasons for Deviation**	**Reasons for Revisions to the Outputs/Output Indicators/An-nual Targets**
Sub-programme: Research									
1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant	Collec-tions Manage-ment	2.3. 1 digitisation project im-plemented	-	Service provid-er not appointed, which would have been the final stage of Phase 1	Phase 1 of the digitisa-tion project implement-ed	Phase 1 of the digitisa-tion project not imple-mented	Phase 1 not implement-ed - under-achieved	Project sus-pended due to financial challenges.	Indicator re-moved because the project was suspended due to financial chal-lenges.

Programme 2: Business Development

Outcome	Output	Output Indicator	Audited Actual Perfor-mance 2019/20	Audited Actual Perfor-mance 2020/21	Planned Annual Target 2021/22	Actual Achieve-ment 2021/22 – Until Date of Re-tabling	Devia-tion from Planned Tar-get to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
	Conserva-tion and Resto-ration	2.4. Com-merciali-sation of collections and muse-um shop project im-plemented	-	Phase 1 of the com-merciali-sation of collections and online shop project not imple-mented	Phase 1 of the com-merciali-sation of collections and muse-um shop	Phase 1 of the commer-cialisation of collections and muse-um shop not implement-ed	Phase 1 not implement-ed – under-achieved	Project sus-pended due to financial challenges.	Indicator re-moved because the project was suspended due to financial chal-lenges.

Re-tabled APP

The table below reflects outcomes, output indicators and targets that were included in the revised APP which was approved by Parliament.

Programme 2: Business Development								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Planned Annual Target 2021/22**	**Actual Achievement 2021/22**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviation**
Sub-programme: Research								
1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant	Research outputs disseminated	1.1. Number of peer-reviewed articles submitted for publication	15	13	10	22	12 – over-achieved	The lockdown period allowed Curators more time to focus on research.
		1.2. Number of popular articles published or posted	30	55	22	49	27 – over-achieved	The lockdown period allowed Curators more time to produce articles.
		1.3. Number of public lectures presented	16	9	16	19	3 – over-achieved	Some of the lectures were hosted online during the lockdown period.
		1.4. Number of internal research seminars presented	-	2	2	2	–	N/A

Programme 2: Business Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement	Reasons for Deviation
Sub-programme: Collections Management								
2. Heritage assets preserved in accordance with international guideline standards	Heritage assets preserved	2.1. Percentage of heritage objects accessioned per annum	100%	100%	100%	100%	-	N/A
		2.2. Percentage of high value heritage assets verified per annum	-	5.99%	5%	11.44% 86 856 / 759 062	6.44% – overachieved	More assets verified due to improvement on previous audit findings.
Sub-programme: Conservation and Restoration								
2. Heritage assets preserved in accordance with international guideline standards	Heritage assets conserved and restored	2.5. Percentage implementation of conservation plan per annum	67%	100%	100%	100%	-	N/A

3.3. Programme 3: Public Engagement

The purpose of Programme 3: Public Engagement is to develop and maintain public programmes and exhibitions to enhance wider public access and knowledge about natural, military and cultural heritage. The purpose of each sub-programme is as follows:

Sub-programme	Purpose
Public programmes	To increase the accessibility of all DMSA museums through public programmes, through planned events and outreach, and exhibitions

PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Public Engagement Programme delivers against the following outcome reflected in the Strategic Plan:

Outcome 3: Increased visibility, accessibility and awareness of heritage assets.

3.3.1. Programme performance information

Public programmes

The entity's Public Programmes and Exhibitions Department is the driving force in promoting increased visibility, accessibility and awareness of heritage assets. This is done through the implementation of education programmes, public programmes, outreach programmes and events. The Covid-19 pandemic created the need for some of these programmes to be moved to digital platforms in order to continue with audience engagement. This presented new opportunities to reach wider audiences.

Although some of the planned activities under this programme were negatively impacted by both the lockdown regulations and the financial challenges faced by the entity, DMSA still managed to exceed expected performance in the following performance indicators: Number of events held, Number of displays created and Number of new partnerships established per annum. The entity continues to seek additional funding to support its programmes. During the financial year, two grants amounting to R109 625.00 were awarded to DMSA in support of programmes under public engagement. All these efforts and achievements contributed positively towards the entity's outcome of increasing visibility, accessibility and awareness of heritage assets.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Re-tabled APP:

The table below reflects outcomes, output indicators and targets that were included in the revised APP which was approved by Parliament.

Programme 3: Public Engagement								
Outcome	**Output**	**Output Indicator**	**Audited Actual Perfor-mance 2019/20**	**Audited Actual Perfor-mance 2020/21**	**Planned An-nual Target 2021/22**	**Actual Achievement 2021/212**	**Devia-tion from Planned Target to Actual Achieve-ment**	**Reasons for Deviation**
Sub-programme: Public Programme								
3. In-creased visibility, accessi-bility and awareness of heritage assets	Partnerships established	3.5. Number of new partnerships estab-lished per annum	4	8	6	7	1 – over-achieved	More focus was placed on creating partnerships.
	Increased exhibits, displays and public pro-grammes	3.6. Number of events held	20	11	16	22	6 – over-achieved	Additional events were held when the lockdown alert level was eased.
		3.7. Number of new educational pro-grammes developed and approved per annum	4	10	10	10	-	N/A

Programme 3: Public Engagement								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/20**	**Audited Actual Performance 2020/21**	**Planned Annual Target 2021/22**	**Actual Achievement 2021/212**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviation**
		3.8. Number of travelling exhibitions hosted	4	0	2	1	1 – under-achieved	Not achieved due to financial challenges.
		3.9. Number of displays created	11	8	12	14	2 – over-achieved	More were displays created as lockdown regulations eased.
		3.10. Number of temporary exhibitions created	-	0	2	1	1– under-achieved	Second exhibition not created due to lack of funds.
		3.11. Number of permanent exhibitions created	-	-	1	0	1 – under-achieved	Exhibitions not created due to lack of funds.
	Co-curate and co-create programme implemented	3.12. Number of ACH projects implemented through co-curate and co-create programme	-	0 ACH projects implemented	10 ACH projects implemented	2 ACH projects implemented	8 – under-achieved	Projects could not be implemented due to financial challenges.

3.4. Linking performance with budgets

Programme/activity/ objective	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1- Administration	63 295	86 075	(22 780)	55 483	85 634	(30 151)
Programme 2- Business Development	41 237	55 710	(14 473)	51 409	56 599	(5 190)
Programme 3- Public Engagement	6 320	6 519	(199)	5 176	1 923	3 253
Total	**110 852**	**148 304**	**(37 452)**	**112 068**	**144 156**	**(32 088)**

3.5. Strategy to overcome areas of under performance

Areas of Underachievement		Strategies to Improve
1.	Number of physical visitors to museums per annum	As the world continues to open up after the Covid-19 pandemic, more marketing and outreach activities will be conducted in order to attract more people to the museums.
2.	A virtual museum project implemented	The project was put on hold after the development of 1 virtual museum (Paul Kruger Museum). More virtual museums will be developed as the financial situation improves.
3.	Rand value of own revenue generated	Through the implementation of the Turnaround Strategy, the DMSA will realise an improvement in own revenue generated.
4.	Percentage implementation of annual Workplace Skills Plan	The indicators were not achieved due to the financial challenges experienced by the entity during the financial year. All these will be implemented in the 2022/23 financial year.
5.	Number of travelling exhibitions hosted	
6.	Number of temporary exhibitions created	
7.	Number of permanent exhibitions created	
8.	Number of ACH projects implemented through co-curate and co-create programme	

Reporting on the institutional response to the Covid-19 pandemic

Programme/ Sub-programme	Intervention	Geographic Location (Province/ District/Local Municipality) (Where Possible)	No. of Beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total Budget Allocation per Intervention (R'000)	Budget Spent per Intervention	Contribution to the Outputs in the APP (Where Applicable)	Immediate Outcomes
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

DMSA did not implement any special projects in response to the Covid-19 pandemic during the financial year. However, the entity continued to manage the pandemic in the workplace and in its facilities. This was done through the provision of PPE, sanitisation of affected areas, effective communication educating employees and stakeholders, as well as through encouraging employees and stakeholders to get vaccinated.

4. REVENUE COLLECTION

4.1. Revenue collection

	2021/2022			2020/2021		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
				R'000	R'000	R'000
Rental of facilities	2 367	1 777	591	5 553	1 246	4 307
Entrance fees	2 310	1 429	881	7 900	584	7 317
Interest received	385	335	50	2 800	1 177	1 628
Business ventures	8 040	1 676	6 364	1 103	922	811
Total	**13 102**	**5 217**	**7 885**	**17 356**	**3 929**	**14 063**

DMSA's own revenue generation was estimated to be R13 101 955. Actual own revenue collected was R5 217 396, which is 40% (2020/21: 19%) of the budgeted amount. Own revenue collection was negatively impacted due to the Covid-19 pandemic resulting in less visitors to the museums.

Own revenue figures were revised downwards in an adjusted budget and expenditure was cut to align spending to revenue generation. This necessitated the revision of some APP targets affected by the budget cuts. DMSA also implemented cost containment measures to save on costs such as water and electricity bills.

4.2. Capital investment

DMSA received an infrastructure grant amounting to R7 999 500 in the 2021/22 financial year, in addition to the balance of the infrastructure grant brought forward from previous years amounting to R3 360 069. This funding assisted the DMSA in much-needed infrastructure renovations and upgrades, particularly given the dilapidated and old nature of the buildings under the custodianship of the DMSA. The following infrastructure projects were undertaken in the 2020/21 financial year: Renovations and upgrading of various DMSA buildings, climate control, procurement of split air conditioners and security infrastructure (CCTV cameras, biometrics and security tags to heritage assets). All the projects above have been completed.

Given the unique nature of the DMSA, which operates in 11 different sites, 10 in Pretoria and one in Johannesburg, and also the dilapidated and old nature of the buildings, there is a huge backlog of infrastructure projects that still need funding. The one worth noting is the fence at DTMC which has been vandalised by the community and is non-existent. This poses a serious security problem at DTMC, which is vast in size.

Infrastructure projects	2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R
Renovations and upgrades to various DMSA buildings	R 3 000 000	R4 424 214.11	(R1 424 214.11)
Upgrading of climate control	R4 999 500	R810 541.50	R4 188 958.50
Total	**R 7 999 500**	**R5 234 755.61**	**R2 764 744.39**
Infrastructure projects	**2020/2021**		
	Budget	**Actual Expenditure**	**(Over)/Under Expenditure**
	R	**R**	**R**
Renovations and upgrades to various DMSA buildings	R8 990 799	R9 466 576.45	(R475 777,45)
Climate control	R8 890 500	R7 938 402	R952 098.00
Split air conditioners	R3 000 000	R2 395 044	R604 956.00
Security infrastructure (CCTV, biometrics)	R10 244 442.80	R11 523 804,74	(R1 279 361,94)
Total	**R31 125 741.80**	**R31 323 827,56**	**(R198 085,76)**

Part C:

Governance

1. 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 legislation, corporate governance in a public entity is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

Parliament, the Executive Authority and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

Parliament, through its Portfolio Committee on Sport, Arts and Culture exercises oversight over the DMSA through the Executive Authority. During the 2021/22 financial year there was one (1) meeting held between DMSA and the Parliamentary Portfolio Committee on Sport, Arts and Culture.

The Portfolio Committee was briefed on the DMSA 2021/22 Revised Annual Performance Plan and other matters. This was preceded by an overview presented by the Department of Sport, Arts and Culture.

3. EXECUTIVE AUTHORITY

The Minister of Sport, Arts and Culture is the Executive Authority for the DMSA. The following table provides commentary on reports submitted to the Executive Authority.

Submission Date	Document	Issues Raised by DSAC
2021/22 DMSA Quarterly Performance Reports		
30 April 2021	2020/21 4th Quarter Performance Report	None
30 July 2021	1st Quarter Performance Report	None
30 October 2021	2nd Quarter Performance Report	None
30 January 2022	3rd Quarter Performance Report	None
2021/22 National Treasury Public Entities Quarterly Reports		
30 April 2021	2020/21 4th Quarterly Report	None
30 July 2021	1st Quarterly Report	None
30 October 2021	2nd Quarterly Report	None
30 January 2022	3rd Quarterly Report	None
Revised 2021/22 Annual Performance Plan		
06 September 2021	Revised 2021/22 APP	None
2022/23 Annual Performance Plans		
30 October 2021	1st Draft APP	None
30 January 2022	Final APP	None

Submission Date	Document	Issues Raised by DSAC
2021/22 Budget		
30 January 2022	Final	None
2022/23 DMSA Risk Register		
30 January 2022	Final	None
2022/23 Fraud Prevention Policy and Response Plan		
30 January 2022	Final	None
2022/23 Materiality Framework		
30 January 2022	Final	None
2022/23 Shareholder's Compact		
11 March 2022	Final printed copies for approval by the Minister	None
2021/22 Quarterly Reports on the Procurement Plans		
14 April 2021	4th Quarterly Report (2020/21)	None
06 July 2021	1st Quarterly Report	None
15 October 2021	2nd Quarterly Report	None
17 January 2022	3rd Quarterly Report	None
2020/21 Annual Report (AR)		
30 September 2021	Final Draft (PDF)	None
2020/21 Annual Performance Report (APR)		
31 May 2021	Unaudited	None
30 September 2021	Final approved and audited	None
2020/21 Annual Financial Statements (AFS)		
31 May 2021	Unaudited	None
30 September 2021	Final approved and audited	None

4. THE ACCOUNTING AUTHORITY (COUNCIL)

Introduction

DITSONG: Museums of South Africa is led by a Council, which serves as the Accounting Authority, and its role is to provide the organisation with strategic direction and to deliver shareholder value over the long term. The Council also has ultimate responsibility for the finances of the organisation and holds legal responsibility for its ventures and actions.

Through the Audit, Risk and Information, Communication Technology Committee, the Council also reviews the organisation's risk management and internal control systems on an ongoing basis. Council continuously holds Management accountable on the implementation of the entity's strategy and projects as well as on the overall performance.

The role of the Council is as follows:

In terms of the Cultural Institutions Act (No. 119 of 1998), Council has the following responsibilities:

- To formulate policy.
- To hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned.
- To receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1).
- To raise funds for the DMSA.
- To manage and control the moneys received by the declared institution, and to utilise those moneys for defraying expenses in connection with the performance of its functions.
- To keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto, and to cause proper books of account to be kept
- To determine, subject to this Act and with the approval of the Minister, the objects of the declared institution; and
- To generally carry out the objects of the declared institution.

Council Charter

The Council operates in accordance with an approved Charter. Council signs an annual Shareholder Compact with the Executive Authority. The Council Charter was developed in line with good governance practice and King IV Report on Corporate Governance.

Compliance with the Charter

DMSA Council members strive for good governance by fulfilling all obligations imposed upon them and acting in the best interest of the organisation, government and the public, by faithfully upholding and applying the applicable legislation. Through the leadership of the DMSA Council, the entity continues to improve in terms of systems of corporate governance, as evidenced by the last three unqualified audit opinions.

DMSA Council members promoted the objectives of the DMSA by upholding the rule of law and refraining from engaging in improper or illegal activities, or acting in a manner which, viewed objectively, could be construed as unbecoming of a Council Member.

DMSA Council Members demonstrated good faith by exercising diligence, honesty and objectivity in the performance of their duties and responsibilities. Council Members or Members of Management declare any personal interest vested in a matter before Council and recuse themselves when Council is expected to deliberate and decide on matters.

Composition of DMSA Council

DMSA Council: Appointed for a three (3) year term (1 August 2019 - 31 July 2022)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms K. Rapoo	Chairperson of Council	01 Aug 2019	To date	• Articles of Traineeship • Executive Development Programme • Project Management • Executive Education and Advanced Project Management • Postgraduate Trustee Trainee Programme	• Governance • Strategy formulation • Risk Management and Compliance • Internal Audit and Financial Management	• National Heritage Council (NHC) • Medipos Medical Aid Scheme	• Audit Committee (BestMed) • Audit Committee (Medipos Medical Aid Scheme)	6 (Council)
Dr L. Konar	• Deputy Chairperson of Council • Member of ARIC	01 Aug 2019	To date	• Doctor of Commerce • Masters of Accounting Sciences • Bachelor of Commerce • Postgraduate Diploma in Accounting • Chartered Accountant	• Corporate Governance • Corporate and Project Finance • Credit Risk • Financial Management • Legal and Risk Management	• Independent Regulatory Board	• Member of the Task Team responsible for King IV • Member and Chairperson of various Audit Committees	7 (Council) 10 (ARIC)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms V. Menye	• Member of Council • Member of ARIC	01 Aug 2019	To date	• BSc (Computer Science) Degree • International Investment Management Certificate • Certificate in IT Governance (Cobit 8)	• ICT Governance • Information and Strategy • CT Risk Management • Financial Management • Change and Project Management	N/A	• Member of Audit Committee (SA Human Rights Commission) • Member of IT Governance Committee (National Consumer Tribunal) • Chairperson of Audit and Risk Committee (South African Heritage Resources Agency) • Member of ICT Steering Committee (Film and Publications Board)	6 (Council) 8 (ARIC)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Dr A. Mdletye	• Member of Council • Chairperson of Core Functions Committee	01 Aug 2019	To date	• Doctor of Philosophy • Masters in Developmental Studies • Masters in Education • Bachelor of Arts • Honours Human Resource Development • Bachelor of Education • Bachelor of Business Administration • Bachelor of Management • Bachelor of Arts • Postgraduate Diploma in Labour Law • Diploma in Personnel Management and Industrial Relations • Higher Diploma in Education (Post Grad)	• Financial Management • Human Resources Management • Facilities Management • Governance • Strategic Planning • Legal Services	Chairperson (Harry Gwala Development Agency)	Member of Risk Management Committee (Harry Gwala Development Agency)	8 (Council) 4 (Core) 1 (HRREMCO)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms L. Vilakazi	• Member of Council • Member of Core Functions Commit-tee	01 Aug 2019	To date	• Admitted as a Notary and Conveyancer of the High Court of South Africa • Postgraduate Diploma: Corporate Law University of Johannesburg (UJ) • Certificate in Advanced Corporate Law I & II Wits • Bachelor of Laws Degree (LLB) University of KwaZulu-Natal (Howard College School of Law)	• Corporate Commercial and Trust Legal • Legal Advisory • Governance Risk and Compliance Management	Member of the Advisory Board (Harry Gwala District)	• Member of Audit and Risk Committee (Companies Tribunal) • Member of Audit and Risk Committee (Gauteng Department of Health) • Member of Accreditation Committee (Gauteng Department of Health)	8 (Council) 4 (Core) 1 (HRREMCO)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Commitees or Task Teams	No. of Meetings Attended
Mr G. Ontong	• Member of Council • Member of Core Functions Committee	01 Aug 2019	To date	• Master of Philosophy in Conservation of the Built Environment (University of Cape Town) • Master of City and Regional Planning (University of Cape Town) • Bachelor of Theology (University of Cape Town)	• Heritage Conservation • Cultural Heritage • Heritage and Research • Performance Management • Financial Management • Liaising with Council departments, funding agencies, community organisations, voluntary history groups, tourist bodies and private companies	N/A	N/A	8 (Council) 4 (Core)

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Y. Mashilela	• Council Member • Chairperson of HRREMCO	01 Aug 2019	To date	• Bachelor of Arts in Social Sciences • DPLR (postgraduate qualification) • IR Skills Development Programme • Master of Business Administration	• Corporate governance and Board effectiveness • Ethics and duties of Directors in terms of the Companies Act • Extensive experience in serving on Boards	N/A	N/A	7 (Council) 5 (HRREMCO)
Adv. L.T. Nevondwe	• Council Member • Member of HRREMCO	01 Aug 2019	To date	• Master of Laws (LLM) in Human Rights Law • Bachelor of Laws (LLB)	• Corporate governance and Board effectiveness • Ethics and duties of Directors in terms of the Companies Act	• Board Chairperson (National Lottery Participants Trust) • Council Deputy Chairperson (Nelson Mandela Museum) • Council Member (Film and Publications Board)	• Member of Audit Committee (Marine Living Resources Fund) • Member of Audit Committee (Limpopo Legislature)	8 (Council) 6 (HRREMCO)

Council Committees

Committee	No. of Meetings Held	No. of Members	Names of Members
Audit, Risk and Information Communication Technology Committee (ARIC)	11	3	Ms M. Mudau (Independent Chairperson), Dr L. Konar and Ms V. Menye
Core Functions Committee	4	3	Dr A. Mdletye (Chairperson), Ms L. Vilakazi and Mr G. Ontong
Human Resources and Remuneration Committee (HRREMCO)	6	2	Ms Y. Mashilela (Chairperson) and Adv. L.T. Nevondwe. Dr A. Mdletye and Ms L. Vilakazi were co-opted members for specific items.

Remuneration of Council members

Name	Remuneration	Other allowance	Total
Ms K. Rapoo	R27 417	R10 500	R37 917
Dr L. Konar	R51 051	R3 500	R54 551
Ms V. Menye	R40 800	R3 500	R44 300
Dr A. Mdletye	R44 377	R3 500	R47 877
Ms L. Vilakazi	R36 582	R3 500	R40 082
Mr G. Ontong	R38 324	R3 500	R41 824
Ms Y. Mashilela	R37 409	R3 500	R40 909
Adv. T. Nevondwe	R40 800	R3 500	R44 300

5. RISK MANAGEMENT

The DMSA leadership believes in the interrelatedness of risk management, strategy management, and corporate governance, with a view that the entity can achieve its objectives if this relationship is appreciated at the highest level.

In line with the National Treasury Risk Management Framework, the DMSA has adopted an enterprise-wide risk management approach. The entity has an approved Risk Management Policy, Risk Management Strategy, and a Fraud Prevention Policy and Response Plan. These policies have been approved by Council and their provisions are regularly workshopped to Management and staff.

The DMSA develops and maintains a Strategic Risk Register which is aligned with the Annual Performance Plan. Operational Risk Registers are maintained for all business units. The entity also has the emerging risk identification and risk incident reporting tools, which enable staff and Management to identify risks that are emerging throughout the entity.

Risks are identified, assessed and rated. Mitigation strategies are put in place to mitigate the risks, and reports on the status of risks are tabled to the Risk Management Committee, ARIC, and Council.

The DMSA has a Risk Management Committee which meets quarterly to assess and determine the effectiveness of its Risk Management Strategy. The Committee tables its reports on the status of risk management at the ARIC meetings.

The DMSA also had a Covid-19 Response Team which met on a regular basis to manage all pandemic-related risks. The team assisted the entity in navigating through the Covid-19 related risks over the past two years.

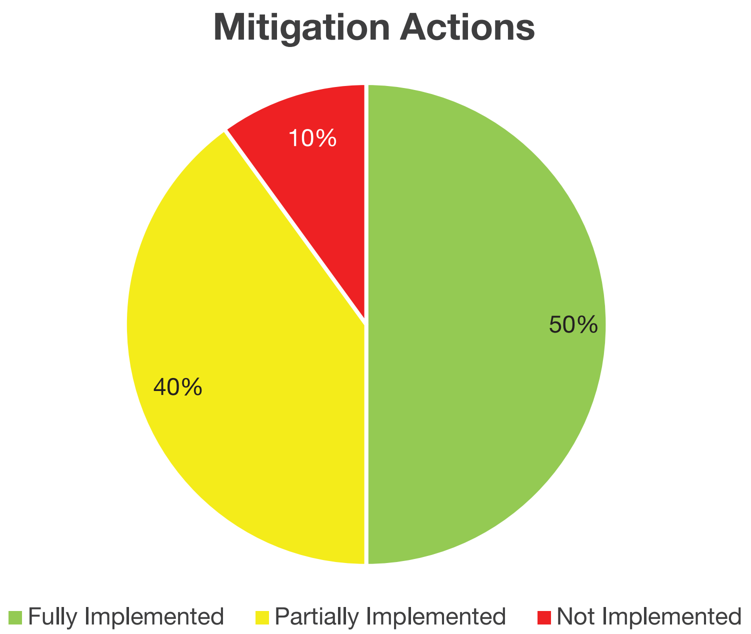
The Audit, Risk and Information Communication Technology Committee (ARIC) receives and interrogates risk management reports that are prepared by Management and the Risk Management Committee.

Interventions such as the establishment of a Risk Management Committee, the approval of risk and fraud policies and strategies, and the establishment of a risk function in the Office of the CEO, have started to yield the desired results, with great improvements in risk culture within the entity having been witnessed. In addition, Risk Management is a standing feature in Exco and Manco meetings.

To monitor the DMSA's status of risk maturity and culture, Management utilised the National Treasury assessment tools to assess levels of risk maturity and risk culture within the entity. The outcomes of both assessments have demonstrated that the risk maturity and risk culture are at the desirable level. DMSA achieved the maturity level of five (5), which is the highest category. The aggregate score achieved on the risk culture assessment is 104 (Risk sensitive – displayed appreciation and consideration of risks, apparent commitment to managing risks).

At the beginning of the 2021/22 financial year, Council identified the top 13 strategic risks that need to be mitigated in order for the DMSA to achieve its six outcomes. For the reporting period, 42 mitigation actions were identified, aimed at managing the 13 risks. Out of the 42 mitigation actions identified, 21 (50%) were fully implemented, 17(40%) were partially implemented and 4 (10%) were not yet implemented. The table and chart below depict the status of implementation of mitigation actions as at 31 March 2022.

Not Implemented	4	10%
Partially Implemented	17	40%
Fully Implemented	21	50%
Total	**42**	**100%**



As at 31 March 2022, the residual risk rating on the 13 strategic risks was as follows:

No	Strategic Risk	Residual Risk
1.	Financial sustainability risk	**Immediate Action**
2.	Capital availability risk	**Immediate Action**
3.	Risk of security and threats	**Monitor**
4.	Failure to innovate/meet customer needs	**Acceptable**
5.	Stakeholder management risk	**Monitor**
6.	Possible restructuring/merger of cultural institutions	**Acceptable**
7.	Operational inefficiencies	**Acceptable**
8.	Non-compliance to laws and regulations	**Action**
9.	Insufficient marketing and branding of the DMSA	**Acceptable**
10.	Low staff morale and productivity	**Action**
11.	Fraud and corruption	**Acceptable**
12.	Loss of heritage assets	**Monitor**
13.	Decline in research output	**Acceptable**

6. INTERNAL CONTROL UNIT

The DMSA does not have an Internal Control Unit. However, the entity has implemented effective internal controls as required by legislation, which are overseen by ARIC as assisted by Internal Audit.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

7.1. Internal audit function

The following internal audit work was completed during the year under review:

- Heritage assets review.
- Supply Chain Management (Deviations) review.
- Financial Management review.
- Information Technology review.
- Compliance review (monitoring compliance at the entity).
- Compliance (POPIA requirements) review.
- Preparation of the six-month Internal Audit Plans.
- Quarterly reporting and attendance of Audit Committee meetings.
- Follow up of AG and IA findings.
- Quarterly Audit of Performance Information Q4 (2020/21) and Q3 (2021/22).
- Stakeholder Engagement Review.
- Marketing and Communications Management Review.
- Review of the 2020/21 Annual Financial Statements and Annual Performance Report; and
- Review of the 2022/23 Annual Performance Plan.

7.2. Audit committee

The following Audit, Risk and Information Communication Technology Committee work was completed during the year under review:

- Advised Management on Risk Management.
- Assessed Internal Controls.
- Reviewed and approved the six-month Internal Audit Plan.
- Reviewed Internal Audit Reports.
- Reviewed Risk Mitigation Implementation.
- Reviewed Quarterly Performance Reports.
- Reviewed Quarterly Infrastructure Project Reports.
- Reviewed final External Audit Management Report with Management's comments.
- Reviewed Annual Performance Report (APR).
- Reviewed Annual Financial Statements (AFS).
- Reviewed Quarterly Management Accounts.
- Reviewed and approved AGSA Engagement Letter and Audit Strategy.
- Reviewed 2022/23 Annual Performance Plan and Budget.
- Reviewed 2022/23 Annual Procurement Plan.
- Reviewed Contracts Register.
- Reviewed Litigation reports.
- Reviewed IT Governance and ICT Infrastructure Implementation Status.
- Reviewed Heritage Management Status Reports; and
- Reviewed Risk Management, Supply Chain and Financial Policies.

The table below discloses relevant information on the Audit, Risk and Information Communication Technology Committee members.

Name	Qualifications	Internal or External	Date Appointed	Date Resigned	No. of Meetings Attended
Ms S.F. Mudau (Chairperson)	CA (SA), SAICA, Master of Business Administration (MBA), Senior Executive Development Programme, Management Advanced Programme, Bachelor of Commerce (Honours) Accounting and Bachelor of Commerce Financial Accounting	External	01 Sept. 2020	To Date	11
Dr L. Konar	Doctor of Commerce, Master of Accounting Sciences, Bachelor of Commerce, Postgraduate Diploma in Accounting, Chartered Accountant	Internal	01 Aug. 2019	To Date	10
Ms V. Menye (Member)	Bachelor of Science in Computer Science, International Investment Management certificate, Certificate in IT Governance (Cobit 8)	Internal	01 Aug. 2019	To Date	8

8. COMPLIANCE WITH LAWS AND REGULATIONS

As a schedule 3A public entity the DMSA regards compliance as an integral part of governance and in this regard, has started to focus on establishing structures and processes to ensure adequate and effective adherence to applicable statutes, guidelines, rules and codes. In addition to the Compliance Management Framework which was approved in the previous financial year, DMSA has developed a Compliance Policy, and a comprehensive regulatory/compliance universe, which was formally adopted by Exco. During the year under review, Internal Audit conducted a review of the DMSA's compliance processes. The recommendations made from the review are being implemented.

The DMSA has developed and reviewed a number of policies and regulations in order to ensure compliance. A total of 45 policies were developed, reviewed and approved by Council, in part responding to audit findings and enabling the realisation of the strategic imperatives of the organisation. Furthermore, a central policy repository has been developed to enhance governance and employee socialisation and these are tabled to Council on a quarterly basis.

The DMSA endeavours to adhere to the PFMA, the Cultural Institutions Act, Treasury Regulations, Supply Chain Practice Notes, and other relevant prescripts. DMSA is audited by both the Internal Audit and the Auditor-General of South Africa (AGSA) on its level of compliance with laws and regulations.

9. FRAUD AND CORRUPTION

DMSA has developed a Fraud Prevention Policy and Response Plan which was approved by Council. The DMSA's Fraud Prevention Plan and the progress made in implementing the plan include the following:

- DMSA Fraud Prevention Plan, which assists the organisation to track progress in the implementation of the policy.
- Continued operation of the fraud hotline, which is used to anonymously report suspected acts of fraud, corruption, and unethical behaviour.
- Alarm system and/or cameras are installed at museums. This ensures the security of heritage assets entrusted to the organisation.
- All employees signed the annual declaration of interest forms.
- SCM officials are bound by the SCM Code of Conduct.
- Internal controls implemented to ensure that there is sufficient segregation of duties; and
- A book on access control for visitors/ vehicles was introduced at the museums.

All employees of DMSA are encouraged to report incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to their supervisors. If the employee or official is not comfortable in reporting such matters to the supervisor, he or she could report the matter to the supervisor's superior, with final recourse to the CEO. Employees were encouraged to report incidents by using the hotline if they wished to remain anonymous or for any other reason.

Fraudulent activities are reported through a fraud hotline facility, which is managed by an external service provider. If any reported activities warrant disciplinary action, it will be instituted in terms of the Disciplinary and Grievance Policy and relevant prescripts. During the year under review, an internal assessment of the fraud risk environment was conducted, with a focus on Supply Chain Management, Human Resource Management and Payroll Management, Financial Reporting, and Physical Controls.

10. MINIMISING CONFLICT OF INTEREST

All Supply Chain Management personnel have formally signed the Code of Conduct as prescribed by Practice Note 7 of 2009/10, par 4.4.1. The Supplier Bidding Document (SBD) 4 is also provided by the prospective bidders to declare their interest in the organisation. All DMSA employees are required to declare their interests annually.

Employees are also required to file the financial declaration forms every financial year.

11. CODE OF CONDUCT

The Code of Conduct and Ethics Policy was approved. A Declaration of Interest Policy and form was developed and approved by Council. All employees signed declaration of interest forms which are kept in the employees' files and properly monitored. Forward planning continues to ensure that all staff is informed and that the Code of Conduct is carried out.

The Approved Disciplinary Code and Grievance Procedure Policy is in place and applied for any breach of the Code of Conduct or other disciplinary matters.

DMSA is guided by the Code of Conduct for Public Servants published in Part 2 of the Public Service Regulations (1999), which gives clear guidelines on expected behaviour and guidelines to reinforce appropriate behaviour in the organisation. All suppliers are required to sign the Client-Supplier Conduct of Conduct and they are also supplied with the Code of Conduct and Ethics.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

12.1. Background

The Occupational Health and Safety Act (No. 85 of 1993) requires the employer to provide and maintain, as far as reasonable and practical, a work environment that is safe and without any risk to the health of employees. DMSA thus has a duty and responsibility to create, provide and maintain a working environment that is safe and without risk to the health of its employees, customers, stakeholders and the environment around its business through the implementation, monitoring and continuous review and improvement of a health and safety programme.

12.2. Occupational health and safety

There was one injury on duty reported in this financial year 2021/22. The Occupational Health and Safety Committee meetings are convened quarterly and the following matters were discussed:

- OHS risk reporting template.
- Annual Work Plan.
- OHS related risks.
- Monthly air conditioners inspection schedule.
- Annual service of fire extinguishers.
- Communication of protocols regarding the Emergency and Disaster Plan.
- Emergency fire drills to be conducted bi-annually, i.e. in six months intervals.
- Compliance with Covid-19 protocols.
- Decommissioning fire detectors at DNMNH.
- Maintenance and repair basement water pumps at DNMNH and DNMCH; and
- Eradication of asbestos roof and material at DWPAM and DNMNH.

12.3. Covid-19 management

- DMSA developed the Return-to-Work Plan to assess work space and inform Management of the tools needed for each site to ensure preventative measures and safety at the workplace and to determine readiness prior to re-opening the workplace.
- A Covid-19 Pandemic Risk Register was developed and emerging risks continue to be monitored against the mitigation measures taken. This register is updated as and when necessary.
- The Emergency Recovery Plan was approved and presented to the OHS Committee to implement and disseminate to employees across DMSA.
- Ten (10) employees contracted Covid-19 across DMSA sites. Due to financial constraints during the year under review, decontamination of facilities was not done. The buildings were temporarily closed for 72 hours after a reported infection as there was insufficient funds for decontamination. Procurement of Covid-19 PPE was done at a small scale.

12.4. Vaccination survey

In preparation to return back to 100% capacity, DMSA conducted a vaccination survey amongst all employees to determine the vaccination rate. Results shows that 56% of employees were vaccinated, 32% were not vaccinated, and 12% had not responded to the survey.

The service provider for security services also conducted a survey amongst its officials who are deployed to various DMSA sites. A total of 35%

of the officers were vaccinated, 51% were not vaccinated, and 14% had not participated.

The service provider for cleaning services did not conduct the survey.

13. COUNCIL SECRETARY

The role and responsibilities of the Council Secretary are outlined as follows:

- Ensure that the relevant governance structures and committees are in place.
- Arrange Council Member induction and training.
- Formulation of Terms of Reference (TOR) for Council and Council Sub-Committees.
- Developing and updating of the organisational Code of Conduct and Ethics.
- Establishment and monitoring the organisational compliance universe.
- Continuous review of state of compliance of the organisation.
- Establishment and monitoring of the central Policies Register and Repository.
- Coordination of performance assessment of Council and Committees.
- Efficient and effective management of Council budget in such a manner as to accomplish the objectives of the organisation.
- Stakeholder management; and
- Council and Committees administrative support.

14. SOCIAL RESPONSIBILITY

Museum outreach seeks to engage both traditional and non-traditional museum visitors. It also seeks to reach those audiences who do not have the means to access any of DMSA's eight museums. Such programmes are instrumental in ensuring a stronger role of museums in the community. DMSA held an outreach programme at Rembro shopping centre in Hammanskraal where 2 604 people were reached.

The Education Department was also involved in many outreach programmes to previously disadvantaged schools in the Gauteng and North West Provinces. Through financial support from the South African Agency for Science and Technology Advancement (SAASTA), DMSA was able to conduct an outreach programme focussing on palaeosciences where ten schools received Human Evolution Teaching Kits consisting of education quality fossil casts as well as teaching and learning support material.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

BACKGROUND

The Audit, Risk and Information Technology Committee (ARIC) assists Council in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, risk management and financial reporting processes. In addition, the ARIC assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

RESPONSIBILITIES, COMPOSITION AND FUNCTIONS OF THE COMMITTEE

The Committee's roles and responsibilities include its statutory duties as per the PFMA, the requirements of the King IV Report on Corporate Governance for South Africa (2016) and the responsibilities assigned to it by Council. The Committee has adopted appropriate formal terms of reference as approved by Council, and is satisfied that it has discharged its responsibilities therewith as well as per the PFMA.

The Committee has carried out its functions through attendance of ARIC meetings and discussions with Executive Management, Internal Audit and AGSA, where appropriate. ARIC meets at least five times per annum, with authority to convene additional meetings as circumstances require. Invitees to the meetings of the Committee include the CEO, CFO, internal and external auditors, and any other Managers as may be required to report on activities with its Terms of Reference. To execute its key functions and discharge its responsibilities as outlined in its Terms of Reference during the period under review, the Committee performed the following functions:

- Assisted the Council in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems, risk management and auditing processes applied within the entity in the day-to-day management of its business;
- Facilitated and promoted communication between the Council, Management, the external auditors and internal auditors on matters which are the responsibility of the Committee;
- Introduced measures that, in the opinion of the Committee, may enhance the credibility and objectivity of the Annual Financial Statements and reports prepared with reference to the affairs of the entity;
- Approved the fees to be paid to the external auditors as well as the Audit Strategy;
- Assessed the going concern status and the financial challenges faced by the organisation;
- Reviewed the financial projections against the current economic and trading environment and ensured a more focused and realistic outcome of the projections made by Management, and
- Approved Six-month Interim Internal Audit Plan.

INTERNAL CONTROL

The ARIC monitored the effectiveness of the internal controls and risk management activities. There were material findings noted on the internal reports which highlighted a breakdown of internal controls which should be addressed. ARIC is of the opinion that the internal controls of the entity have been partially effective during the year under review. This opinion is based on the assessment of internal audit reports tabled, assessment of reports or submissions tabled by Management and explanations given by Management regarding some of the challenges, discussions with Internal Audit, and with the independent external auditors, on the results of their audits. There are currently processes under way to enhance the control environment of the entity which includes filing critical positions.

EXTERNAL AUDITORS

The Auditor-General South Africa (AGSA) is the external auditor of Ditsong Museums of South Africa. The Committee was satisfied that the audit team is independent. The Committee, in consultation with Management, agreed to the engagement letter, terms, audit plan and audit fees for the financial year ended 31 March 2022.

The Committee:

- Approved the external auditors' annual plan and related scope of work;
- Monitored the effectiveness of the external auditors in terms of their skills, independence, execution of the audit plan, reporting and overall performance; and
- Considered whether the extent of reliance placed on internal audit by the external auditors was appropriate and whether there were any significant gaps between the internal and external audits.

DUTIES ASSIGNED BY THE COUNCIL

GOING CONCERN

After having reviewed all submissions by Management and the Annual Financial Statements, the Committee concurs that the adoption of the going concern assumption in the preparation of the financial statements is appropriate and sound.

INTERNAL AUDIT

During the financial year, the Internal Audit function was outsourced to Nexia SAB&T for a period of six-months after expiry of the contract of Audit and Risk Management Services (ARMS) in 31 May 2021. The internal auditors have a functional reporting line to the Committee and an administrative reporting line to the CEO.

The Committee assessed the effectiveness of the internal audit function, and reviews and approves the interim Internal Audit Plan and Budget. The Committee monitored and challenged, where appropriate, the action taken by Management with regard to adverse Internal Audit findings. The Committee was satisfied with the independence and effectiveness of the Internal Audit function.

FINANCIAL STATEMENTS REVIEW

Following its review of the Annual Financial Statements for the year ended 31 March 2022, they were recommended by the ARIC to Council for approval.

The Audit Committee concurs and accepts the conclusions of the external auditor on the Annual Financial Statements and is of the opinion that the audited financials be accepted and read together with the report of the Auditor-General South Africa

Ms Sedzani Mudau
Chairperson of the Audit, Risk, Information and Communication Technology Committee
31 July 2022

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act (No. 53 of 2003) and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion**
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 DMSA.
Developing and implementing a preferential procurement policy?	Yes	DMSA's approved Supply Chain Management Policy is based on applicable legislation, regulations and practice/instruction notes.
Determining qualification criteria for the sale of state-owned enterprises?	No	This requirement is not applicable to DMSA.
Developing criteria for entering into partnerships with the private sector?	No	DMSA has not identified the need for Private Public Partnerships in its operations for the reporting period.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-based Black Economic Empowerment?	No	DMSA is not a funding disbursement organisation and therefore this requirement is not applicable.

PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Capital Management Strategy, which was first approved in 2017, was implemented for the third and final year in 2021. The Strategy was reviewed in 2020 and the first year of the new one has been implemented during 2021/22 financial year. The new strategy has a five-year implementation plan, in alignment with the Strategic Plan.

Covid-19 and budgetary constraints presented a huge challenge as far as the implementation of the APP deliverables is concerned. WSP training had to be put on hold as a result, and the initiation of the tendering process for the implementation Management Development Programme had to be postponed to a period when the organisation is in a better financial condition. Both the Employer of Choice and the Talent Management Strategies were reviewed and approved by Council in 2020, and the implementation phase started in 2021. Many goals were achieved, even with the financial constraints that prevented the achievement of some of the goals set for 2021/22.

Improving on the external audit results also became a major focus area, and the implementation of the previous year's audit findings were addressed, resulting in a huge improvement in the HR processes and controls, as well as the credibility of the HR-related financial information. The process of filling positions in the new structure continued for the first few months of the financial year, but it had to be put on hold due to cashflow challenges. There are 131 filled positions currently, with 32 vacant positions still to be filled.

The following initiatives were prioritised during the year under review:

- Managing the constraints brought about by the cashflow problems the organisation is experiencing.
- The implementation of the new structure, under the difficulties brought about by the cashflow shortage.
- Implementation of the reviewed Human Capital Strategy for DMSA, which was approved to be implemented for the five years.
- Implementation of the review Talent Management Strategy for DMSA, which was approved to be implemented for the five years.
- Continuing with the implementation of the Organisational Change Management Programme, which included dealing with the changes brought about by Covid-19 and cash flow difficulties.
- Implementation of an Integrated Performance Management Policy, under difficult Covid-19 conditions and budgetary constraints.
- Reviewing and developing policies.
- Continued implementation of the Employee Wellness Programme after the appointment of the service provider through a tender; and
- Ensuring a smooth implementation of the payroll system after the appointment of the new service provider through a tender process.

The workforce planning framework and key strategies to attract, recruit and retain a skilled and capable workforce include:

- Implementing the third year of the Management Development Programme.
- Collaborating with different institutions of higher learning to enable their students to receive on-the-job training, as well as research.
- Establishing an experiential learning programme for students studying Tourism.
- Continuing with the implementation of the bursary scheme for internal employees.

- Looking at alternative ways to implement training and development through the Workplace Skills Plan (WSP), now that the organisation is experiencing budgetary constraints.
- Continuing with the implementation of the Employer of Choice Strategy to improve conditions of service, especially under the current era of living with Covid-19; and
- Continuing with an employee wellness programme after the programme was put on hold for six months due to budget constraints.

Development and review of the following policies:

- Succession Planning Policy
- Integrated Performance Policy
- Employment Equity Policy

The following were the highlights for the year under review:

- Winning a case at the Labour Court, after CCMA ruling against DMSA;
- Filling of positions in the new structure through the Competitive Placement process. A total of 129 employees have been placed to date; and
- Fifteen (15) Experiential Learning students were placed within DMSA to further their training towards achieving their qualifications.

Probationary Assessment Process

Twelve (12) new employees were appointed during the 2021/22 financial year, and they all successfully completed their probation periods.

Employee Recognition Awards

The implementation of the Employee Recognition Awards, as defined in the Recognition and Rewards Policy was disturbed in 2021/22 due to Covid-19 restrictions and budget cuts. Long Service Awards were not issued to employees due to cashflow challenges.

The following challenges were experienced by HR during the year under review:

- Interruption in the implementation of the appointments to the new structure due to cashflow challenges.
- Limited training opportunities for employees as a result of cashflow challenges and budget cuts.
- Freezing of posts to accommodate the reduction on Compensation of Employees budget; and
- Rationalisation of the performance bonus budget due to the reduction on Compensation of Employees budget.

Future goals for 2022/23

- Implement the second year of the reviewed Human Capital Management Strategy.
- Continue with the placement of employees into the new structure.
- Implement the Remuneration Policy.
- Implement the Succession Policy.
- Implement the reviewed Talent Management and Employer of Choice strategies.
- Implement the reviewed Integrated Performance Management Policy.
- Continue with the implementation of the Recognition and Rewards Policy and look at alternative ways to reward employees, especially for long service.
- Finalise the training of the last cohort of trainees for the Management Development Programme; and
- Continue with the implementation of the Change Management Programme.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel cost by programme/activity/objective

Programme/Activity/ Objective	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Exp. as a % of Total Exp.	No. of Employees	Average Personnel Cost per Employee (R'000)
Programme 1: Administration	86 075	20 954	14.13%	33	635
Programme 2: Business Development	55 710	39 354	26.54%	85	463
Programme 3: Public Engagement	6 519	6 082	4.10%	18	338
Total	**148 304**	**66 390**	**44.77%**	**136**	**488**

Personnel costs by salary band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Top management (15-16)	3 119	4.70%	2	1 560
Senior management (13-14)	3 147	4.74%	3	1 049
Professional qualified (10-12)	25 798	38.86%	41	629
Skilled (8-9)	15 085	22.72%	31	487
Semi-skilled (5-7)	16 706	25.16%	54	309
Unskilled (2-4)	1 061	1.60%	5	212
Contract	1 474	2.22%	31	48
TOTAL	**66 390**	**100.00%**	**167**	**398**

Performance rewards

Programme/Activity/ Objective	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost
Top management	0	3 119	0 %
Senior management	0	3 147	0 %
Professional qualified	0	25 798	0 %
Skilled	0	15 085	0 %
Semi-skilled	0	16 706	0 %
Unskilled	0	1 061	0 %
Contract	0	1 474	0 %
TOTAL	0	**66 390**	0 %

Long service awards

Programme/Activity/ Objective	Long Service Awards (R'000)	Personnel Expenditure (R'000)	% of Long Service Awards to Total Personnel Cost
Top management	0	3 119	0 %
Senior management	0	3 147	0 %
Professional qualified	0	25 798	0.%
Skilled	0	15 085	0.%
Semi-skilled	0	16 706	0.%
Unskilled	0	1 061	0 %
Contract	0	1 474	0 %
TOTAL	**0**	**66 390**	**0.%**

Training costs

Programme/	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee
Programme 1: Administration	20 954	387	1.85%	27	14.3
Programme 2: Business Development	39 354	21	0.05%	44	0.5
Programme 3: Public Engagement	6 082	0	0%	0	0
Total	**66 390**	**408**	**0.61%**	**71**	**14.8**

Employment and vacancies

Programme	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of Vacancies
Programme 1: Administration	35	44	31	13	29.54%
Programme 2: Business Development	86	100	85	15	15.00%
Programme 3: Public Engagement	10	19	18	1	5.26%
Total	**131**	**163**	**134**	**29**	17.79%
Level	**2020/2021 No. of Employees**	**2021/2022 Approved Posts**	**2021/2022 No. of Employees**	**2021/2022 Vacancies**	**% of Vacancies**
Top management	2	2	2	0	0.0%
Senior management	3	3	3	0	0.0%
Professional qualified	35	48	41	7	14.58%
Skilled	31	30	29	1	3.33%
Semi-skilled	46	69	54	15	21.73%
Unskilled	14	11	5	6	54.54%
TOTAL	**131**	**163**	**134**	**29**	17.79%

Employment changes

Salary Band	Employment at Beginning of Period	Appointments/ Promotions	Terminations	Employment at End of the Period
Top management	2	0	0	2
Senior management	3	0	0	3
Professional qualified	35	3	1	41
Skilled	31	1	0	29
Semi-skilled	46	8	8	54
Unskilled	14	0	0	5
Total	**131**	**12**	**9**	**134**

Reasons for staff leaving

Reason	Number	% of Total No. of Staff Leaving
Death	1	0.74%
Resignation	3	2.2%
Expiry of contract	0	0
Dismissal- operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Ill health	0	0
Retirement	5	3.73%
Expiry of contract	0	0
Other	0	0
Total	**9**	**6.6%**

Labour relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal warning	1
Written warning	0
Final written warning	0
Dismissal	0

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	1	1	0	0	0	0	0	0
Professional qualified	12	14	0	0	1	1	7	7
Skilled	15	10	0	1	0	1	0	2
Semi-skilled	26	30	0	1	0	1	3	3
Unskilled	5	6	0	0	0	0	0	0
TOTAL	**60**	**62**	**0**	**2**	**1**	**3**	**10**	**12**
Levels	**FEMALE**							
	African		**Coloured**		**Indian**		**White**	
	Current	**Target**	**Current**	**Target**	**Current**	**Target**	**Current**	**Target**
Top management	1	1	0	0	0	0	0	0
Senior management	1	1	0	0	0	0	1	1
Professional qualified	13	16	0	1	0	1	8	8
Skilled	14	10	0	1	0	1	2	4
Semi-skilled	23	30	0	0	0	0	2	4
Unskilled	0	4	0	0	0	0	0	1
TOTAL	**52**	**62**	**0**	**2**	**0**	**2**	**13**	**18**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	1	0	1	1
Skilled	0	1	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**1**	**1**	**1**	**1**

PART E:

FINANCIAL INFORMATION

Report of the auditor-general to Parliament on DITSONG: Museums of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Ditsong Museums of South Africa set out on pages 101 to 182, 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 budget information for the year then ended, as well as notes to financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Ditsong Museums of South Africa as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public 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 audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. 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.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public 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 public entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

10. 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.

11. 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.

12. 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.

13. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the public 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 public 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.

14. 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.

15. I selected the following material performance indicators contained in Programme 2 – business development presented in the public entity's annual performance report for the year ended 31 March 2022 set out on pages 51 to 55. I selected the indicators that measure the public entity's performance on its primary mandated functions and which are of significant national, community or public interest.

Performance indicators
1.1 Number of peer-reviewed articles submitted for publication.
1.2 Number of popular articles published or posted.
1.3 Number of public lecturers presented
1.4 Number of internal research seminars presented
2.1 Percentage of heritage objects accessioned per annum
2.2 Percentage of high-value heritage assets verified per annum
2.5 Percentage implementation of Conservation plans per annum

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

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 43 to 58 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on compliance with legislation

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

20. 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.

21. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public 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 (PFMA)	51(1)(a)(iv); Sections 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a); 55(1)(b); 55(1)(c)(i) Sections 57(b); 66(3)(c); 66(5)
Treasury regulations	TR 16A3.2(a); 16A 3.2 (fairness); TR 16A6.1; 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; TR 16A6.5; 16A6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; 16A8.4 TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); TR 30.1.3(d); TR 30.2.1; TR 31.2.1; TR 31.2.5; 31.2.7(a) TR 32.1.1(a) - (c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; Regulations 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 05 of 2009/10	Par 3.3
NT SCM Instruction Note 04 of 2015/16	Par 3.4
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3

Legislation	Sections or regulations
NT SCM Instruction note 03 of 2019/20 [Annexure A - FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and Annual Performance Report

23. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.

24. Material misstatements of statement of budget information, cash flow statement and statement of segment reporting identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes chairperson of council and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and material findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read the other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report

30. Management did not implement adequate internal controls to ensure preparation of accurate financial statements as material misstatements that resulted in material instances of non-compliance were identified during the audit of the financial statements.

Auditor-General

Pretoria
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the [board of directors, which constitutes the accounting authority

   - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Ditsong Museums of South Africa to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

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

Communication with those charged with governance

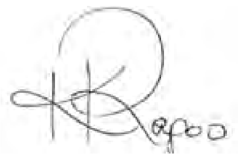
3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Index

The reports and statements set out below comprise the annual financial statements presented to the Department of Sports, Arts and Culture and Parliament.

The annual financial statements set out on page 2, which have been prepared on the going concern basis, were approved by Council on 31 May 2022 and were signed on its behalf by:



Ms. K Rapoo

Chairperson of Council

Ms. A Lebethe

Chief Executive Officer

Statement of Financial Position as at 31 March 2022

	Notes	2022 R	2021 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	2	8 504 842	2 012 289
Trade and other receivables from exchange transactions	3	697 047	824 688
Inventories	4	63 139	101 878
		9 265 028	**2 938 855**
Non-Current Assets			
Property, plant and equipment	5	32 918 049	35 393 491
Intangible assets	6	2 111 179	380 313
Heritage assets	7	893 435 244	893 459 945
Living resources	8	200 615	102 544
		928 665 087	**929 336 293**
Total Assets		**937 930 115**	**932 275 148**
Net Assets		**866 724 651**	**869 830 997**
Accumulated surplus		866 724 648	869 830 997
Total Net Assets		**866 724 648**	**869 830 997**
Liabilities			
Non-Current Liabilities			
Employee benefit obligation	9	44 805 000	46 005 000
Current Liabilities			
Payables from exchange transactions	10	17 997 516	10 975 566
Income received in advance from non-exchange	11	6 194 813	3 360 069
Provisions	12	2 208 135	2 103 516
		26 400 464	**16 439 151**
Total Liabilities		**71 205 464**	**62 444 151**

*See note 28

Statement of Financial Performance

	Notes	2022 R	2021 Restated* R
Revenue			
Revenue from non-exchange transactions		**134 652 033**	**142 826 768**
Grants and donations	13.1	121 458 803	126 137 040
Services-in-kind	13.2	13 193 230	16 689 728
Revenue from exchange transactions		**5 176 382**	**3 341 750**
Gross income from trading operations		**3 047 103**	**912 693**
- Trading revenue	13.3	3 088 117	922 131
- Cost of Sales	13.3	(41 014)	(9 438)
Interest received	15	335 271	1 177 282
Other Revenue	13.3	1 794 008	1 251 775
Total revenue		**139 828 415**	**146 168 518**
Expenditure			
Employee costs	14.2	(66 390 044)	(60 018 426)
Administrative	14.1	(24 248 159)	(20 258 394)
Depreciation	14.1	(3 525 311)	(2 349 547)
Amortisation	6	(65 098)	(39 014)
Impairment of assets		(109 988)	(4 758)
Operating expenses	14.3	(46 714 966)	(57 774 331)
Interest service cost	9.2	(5 745 000)	(5 120 000)
Current service cost	9.2	(840 000)	(869 000)
Finance costs	22	(492 328)	(415 153)
Total expenditure		**(148 130 894)**	**(146 848 623)**
Loss on assets written off	14.4	(132 122)	(162 045)
Actuarial gains/losses	9.2	5 489 000	(1 482 000)
		(142 774 016)	**(148 492 668)**
Deficit for the year		**(2 945 601)**	**(2 324 150)**
Attributable to:			
Net assets holder of the controlling entity		(2 945 601)	(2 324 150)

*See note 28

Statement of Changes in Net Assets

	Accumulated surplus Restated* R	Total net assets Restated* R
Balance at 01 April 2020	**871 294 018**	**871 294 018**
Changes in net assets		
Trade and other receivables	6 160	6 160
Property, Plant & Equipment	15 284	15 284
Living and Non-Living Resources	720	720
Heritage assets	838 965	838 965
Net income (losses) recognised directly in net assets	861 129	861 129
Surplus for the year	(2 324 150)	(2 324 150)
Total recognised income and expenses for the year	(1 463 021)	(1 463 021)
Total changes	(1 463 021)	(1 463 021)
Restated* Balance at 01 April 2021	**869 830 997**	**869 830 997**
Changes in net assets		
Surplus for the year	(2 945 601)	(2 945 601)
Heritage Assets - duplicates removed	(24 700)	(24 700)
Trade and other receivables	(136 048)	(136 048)
Total changes	(3 106 349)	(3 106 349)
Balance at 31 March 2022	**866 724 648**	**866 724 648**

*See note 28

Cash Flow Statement

	Notes	2022 R	2021 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		3 215 758	669 271
Grants		124 293 922	101 410 312
Interest income		335 271	1 177 282
Other receipts		1 794 008	1 251 775
		129 638 959	104 508 640
Payments			
Employee costs		(68 407 009)	(62 573 207)
Suppliers		(51 833 456)	(67 668 426)
Finance costs		(8 822)	(70 783)
		(120 249 287)	(130 312 416)
Net cash flows from operating activities	26	**9 389 672**	**(25 803 778)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1 655 421)	(20 528 782)
Proceeds from sale of property, plant and equipment	5	511 916	22 218
Purchase of other intangible assets	6	(1 795 964)	(334 477)
Proceeds from sale of living resources	8	8 786	-
Net cash flows from investing activities		**(2 930 683)**	**(20 841 041)**
Net increase/(decrease) in cash and cash equivalents		**6 458 989**	**(46 642 614)**
Cash and cash equivalents at the beginning of the year		2 012 289	48 654 903
Cash and cash equivalents at the end of the year	2	**8 471 278**	**2 012 289**

Statement of Budget Information

	Final Budget R	Actual R	Variance R	Variance %	Reference
Income					
Revenue from non-exchange transactions					
Government Grant	99 005 000	116 005 000	**17 000 000**	17 %	Additional funding to assist with cashflow challenges due to negative impact of Covid-19
Other grant income	170 000	5 450 102	**5 280 102**	3 106 %	Refer to note 36.1
Service-in-kind	-	13 193 230	**13 193 230**	- %	Refer to note 36.2
Donations	19 000	3 701	**(15 299)**	(81)%	Visitors were less than expected and did not have disposable income to donate.
Total revenue from exchange transactions	**99 194 000**	**134 652 033**	**35 458 033**	**36 %**	
Revenue from exchange transactions	**12 888 955**	**5 176 382**	**(7 712 573)**	**(60) %**	
Gross sales	92 000	22 016	**(69 984)**	(76)%	Declined due to decline in visitors to museums
Less: Cost of sales	(24 000)	(41 014)	**(17 014)**	71 %	
Admission fees	2 310 000	1 429 344	**(880 656)**	(38)%	Declined due to decline in visitor numbers to museum
Interest received	385 000	335 271	**(49 729)**	(13)%	Decline in available cash resulted in less interest being received
Alternative revenue streams	7 240 579	20 955	**(7 219 624)**	(100)%	Cashflow challenges hampered the implementation of alternative revenue streams (financial sustainability projects)
Sundry income	518 000	1 628 302	**1 110 302**	214 %	Increased as a result of recovering municipal charges from tenants
Rental income	2 367 376	1 776 708	**(590 668)**	(25)%	Refer to note 36.3

Statement of Budget Information

	Final Budget R	Actual R	Variance R	Variance %	Reference
Bursary and training fees recovered	-	4 800	**4 800**	- %	Unplanned recoveries
Total revenue from non-exchange transactions	**12 888 955**	**5 176 382**	**(7 712 573)**	**(60)%**	
Total revenue	**112 082 955**	**139 828 415**	**27 745 460**	**25 %**	
Expenditure					
Personnel	(65 369 894)	(66 390 044)	**(1 020 150)**	2 %	Refer to note 36.4
Administration	(18 351 486)	(24 248 159)	**(5 896 673)**	32 %	Increased largely due to underfunding of municipal charges
Depreciation and amortisation	-	(3 590 410)	**(3 590 410)**	- %	Actual expenditure recognised although budget was omitted.
Impairment loss/ Reversal of impairments	-	(109 988)	**(109 988)**	- %	Could not reliably measure the budget for impairment loss.
Finance costs	-	(492 328)	**(492 328)**	- %	% Interest on late payments to Randwater, SARS and City of Tshwane due to cashflow challenges
Loss on disposal of assets	-	(132 122)	**(132 122)**	- %	Could not reliably measure the budget for loss on disposals.
General Expenses	(27 106 574)	(46 714 966)	**(19 608 392)**	72 %	Refer to note 36.5
Interest Service Cost	-	(5 745 000)	**(5 745 000)**	- %	Expenditure not budgeted as it could not be estimated reliably.
Current Service Cost	-	(840 000)	**(840 000)**	- %	Expenditure not budgeted as it could not be estimated reliably.
Total expenditure	**(110 827 954)**	**(148 263 017)**	**(37 435 063)**	**34 %**	
Operating deficit	**1 255 001**	**(8 434 602)**	**(9 689 603)**	**(772)%**	

Statement of Budget Information

	Final Budget R	Actual R	Variance R	Variance %	Reference
Actuarial gains/losses	-	5 489 000	**5 489 000**	- %	Gain not budgeted for as it could not be estimated reliable.
Surplus (Deficit) before taxation	**1 255 001**	**(2 945 602)**	**(4 200 603)**	**(335)%**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**1 255 001**	**(2 945 602)**	**(4 200 603)**	**(335)%**	

Statement of segment reporting

	2022									
	Corporate Services	Kruger House Museum	National Museum of Cultural History	National Museum of Military History	National Museum of Natural History	Pioneer House Museum	Sammy Marks Museum	Tswaing Meteorite Crater	Willem Prinsloo Agricultural Museum	Total
Revenue										
Revenue from non-exchange transactions	134 560 457	325	385	2 525	87 500	10	401	400	30	134 652 033
Revenue from exchange transactions	1 061 605	42 289	706 484	918 521	1 209 978	278 263	235 898	152 105	235 968	4 841 111
Total segment revenue	135 622 062	42 614	706 869	921 046	1 297 478	278 273	236 299	152 505	235 998	139 493 144
Expenses										
Salaries and wages	(20 953 536)	(324 762)	(11 514 476)	(10 172 780)	(16 033 699)	(1 085 259)	(1 947 003)	(2 343 575)	(2 014 955)	(66 390 045)
Administrative	(14 177 726)	(776 115)	(6 990 862)	(1 457 900)	(531 483)	(4 603)	(218 437)	(40 624)	(50 408)	(24 248 158)
Operating expenses	(39 768 040)	(63 004)	(5 377 655)	(174 944)	(1 177 103)	(13 205)	(10 324)	(44 857)	(85 833)	(46 714 965)
Total segment expenses	(74 899 302)	(1 163 881)	(23 882 993)	(11 805 624)	(17 742 285)	(1 103 067)	(2 175 764)	(2 429 056)	(2 151 196)	(137 353 168)
Total segment surplus (deficit)	**60 722 760**	**(1 121 267)**	**(23 176 124)**	**(10 884 578)**	**(16 444 807)**	**(824 794)**	**(1 939 465)**	**(2 276 551)**	**(1 915 198)**	**2 139 976**
Interest received	265 345	5 675	51 338	3 998	982	-	3 984	57	3 892	335 271
Amortisation	(65 098)	-	-	-	-	-	-	-	-	(65 098)
Depreciation	(3 525 312)	-	-	-	-	-	-	-	-	(3 525 312)
Impairment of assets	(109 988)	-	-	-	-	-	-	-	-	(109 988)
Actuarial gain	5 489 000	-	-	-	-	-	-	-	-	5 489 000
Profit / (Loss) on sale of assets	(132 122)	-	-	-	-	-	-	-	-	(132 122)
Finance cost	(492 328)	-	-	-	-	-	-	-	-	(492 328)
Interest expense	(5 745 000)	-	-	-	-	-	-	-	-	(5 745 000)
Current service cost	(840 000)	-	-	-	-	-	-	-	-	(840 000)
Surplus/(Loss) for the period	**55 567 257**	**(1 115 592)**	**(23 124 786)**	**(10 880 580)**	**(16 443 825)**	**(824 794)**	**(1 935 481)**	**(2 276 494)**	**(1 911 306)**	**(2 945 601)**

DITSONG: Museums of South Africa

Annual Financial Statements for the year ended 31 March 2022

Statement of segment reporting

	2021									
	Corporate Services	Kruger House Museum	National Museum of Cultural History	National Museum of Military History	National Museum of Natural History	Pioneer House Museum	Sammy Marks Museum	Tswaing Meteorite Crater	Willem Prinsloo Agricultural Museum	Total
Revenue										
Revenue from non-exchange transactions	100 757 186	1 077 151	20 060 422	4 346 659	11 809 363	2 036 756	154 767	2 479 068	105 397	142 826 769
Revenue from exchange transactions	336 661	13 180	230 235	275 455	762 494	131 989	161 005	63 972	189 477	2 164 468
Total segment revenue	101 093 847	1 090 331	20 290 657	4 622 114	12 571 857	2 168 745	315 772	2 543 040	294 874	144 991 237
Expenses Salaries and wages	(18 043 883)	(882 736)	(11 147 734)	(6 137 054)	(12 846 336)	(1 537 550)	(2 413 095)	(3 759 105)	(3 250 934)	(60 018 427)
Administrative	(16 966 436)	(46 552)	258 940	(525 443)	(1 635 923)	(53 451)	(646 388)	(220 666)	(422 475)	(20 258 394)
Operating expenses	(44 489 820)	(150 832)	(1 879 098)	(615 677)	(9 930 435)	(57 213)	(88 190)	(448 655)	(114 411)	(57 774 331)
Total segment expenses	(79 500 139)	(1 080 120)	(12 767 892)	(7 278 174)	(24 412 694)	(1 648 214)	(3 147 673)	(4 428 426)	(3 787 820)	(138 051 152)
Total segment surplus (deficit)	**21 593 708**	**10 211**	**7 522 765**	**(2 656 060)**	**(11 840 837)**	**520 531**	**(2 831 901)**	**(1 885 386)**	**(3 492 946)**	**6 940 085**
Interest received	1 101 721	7 094	59 823	5 585	1 465	-	1 594	-	-	1 177 282
Amortisation	(39 014)	-	-	-	-	-	-	-	-	(39 014)
Depreciation	(2 349 548)	-	-	-	-	-	-	-	-	(2 349 548)
Impairment of assets	(4 758)	-	-	-	-	-	-	-	-	(4 758)
Actuarial loss	(1 482 000)	-	-	-	-	-	-	-	-	(1 482 000)
Profit / (Loss) on sale of assets	(162 045)	-	-	-	-	-	-	-	-	(162 045)
Finance cost	(415 152)	-	-	-	-	-	-	-	-	(415 152)
Interest expense	(5 120 000)	-	-	-	-	-	-	-	-	(5 120 000)
Current service cost	(869 000)	-	-	-	-	-	-	-	-	(869 000)
Surplus/(Loss) for the period	**12 253 912**	**17 305**	**7 582 588**	**(2 650 475)**	**(11 839 372)**	**520 531**	**(2 830 307)**	**(1 885 386)**	**(3 492 946)**	**(2 324 150)**

1.1 Segment reporting continued

Types of goods and/or services delivered by each segment. Corporate Services
Corporate services offers strategic leadership and support services needed to running the museums. Departments include Human Capital Management; Information Communications Technology; Supply Chain Management; Finance and Marketing and Communication.

Museum of Natural History
The Museum's collections and exhibits include hominid fossils from the Cradle of Humankind World Heritage Site and associated fauna, including Mrs Ples [the nickname attributed to a fossil skull believed to represent a distant relative of all humankind]; fossils, skeletons, skins and mounted specimens of amphibians, fish, invertebrates, reptiles and mammals. On these collections are based the Museum's educational programmes.

Museum of Cultural History
Exhibitions include rock paintings and engravings of the San people; thousand year old Iron Age figurines from Schroda in the Limpopo Province (described as "the best known artifacts indicating ritual behaviour in the Early Iron Age"); an exhibition on Marabastad is a true example of a cosmopolitan and fully integrated rainbow nation before apartheid

Museum of Military History
Services on offer include:
- An opportunity to study relevant artefacts on display A guided tour, available on request during the week
- An opportunity on weekdays to use our extensive library and photographic facilities for research purposes on week days only.

The Museum is also regarded as the spiritual and symbolic home for all soldiers and veterans in South Africa. As a result, a number of veterans' organisations use the Museum as their headquarters. The South African Military History Society, the South African Arms and Ammunition Collectors Association, the South African Arms and Armour Society, the Gold Reef Scale Modelers and the Warsaw Flights Commemoration Committee use the Museum for monthly and annual meetings and are considered to be part of the 20 organisations that are stakeholders.

Kruger Museum
The Museum consists of the original house in which S.J.P. Kruger, President of the old Zuid-Afrikaansche Republiek (ZAR), and his family lived during the last years of the 19th century, as well as two display halls and President Kruger's State Railway Coach.

Pioneer Museum
While enjoying a cup of coffee and homemade bread, visitors can experience a way of life that has irrevocably passed. The stories of the Pioneer Museum and 1848 house, and of the people who lived on the farm, Hartebeestpoort, are enacted against the background of the pioneer years in South Africa.

The house is surrounded by a traditional herb and vegetable garden, orchard, furnished wagon house and vineyard. Well- trained guides in period clothing present adult programmes and curriculum-based educational programmes. Visitors can make use of the picnic and braai facilities. The two lapas and the hall can be rented for family celebrations and work- related functions. A New Year's Festival is held on 1 January every year.

Sammy Marks Museum

Products on offer at the museum include:

- House tours from Tuesday to Sunday Bird walks: February, May and November
- Annual event: Sammy Marks' birthday celebration Education programmes
- Victorian picnics Wedding chapel
- Site available for photo shoots Tea garden/restaurant
- Bird walks are presented on selected Sunday mornings. After an early morning cup of coffee bird watchers go on a walk with a bird guide. Afterwards a well deserved breakfast is served at the Croquet Court.

Tswaing Meteorite Crater

Services on offer include the following:

- Annual Heritage Day event involving local dance, song, cuisine
- Annual careers week for older school learners and the public with a focus on heritage environment and tourism careers
- Education programmes including map work
- Guided tours that include indigenous knowledge of the local beliefs, plants and area as well as the history of Tswaing Salt mine ruins
- Site available for film and photo shoots
- Overnight accommodation: Kgotla in traditional style huts situated around a lapa area (accommodates 64 people) Well established picnic area with basic camping facilities

Willem Prinsloo Agricultural Museum

Services on offer include the following:

Indoor exhibition area – exhibitions include a formal display on the history of the development of agriculture in South Africa and displays of vehicles of yesteryear such as donkey and horse carts, carriages, coaches and spider carriages. Various old agricultural implements will bring back pleasant memories to many visitors.

Visitors are offered unique public and curriculum based educational programmes. Guided tours are presented to school groups (of all ages) and adult groups.

Visitors can explore the 1880 and 1913 dwellings, outbuildings and three reconstructed Ndebele homesteads from various eras. The historic farmyard also has a variety of domesticated farm animals such as Colebrook pigs, Painted Persian sheep, Afrikaner cattle and indigenous chickens.

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), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (No. 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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

The accounting policies applied in the preparation of the annual financial statements are consistent with the previous period. DMSA is using Caseware for the preparation of the annual financial statements for the first time in 2021/22 financial year. In some instances, the policy wording is different from prior period because of the conversion from the excel template to Caseware.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

The Council has reviewed Ditsong's budgets and cash flow forecasts for the year ended 31 March 2023. On the basis of the review, and in view of the current financial position, the Council believes that Ditsong will be a going concern in the year ahead, and has continued to adopt the going concern assumption in preparing the annual financial statements.

In arriving at the conclusion that DMSA is a going concern for the year ending 31 March 2023, Management has assessed the following factors:

- DMSA is founded by the Cultural Institutions Act of 1998;
- Funding from the Department of Sport, Arts and Culture (DSAC);
- The impact of COVID-19 on own revenue;
- Assessment of net monthly cash flows;
- Surplus/deficit for the year ended 31 March 2022;
- Net Current Assets (Liquidity position);
- Assessment of risks; and
- Changes in government priorities or legislation (if any).

Accounting Policies

In spite of cash flow challenges experienced by DMSA in the year 2021/22, DSAC availed additional funding to bridge the cash flow challenges caused mainly by the negative impact of COVID-19 on own revenue generation, budget cuts by National Treasury and the underfunding of utility bills. DSAC, as a shareholder, has demonstrated commitment that it will support DMSA in times of financial distress to ensure that the entity is a going concern in fulfilling its mandate.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Offsetting

Assets, liabilities, revenues and expenses have not been offset. These items have been reported separately. Offsetting is only allowed if the entity has the intention (it reflects the substance of the transaction or event) to settle on a net basis or a legal enforceable right to set off the amounts either on a net basis or to realise the financial asset (gross basis) and settle the financial liability simultaneously.

1.5 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 are 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:

Trade and other receivables

The entity assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity 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

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

The carrying value, less impairment provision of trade receivables, is assumed to approximate their fair value.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The following are considered to be indicators of impairment for the various classes of assets:

Property, plant and equipment - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised.

Intangible assets - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised. Financial assets - The credit quality of financial assets that are neither past due nor impaired are monitored by reference to historical information about counterparty default rates. The following are the criteria and indicators that are applied to assess whether or not financial assets may be impaired:

- financial difficulties identified from an analysis of the counter party's financial position that would indicate that the recoverability of the outstanding balance of cash and cash equivalents are doubtful.
- counter party has evidenced a trend of defaults that indicates that the recoverability of the outstanding balance of financial assets are doubtful.

Useful lives and residual values

The entity re-assess the useful lives and residual values of property, plant and equipment on an annual basis. These assessments require judgements and assumptions to be made by management, related to the condition and expected use of the asset.

Effective interest rate

An impairment loss in respect of trade debtors measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Provisions

Provisions are measured at the present value at the reporting date. In arriving at the present value management estimates the period over which it expects the provision to be settled and discounts the provision using the effective interest rate. The effective interest rate applied uses the risk free rate as the base of the rate, which is then adjusted for the risks related to the specific provision. This rate is a pre-tax rate.

Accounting Policies

1.6 Property, plant and equipment

1.6.1 Property, plant and equipment are tangible assets that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one financial period.

1.6.2 Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost, if any, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

1.6.3 Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.6.4 Items of property, plant and equipment are recognised as assets when it is probable that:

1.6.4.1 The future economic benefits or service potential associated with the asset will flow to the entity and

1.6.4.2 The cost of the asset can be measured reliably.

1.6.5 Land and buildings are made available to Ditsong Museums of South Africa (DMSA) under section 9 of the Cultural Institutions Act and are therefore not included under fixed assets.

1.6.6 DMSA occupies and controls economic benefits arising from certain properties which are owned by other parties. Sammy Marks Museum (asset number 9/2/258/055), Kruger House Museum (asset number 9/2/258/0010), Pioneer House Museum (asset number 9/2/258/0027) and Natural History Museum (asset number 9/2/258/0100) are classified as Heritage Assets and no valuation is performed on these assets.

1.6.7 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

Accounting Policies

1.6 Property, plant and equipment (continued)

1.6.8 De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is recognised.

1.6.9 Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost or valuation of the assets, over their estimated useful lives, using straight-line method, on the following basis:

Motor vehicles - Cars 6.7%
Motor vehicles - Canopy and Bike 6.7%
Motor vehicles - Trailer 6.7%
Office Equipment - Digital cameras; fax machines; photocopiers; telephones; other 8.3%
Office Equipment - PABX system 8.3%
Computer equipment - Hubs; monitors; other 14.3%
Computer equipment - Printers; scanners; servers 14.3%
Furniture and fixtures - 5.0%

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The residual value and the useful lives of DMSA assets shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	20 years
Motor vehicles	Straight-line	15 years
Office equipment	Straight-line	12 years
Computer equipment	Straight-line	7 years

Accounting Policies

1.7 Living and non-living resources

The following definition are applied by the DMSA in the accounting policy for living and non-living resources:
Living resources are those resources that undergo biological transformation.
Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for:

(a) sale;

(b) distribution at no charge or for a nominal charge; or

(c) conversion into agricultural produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an entity would currently obtain from 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.

Useful life is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Accounting Policies

1.7 Living and non-living resources (continued)

Recognition

For purposes of the DMSA:
Living resources

A living resource shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and

(b) the cost or fair value of the asset can be measured reliably

Measurement at recognition

A living resource that qualifies for recognition as an asset shall be measured at its cost.

Where a living resource is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

In addition, a living resource acquired through a non-exchange transaction, for example, animals that are born as a result of their reproductive cycle, or when they are received through a donation. The cost of such animals is their fair value as at the date of acquisition.

Measurement after recognition

When the DMSA holds a living resource for less than twelve months from the reporting date, it shall apply the principles in GRAP 12 to account for the living resource.

Where the DMSA holds a living resource for more than twelve months from the reporting date, it shall apply the cost model in accounting for the living resources

Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Accounting Policies

1.7 Living and non-living resources (continued)

Disclosure of living resources

The DMSA shall disclose the following, for each class of living resource recognised in the financial statements:

a) the measurement bases used for determining the gross carrying amount;
b) the depreciation method used;
c) the useful lives or the depreciation rates used;
d) he gross carrying amount aggregated with accumulated depreciation and accumulated impairment losses at the beginning and end of the period;
e) a reconciliation of the carrying amount at the beginning and end of the period showing:

(i) increases due to purchases;
(ii) increases due to resources acquired through non-exchange transactions;
(iii) decreases due to sale;
(iv) decreases due to death;
(v) decreases due to distributions through non-exchange transactions;
(vi) decreases due to harvest;
(vii) impairment losses recognised in surplus or deficit.

1.8 Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Where an intangible asset is acquired at no or for a nominal cost, the cost shall be its fair value as at the date of acquisition.

An intangible asset shall be recognised if, and only if:

(a) it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

(b) the cost or fair value of the asset can be measured reliably.

Expenditure on an intangible item shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria

1.8.1 Amortisation of assets

Intangible assets are amortised on a straight-line basis over the estimated economic life. The estimated economic lives are as follows:

Accounting Policies

1.8 Intangible assets (continued)

Computer software	12 years	Amortisation rate at 8.3%
Computer operating system	7 years	Amortisation rate at 14.3%
Software licence	1 year	Amortisation rate at 100%
Website	5 years	Amortisation rate at 20%

Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The amortisation period for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly.

1.8.2 Retirements and disposals

An intangible asset shall be derecognised:

(a) on disposal; or

(b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset shall be included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback).

1.9 Heritage assets

Heritage assets are assets that have cultural, enviromental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of the present and future generations.

1.9.1 Recognition

The museum recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity and where cost or fair value of the asset can be reliably measured.

The Museum will assess the degree of certainty attached to the flow of future service potential or economic benefits:

(a) If the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because of the need to analyse the proposed collection items to determine if they conform to the set collection criteria through evaluation and research.

Accounting Policies

1.9 Heritage assets (continued)

(b) For recognition of heritage assets, the asset needs to be controlled by the Museum as a result of past events. Such events may include: Purchase, donation, bequeath, loan or transfer.

(c) Particularly within the Natural History Collection, material is often retrieved in a fragmentary state – finding a completely articulated specimen is the exception rather than the rule. A great deal of knowledge is thus required to identify and systematise the collections.

(d) The research required to identify, analyse and classify heritage items is often a collaborative effort between local and international experts that span several months, even years. These items cannot be recognised in the financial statements, but will be recorded and controlled in the register. Relevant and useful information about them shall be disclosed in the notes to the financial statements.

1.9.2 Measurement

The value of assets have been determined using either cost or fair value.

Values have been assigned to the heritage assets, which are considered to be appreciating in value, and which values are to be reviewed from time to time. Wherever possible, the appraisers have adopted the discipline of 'Open Market' principles in determining value; however, values derived are largely determined by the skill and experience applied by the appraiser at the date of valuation.

1.9.3 Directive 7 - Use of deemed cost for heritage assets upon initial recognition and adoption of a standard.

The following terms are used in this Directive with the meanings specified:

(a) *Acquisition cost:* When an entity initially recognises assets such as items of property, plant and equipment, investment properties, intangible assets and heritage assets using the Standards of GRAP, it measures those assets using either cost (if the asset is acquired in an exchange transaction) or at fair value (if the asset is acquired in a non-exchange transaction). This cost or fair value on initial acquisition of an asset is the acquisition cost.

(b) *Deemed cost:* Deemed cost is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).

(c) *Measurement date (for purposes of this Directive):* Measurement date is the date that an entity adopts the Standards of GRAP and is the beginning of the earliest period for which an entity presents full comparative

Accounting Policies

information, in its first financial statements prepared using Standards of GRAP.

1.9 Heritage assets (continued)

For the purposes of this Directive, the measurement of assets at fair value on the adoption of the Standards of GRAP, does not constitute:

(a) a revaluation in accordance with the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets; or

(b) the application of the fair value model in the Standard of GRAP on Investment Property, paragraph A4, which states that subsequent depreciation, if applicable, is based on that deemed cost, and starts from the measurement date.

1.9.4 Initial entries using deemed cost.

When an entity initially measures assets using the deemed cost approach in this Directive, it recognises the effect:

(a) as an adjustment to the opening balance of accumulated surpluses or deficits in the opening statement of financial position prepared using Standards of GRAP; or

(b) in revaluation surplus if an entity adopts the revaluation model in the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets.

The Museum has adopted the cost model for Heritage Assets. Heritage assets shall not be depreciated but the Museum shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.9.5 Valuation of heritage assets

The existence of published price quotations in an active market is the best evidence of the fair value, such as the quoted price from recent auctions published in local newspapers; however, if the fair value cannot readily be ascertained by reference to quoted prices in an active and liquid market; the fair value of a heritage asset can be determined from market-based evidence arrived at by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification. The fair value will be ascertained by reference to quoted prices in an active and liquid market (GRAP 103.46). The valuation of heritage assets was performed by a

Accounting Policies

member of the valuation profession.

1.9 Heritage assets (continued)

1.9.6 Valuation of heritage assets

(a) Valuation Techniques

Where the fair value of an asset cannot be determined, and where no evidence is available to determine the market value in an active market of a heritage asset; a valuation technique may be used to determine its fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, and reference to the current fair value of other heritage assets that have substantially similar characteristics in similar circumstances and locations, adjusted for any specific differences in circumstances. If there is a valuation technique commonly used by market participants to price such an asset, and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity may use that technique in determining the fair value (GRAP 103.47).

(b) Inability to Value

Where no value can be placed on an item, it will not be recognised, but information should be disclosed about such items and the reason why such items cannot be valued (GRAP 103.17). Where the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements. These items are controlled in the asset register.

(c) Valuing an entire collection

In determining the fair value of a collection, the entity has considered where appropriate, whether the entire collection has a higher value than the sum of the values of the individual items making up that collection. Under such circumstances, the carrying value of the entire collection may need to be reassessed, when a group of individual heritage assets constitutes a collection. If items are removed from the collection, the value of the collection may also need to be reassessed (GRAP 103.45).

1.9.7 Heritage Asset Classification

A class of heritage assets is a grouping of heritage assets of a similar nature or function in the museums operations, that is shown as a single item for the purpose of disclosure in the financial statements. The museum has recognised the following classes of heritage assets:

- Natural History
- Cultural History
- Military History

Object collections in the Cultural History Collection consist of tangible artefacts that reflect the cultural and artistic knowledge, expressions, and behaviour of their makers and users, and comprise archaeological, historical and contemporary cultural artefacts and artworks. The Library Collections consists of both

Accounting Policies

published and unpublished material, as well as research material.

1.9 Heritage assets (continued)

1.9.8 Heritage assets on loan to other institutions

The financial statement shall also disclose information on heritage assets that are borrowed from, or on loan to other entities.

1.9.9 Retrospective Application

Transitional provisions in other Standards of GRAP take precedence over the requirements of GRAP 1. The requirements of GRAP 1 will therefore not apply to an item until the transitional provisions in those other Standards of GRAP expire, and the item is measured in the financial statements. Where entities have not yet determined the deemed cost of those assets within the scope of Directive 7, they should consider GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors, and consider whether this change in accounting policy can be applied retrospectively from this date, or whether it is impracticable to do so. GRAP 3 states that: "When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable…"

It may be impracticable to determine the deemed cost retrospectively if, for example, the following circumstances exist:

(a) Relevant data may not have been collected in the prior period and cannot be obtained by alternative means that allows for retrospective application.

(b) The entity is required to make significant estimates and assumptions about conditions that existed at a point in time in the past and cannot do so objectively without using hind-sight.

1.9.10 Impairment

At each reporting date, the entity assesses whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.9.11 Transfers

Transfers from heritage assets are made when, and only when, the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are made when, and only when, the particular asset meets the definition of a heritage asset.

Accounting Policies

1.9 Heritage assets (continued)

1.9.12 De-recognition

The carrying amount of a heritage asset is de-recognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the de-recognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is de-recognised.

1.10 Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or a residual interest of another.

A financial asset is:

(a) cash;

(b) a residual interest of another entity; or

(c) a contractual right to:

(i) receive cash or another financial asset from another entity; or

(ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

A financial liability is any liability that is a contractual obligation to:

(a) deliver cash or another financial asset to another entity; or

(b) exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the DMSA becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial liabilities are recognised using trade date accounting.

Accounting Policies

1.10 Financial instruments (continued)

Classification

Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Initial measurement

Financial instruments are initially measured at fair value, which includes transaction costs when the entity is a party to contractual arrangement.

Gains and losses

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which they arise.

Impairment and uncollectibility of financial assets

At the end of the reporting period, the entity assesses all financial assets, other than those carried at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised as a reduction to the surplus. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in the surplus.

Derecognition

The DMSA derecognises a financial asset (or where applicable part thereof) only when: the right to receive cash flows from the asset have expired, the DMSA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or the DMSA has transferred its rights to receive cash flows from the asset and has either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Accounting Policies

1.10 Financial instruments (continued)

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit for the year.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when the DMSA has a legally enforceable right to set off recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent measurement

Receivables from exchange transactions

Receivables from exchange transactions are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximates fair value due to the short period to maturity of these instruments.

Payables from exchange transactions

Accounts and other payables are stated at their nominal value. Short-term payables with no interest rate are measured at the original invoice amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days. Where there is a delay in payment, it is usually due to a dispute on the transaction. Under such circumstances, the time delay is not regarded as being material. The obligation to pay goods and services that have been acquired in the ordinary course of business from suppliers are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the DMSA unless otherwise advised or required.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership

Accounting Policies

1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Items of inventory are recognised as assets when it is probable that:

* The future economic benefits or service potential associated with the asset will flow to the entity, and

* The cost of the asset can be measured reliably.

Inventories consist of merchandise held for re-sale at the various museum shops. Inventories are stated at the lower of cost and net realisable value, using a First In-First Out method.

Where cost cannot be determined, the net realisable value is used. Net realisable value is the estimated selling price in the ordinary course of business.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Accounting Policies

1.14 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Ditsong Museums of South Africa offers post-employment benefits, comprising retirement benefits and post-retirement medical aid to their employees and their dependents in terms of defined-benefit and defined-contribution plans.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Accounting Policies

1.14 Employee benefits (continued)

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded.

The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Accounting Policies

1.14 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements

1.15 Provisions and contingencies

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or no-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or an amount of the obligation cannot be measured with sufficient reliability.

Accounting Policies

1.15 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised and are only disclosed in the notes to the financial statements due to the uncertain nature thereof.

1.15.1 Leave and bonus provisions

The liability for accumulated leave and bonus is recognised and measured at the estimated future cash flows to be made in respect of all employees at the reporting date.

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost;
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16.1 Disclosure

The following should be disclosed in the notes to the financial statements for commitments:

- Distinction between operational and capital commitments;
- The aggregate amount of operational and capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year, it should be stated in the note.

1.17 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered or goods sold, the value of which approximates the fair value of the consideration received or receivable. At the time of initial recognition, the full amount of revenue is recognised.

When goods or services are exchanged or swapped for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Admission fees and sales have been classified as revenue from the sale of goods. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity does not retain:
(i) effective control over the goods sold; or

(ii) continuing managerial involvement to the degree usually associated with ownership;

(c) the amount of revenue can be measured reliably; and

(d) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from admission fees is recognised when the event takes place. When a subscription to a number of events is sold, the fee is allocated to the event that has the most services performed.

Contract income, exhibition income, restoration income and venue rentals for functions have been classified as revenue from the rendering of services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;

(b) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(c) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Interest revenue, arising from the use by others of the entity's assets, is recognised using the effective interest method when the amount of the revenue can be measured reliably.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Entity receives revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions consist of public donations and government grants. Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the entity. Where public contributions have been received but the entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

1.18 Revenue from non-exchange transactions (continued)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

Services in-kind

Except for financial guarantee contracts, the institution recognizes services in-kind that are significant to its operations and/or service delivery objectives as assets and recognize the related revenue when it is probable that future economic benefits or service potential will flow to the institution and the fair value of the assets can be measured reliably. Services in kind are measured at the fair value amount calculated as user charges by the Department of Public Work and approved by National Treasury.

Where services in-kind are not significant to the institution's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the institution disclose the nature and type of services in-kind received during the reporting period.

Accounting Policies

1.19 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Accounting Policies

1.22 Borrowing costs (continued)

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred; borrowing costs have been incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress.
- Capitalisation is suspended during extended periods in which active development is interrupted.
- Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either

(a) condoned by the relevant authority if no official was found to be liable in law;
(b) recovered from an official liable in law;
(c) written-off if it's irrecoverable from an official liable in law; or
(d) written-off if it's not condoned and not recoverable.

Irregular expenditure that is not recoverable because no official was found to be liable in law for such a transgression and was also not condoned by the relevant authority must be de-recognised in the balance of the irregular expenditure note. The accounting officer or accounting authority must only de-recognise the irregular expenditure referred to above when he or she is satisfied that:

Accounting Policies

1.25 Irregular expenditure (continued)

(a) reasonable steps have been taken to confirm that such irregular expenditure did not result in any loss or damages to the state and that the state did obtain value from such a transaction, condition or event;

(b) the non-compliance that lead to the irregular expenditure is being addressed; and

(c) transactions, conditions or events of a similar nature are regularly reviewed to ensure that there are no possible future non-compliance cases reported.

The Accounting Officer or Accounting Authority may proceed with the "write-off" of the irregular expenditure after confirmation of the controls indicated above have been met and by informing the relevant delegated official in writing to de-recognise the irregular expenditure in the notes to the financial statements.

1.26 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The entity is organised and reports to management on the basis of two major functional areas: corporate services and museum operations. The segments were organised around the type of museological history specialisation. Management uses these same segments for determining strategic objectives. Segments were aggregated as per below.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

1.26.1 Measurement of segment surplus or deficit, assets and liabilities

The accounting policies of the segments are the same as those described in these significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

Accounting Policies

1.26.2 Aggregation criteria

The entity has elected not to aggregate the operations of the site museums into the flagship museums operations. Each heritage site, consisting of Tswaing Meteorite Crater, Natural History Museum, Military History Museum, Kruger House Museum, Pioneer Museum, Sammy Marks Museum, Willem Prinsloo Agricultural Museum and Cultural History Museum, is reported separately.
Corporate services is also a segment.

1.27 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Budget Information.

1.28 Related parties

Related parties are considered to be related if one party has the ability to (a) control the other party, or (b) 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.

(a) DMSA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of three spheres of government in South Africa, only entities within the national/provincial/local spheres of government are considered to be related parties. This includes the Department of Sports, Arts and Culture, all the entities of DSAC, the Auditor-General South Africa, the Department of Public Works and Infrastructure, City of Tshwane, the Parliament of South Africa,

(b) Individuals owning, directly or indirectly, an interest in the DMSA that gives them significant influence, and close members of the family of any such individual;

(c) Key management personnel, and close members of the family of key management personnel. DMSA regards all individuals from the level of CEO and Council Members as key management per the definition of the financial reporting standard.

(d) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) above or over which such a person is able to exercise significant influence.

Accounting Policies

1.28 Related parties (continued)

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part. Where related party transactions occur, these are disclosed. Related party transactions are not disclosed if that transaction occurs within: normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by that reporting entity's legal mandate.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.30 Effects of changes in foreign exchange rates

DMSA shall recognise exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, which shall be recognised in surplus or deficit in the period in which they arise.

1.31 Government grants

Grants received from statutory bodies are recognised as income as and when the entity complies with the conditions of the grant.

Accounting Policies

1.31 Government grants (continued)

Grants received without any conditions attached are recognised as revenue when the asset is recognised. Revenue from a grant is measured at the amount of the increase in net assets recognised by the entity.

An asset, e.g. property, plant and equipment, investment property and inventory acquired through a grant is initially measured at its fair value as at the date of acquisition.

Monetary assets that would otherwise meet the definition of a financial instrument, e.g. cash and transfers receivable, will also be measured at fair value as at the date of acquisition. These assets are subsequently measured, derecognised and disclosed in accordance with the standards on financial instruments.

Notes to the Annual Financial Statements

	2022 R	2021 R

2. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2022 R	2021 R
Cash float	1 500	1 500
Bank balances (Current account)	1 371 442	1 920 482
Corporation for Public Deposits Account	807 213	7 592
Petty Cash	73 000	64 500
Infrastructure Call Account	6 251 687	18 215
	8 504 842	**2 012 289**

Included in the Bank balances (Current account) is a negative bank balance amount of R106 468 relating to debit orders which were processed through the ABSA bank account which was closed during the year. The bank has subsequently reversed these transactions.

2.1 Pledged as security

None of the cash and cash equivalents have been pledged as security and are therefore not encumbered. Furthermore, none of the cash and cash equivalents are denominated in foreign currency.

2.2 Credit quality cash and cash equivalents

The credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions, as endorsed by National Treasury.

The credit quality rating of these cash and bank balances are as follows:

	2022		2021	
	Rating	R	Rating	R
Bank balances	**High grade**	1 371 442	**High grade**	1 920 482
Short term deposits	**High grade**	7 058 900	**High grade**	25 807
Petty cash and floats	**Not rated**	74 500	**Not rated**	66 000

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

Notes to the Annual Financial Statements

	2022 R	2021 R

2.3 Fair value of cash and cash equivalents

The carrying value, which the cash and cash equivalents are disclosed, approximate their fair values. The maximum exposure to credit risk, as a result of carrying cash and cash equivalents is limited to the carrying value of the cash as disclosed above.

2.4 Impairment of cash and cash equivalents

None of the cash and cash equivalents are considered to be impaired and consequently no provision was raised for the irrecoverability of these financial assets.

2.5 Restriction on the use of cash and cash equivalents

The cash and cash equivalents held by the entity may only be used in accordance with its mandate, as such no restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.

3. Trade and other receivables from exchange transactions

	2022 R	2021 R
Trade receivables	1 905 992	1 316 753
Provision for bad debts	(3 052 641)	(2 652 156)
Sundry receivables	1 843 696	2 160 091
	697 047	**824 688**

2022	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Gross accounts receivable	1 316 754	(4 190 905)	4 780 143	1 905 992
Sundry receivables	2 160 091	(539 098)	222 703	1 843 696
Less: Provision for doubtful debts	(2 652 156)	-	(400 485)	(3 052 641)
	824 689	**(4 730 003)**	**4 602 361**	**697 047**

2021	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Gross accounts receivable	1 154 118	(258 384)	421 020	1 316 754
Sundry receivables	1 707 151	18 594	434 346	2 160 091
Less: Provision for doubtful debts	(2 295 600)	-	(356 556)	(2 652 156)
	565 669	**(239 790)**	**498 810**	**824 689**

Notes to the Annual Financial Statements

	2022 R	2021 R

3.1 Pledged as security

None of the trade and other receivables have been pledged as security and are therefore not encumbered. Furthermore, none of the receivables are denominated in foreign currency. Also, no security is held for any of the receivables.

3.2 Credit quality and aging analysis of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired are assessed / monitored by reference to historical information about counterparty default rates. The credit quality rating of each of these financial instruments are as follows:

	2022		2021	
Class Aging	**Rating**	**R**	**Rating**	**R**
Trade receivables (Net)		**538 079**		**179 584**
Current to 30 days	**High grade**	*445 688*	**High grade**	*54 067*
Gross receivables		445 688		108 288
Provision for bad debts		-		(54 221)
31 days to 60 days	**High grade**	*37 909*	**High grade**	*40 570*
Gross receivables		37 909		115 795
Provision for bad debts		-		(75 225)
61 days to 90 days	**Medium grade**	*54 482*	**Medium grade**	-
Gross receivables		105 981		47 464
Provision for bad debts		(51 499)		(47 464)
Over 90 days	**Medium grade**	**-**	**Medium grade**	*84 947*
Gross receivables		1 316 414		1 045 207
Provision for bad debts		(1 316 414)		(960 260)

Notes to the Annual Financial Statements

3. Trade and other receivables from exchange transactions (continued)

	2022		2021	
Class Aging	**Rating**	**R**	**Rating**	**R**
Other receivables - Current		**158 968**		**645 105**
Current to 30 days	**High grade**	*158 968*	**High grade**	*645 105*
Gross receivables		158 968		645 105
Provision for bad debts		-		-
Over 90 days	**Medium grade**	**-**	**Medium grade**	-
Gross receivables		1 684 728		1 514 986
Provision for bad debts		(1 684 728)		(1 514 986)
		697 047		**824 689**

Low credit grade – The counter party has evidenced high occurrences of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the low credit grade category pose a high credit risk to the entity.

Medium credit grade – The counter party has evidenced instances of defaults and / or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. As such the counter parties included in the medium credit grade category pose a medium credit risk to the entity.

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

3.3 Fair value of trade and other receivables

The carrying value, which the trade and other receivables are disclosed, approximate their fair values. The maximum exposure to credit risk, as a result of carrying receivables, is limited to the carrying value of the receivables as disclosed above.

3.4 Impairment of trade and other receivables

None of the trade and other receivables were re-negotiated.

Process for impairment of trade receivables at DMSA

In assessing whether there is an indication that trade receivables may be impaired, the DMSA shall consider, as a minimum, the following indications in line with Instruments: GRAP 104 – Financial Instruments.

Notes to the Annual Financial Statements

	2022 R	2021 R

3. Trade and other receivables from exchange transactions (continued)

a) An impairment loss shall be recognised on receivables only when they are incurred. This means that there has to be objective evidence that a 'loss event' has occurred.

b) Loss events can be considered to be events that crystalise to form objective evidence of impairment; and examples include:

i. Death of the debtor (individual)
ii. Bankruptcy of the debtor
iii. Reports of an accident on a customer's major factory
iv. Significant financial difficulty of the parties involved

Group Assets
In this case, trade receivables are assessed on a group basis.

Individual assessment

It is necessary to consider whether there is objective evidence of an impairment for financial assets that are 'individually significant'. Assets that are not individually significant may be assessed either individually or collectively.

Collective assessment

When assessing a group of trade receivables collectively for impairment, asset groups used should include receivables with similar credit risk characteristics.

3.5 Reconciliation of provision for bad debts

Opening balance	(2 652 156)	(2 295 600)
Amounts (raised) reversed	(400 485)	(356 556)
Closing balance	**(3 052 641)**	**(2 652 156)**

4. Inventories

Inventories	63 139	101 878

Notes to the Annual Financial Statements

5. Property, plant and equipment

Figures in Rand	2022 R			2021 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	17 275 922	(6 798 563)	10 477 359	17 192 940	(6 082 405)	11 110 535
Motor vehicles	4 434 227	(2 777 211)	1 657 016	5 071 444	(2 793 238)	2 278 206
Office equipment	23 818 120	(4 393 002)	19 425 118	22 704 695	(2 581 953)	20 122 742
Computer equipment	4 679 641	(3 321 085)	1 358 556	4 851 496	(2 969 488)	1 882 008
Total	**50 207 910**	**(17 289 861)**	**32 918 049**	**49 820 575**	**(14 427 084)**	**35 393 491**

Reconciliation of property, plant and equipment - 2022

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	11 110 535	180 735	(58 193)	(744 234)	(11 484)	10 477 359
Motor vehicles	2 278 206	-	(328 138)	(293 052)	-	1 657 016
Office equipment	20 122 742	1 321 512	(58 707)	(1 883 283)	(77 146)	19 425 118
Computer equipment	1 882 008	153 174	(66 878)	(588 390)	(21 358)	1 358 556
	35 393 491	**1 655 421**	**(511 916)**	**(3 508 959)**	**(109 988)**	**32 918 049**

Reconciliation of property, plant and equipment - 2021

Figures in Rand	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fixtures	11 157 300	653 776	-	20 102	(720 643)	11 110 535
Motor vehicles	1 483 775	1 087 020	(2 739)	-	(289 850)	2 278 206
Office equipment	3 224 598	17 780 335	(133 478)	-	(748 713)	20 122 742
Computer equipment	1 449 624	1 007 651	(3 586)	(2 081)	(569 600)	1 882 008
	17 315 297	**20 528 782**	**(139 803)**	**18 021**	**(2 328 806)**	**35 393 491**

Notes to the Annual Financial Statements

	2022 R	2021 R
5. Property, plant and equipment (continued)		

Pledged as security

During the year, no items of property, plant and equipment were pledged as security.

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

	2022 R	2021 R
Computer equipment	280	-
Office equipment	69	-
Furniture and fixtures	441	-
Motor vehicles	20	-
	810	-

At year end, DMSA assessed the useful lives, residual values and deprecation methods of assets to determine whether there is any indication that the expectations about the useful lives and residual values of an asset have changed since the preceding reporting date. This assessment indicated that there were no changes, hence no adjustments were made to the useful lives, residual values and depreciation methods.

6. Intangible assets

Figures in Rand	2022 R			2021 R		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses and franchises	92 703	(92 703)	-	92 703	(92 703)	-
Computer operating system	167 400	(166 620)	780	167 400	(133 140)	34 260
Computer software, other	581 010	(275 550)	305 460	581 010	(246 954)	334 056
Intangible assets under development	1 795 964	-	1 795 964	-	-	-
Website	21 155	(12 180)	8 975	21 155	(9 158)	11 997
Total	**2 658 232**	**(547 053)**	**2 111 179**	**862 268**	**(481 955)**	**380 313**

Reconciliation of intangible assets - 2022

Figures in Rand	Opening balance	Additions	Amortisation	Total
Website	34 260	-	(33 480)	780
Computer software	334 056	-	(28 596)	305 460
Intangible assets under development	-	1 795 964	-	1 795 964
Computer operating system	11 997	-	(3 022)	8 975
	380 313	**1 795 964**	**(65 098)**	**2 111 179**

Reconciliation of intangible assets - 2021

Figures in Rand	Opening balance	Additions	Amortisation	Total
Website	67 740	-	(33 480)	34 260
Computer software	2 091	334 477	(2 512)	334 056
Computer operating system	15 019	-	(3 022)	11 997
	84 850	**334 477**	**(39 014)**	**380 313**

Other information

The entity is in the process of developing a virtual museum. This is a multi year project which is expected to be finalised in 2023/24 financial year. The expenses incurred towards this project amounted to R1 795 964.

The cost to complete the project is estimated at R3 953 183 and the commitment has been included in the commitment note 34 below. Once the project is completed the total costs will capitalised and classified as intangible assets.

7. Heritage assets

Figures in Rand	2022 R			2021 R		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Cultural History	355 690 116	-	355 690 116	355 714 817	-	355 714 817
Military History	526 741 979	-	526 741 979	526 741 979	-	526 741 979
Natural History	11 003 149	-	11 003 149	11 003 149	-	11 003 149
Total	**893 435 244**	**-**	**893 435 244**	**893 459 945**	**-**	**893 459 945**

Reconciliation of heritage assets 2022

Figures in Rand	Opening balance	Other changes, movements	Total
Cultural History	355 714 817	(24 701)	355 690 116
Military History	526 741 979	-	526 741 979
Natural History	11 003 149	-	11 003 149
	893 459 945	**(24 701)**	**893 435 244**

Reconciliation of heritage assets 2021

Figures in Rand	Opening balance	Transfers received	Impairment losses recognised	Other changes, movements	Total
Cultural History	355 697 217	-	(7 000)	24 600	355 714 817
Military History	525 927 614	26 955	-	787 410	526 741 979
Natural History	11 003 149	-	-	-	11 003 149
	892 627 980	**26 955**	**(7 000)**	**812 010**	**893 459 945**

Notes to the Annual Financial Statements

7. Heritage assets (continued)

Heritage assets held by the DMSA that cannot be recognised due to reliable measurement not being available on initial recognition (GRAP 103, para .17 & .96)

The following heritage assets are held by the DMSA but on initial recognition, do not meet the recognition of a heritage asset because they cannot be reliably measured at the reporting date. These assets are still being investigated to provide sufficient information for a reliable valuation at a later stage.

There are assets on the floor that cannot be quantified, described or reliably measured which are under investigation in the intervening financial years. These assets are identified during the execution of an ongoing physical verification exercise. The number of such assets identified during the year are listed below as acquired in prior year

Class	Acquired in prior years	Current year additions	Total assets
Military history	126	50	176
Cultural history	459	-	459

8. Living resources

Figures in Rand	2022 R			2021 R		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Skilder Sheep	15 200	(5 236)	9 964	15 200	(3 716)	11 484
Cattle	189 470	(51 254)	138 216	111 270	(59 174)	52 096
Horses	3 000	(1 666)	1 334	3 000	(1 546)	1 454
Impala	10 700	(2 815)	7 885	6 910	(2 237)	4 673
Donkeys	30 300	(8 933)	21 367	9 900	(7 921)	1 979
Zebra	141 500	(120 098)	21 402	152 500	(123 439)	29 061
Impala	18 600	(18 552)	48	18 600	(17 312)	1 288
Donkeys	1 200	(801)	399	1 700	(1 191)	509
Total	**409 970**	**(209 355)**	**200 615**	**319 080**	**(216 536)**	**102 544**

Notes to the Annual Financial Statements

8. Living resources continued

Reconciliation of living resources - 2022

Figures in Rand	Opening balance	Decrease due to sale / death to sale / death	Increase through non-exchange functions	Depreciation	Total
Skilder Sheep	11 484	-	-	(1 520)	9 964
Cattle	52 096	(7 337)	98 300	(4 843)	138 216
Horses	1 454	-	-	(120)	1 334
Poultry	4 673	(299)	4 500	(989)	7 885
Afrikaner sheep	1 979	-	20 400	(1 012)	21 367
Zebra	29 061	(1 086)	-	(6 573)	21 402
Impala	1 288	-	-	(1 240)	48
Donkeys	509	(64)	-	(46)	399
	102 544	**(8 786)**	**123 200**	**(16 343)**	**200 615**

Reconciliation of living resources - 2021

Figures in Rand	Opening balance	Increase through non-exchange functions	Decrease through non-exchange functions	Depreciation	Total
Skilder Sheep	13 004	-	-	(1 520)	11 484
Cattle	90 260	-	(31 381)	(6 783)	52 096
Horses	1 574	-	-	(120)	1 454
Poultry	5 354	720	(563)	(838)	4 673
Afrikaner sheep	17 277	-	(12 338)	(2 960)	1 979
Zebra	38 429	-	(2 237)	(7 131)	29 061
Impala	3 262	-	(639)	(1 335)	1 288
Donkeys	566	-	-	(57)	509
	169 726	**720**	**(47 158)**	**(20 744)**	**102 544**

Notes to the Annual Financial Statements

	2022 R	2021 R
9. Employee benefit obligations		
9.1 Pension fund		
Expenditure recognised during the year	1 188 518	3 374 285

Ditsong Museums of South Africa employees are members of a Museums Pension Fund which covers employees on both defined benefit and defined contribution plans. The Museums Pension Fund is administered on behalf of DMSA by pension fund administrators and is governed by the Pensions Fund Act, 1956 (Act No 24 of 1956), as amended. An independent Board of Trustees manages the fund.

The Museums Pension Fund is a multi-employer plan. The actuarial valuation is done for the plan in its entirety and does not specify, as a separate entity, DMSA's obligation, plan assets or liability in terms of the fund.

The following rates of contribution are applied:

Defined Benefit category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 20%.

Defined Contribution category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 15%. The employer contribution rates can fluctuate as a result of changes to the insured benefit rate.

The Museums Pension Fund requires an actuarial valuation every three years. The defined benefit contribution plan fund was actuarially valued, using the projected unit credit method at 31 March 2021 and it revealed that the assets of the fund represented a funding position of 100% for the Museums Pension Fund. Any deficit advised by the actuaries is funded through increased contributions to ensure the on-going soundness of the Pension Fund. At the time of the valuation, the actuary reported that he was satisfied that the current composition of the investments of the Fund can be considered reasonable for the purpose of matching its assets and liabilities.

DMSA is fully-funded and therefore has no liability.

9.2 Post-employment benefit costs

	2022	2021
Health Care costs	44 805 000	46 005 000

The assets are generally held in separate trustee-administered medical aid funds, namely Bestmed, Bonitas, Medshield, Medihelp, Fedhealth, Key Health and Discovery Health.

Notes to the Annual Financial Statements

	2022 R	2021 R

9. Employee benefit obligations (continued)

The liabilities for the DMSA with regard to subsidies in respect of continuation member health care costs can reasonably be regarded as the following:

- Total liability in respect of existing continuation members;
- Total liability in respect of members in active employment.

The DMSA's contributions to the medical schemes are charged to the income statement in the year to which they relate. Provision is made for future liability in the financial statements. The defined benefit obligation is determined by making use of the projected unit credit method. All actuarial profits and losses are recognised immediately.

The actuarial valuation was as at 31 March 2022.

	2022 R	2021 R
Accrued Liabilities		
Liabilities in respect of: Members in active employment	23 941 000	23 169 000
Current continuation members	20 864 000	22 836 000
Total Liability Recognised in Balance Sheet	**44 805 000**	**46 005 000**

	2022 R	2021 R
The reconciliation of the opening and closing balances is as follows	46 005 000	40 518 000
Liability as at 1 April		
Interest service cost	5 745 000	5 120 000
Current service cost	840 000	869 000
Disbursements (benefits paid)	(2 296 000)	(1 984 000)
Actuarial (gain)/loss	(5 489 000)	1 482 000
Liability as at 31 March	**44 805 000**	**46 005 000**

Projections

The projections of the expected change in the obligation over the period 1 April 2022 to 31 March 2023 is as follows:

Benefit Projection	**R'000**
PBO at start of period (1 April 2022)	44 805
Interest Service Cost	4 990
Current Service Cost	882
Benefit payments	(2 527)
PBO at end of period (31 March 2023)	**48 150**

Notes to the Annual Financial Statements

	2022 R	2021 R
9. Employee benefit obligations (continued)		
Interest and Inflation Rate		
The actuary took into account the following assumptions in their calculation:		
Discount Rate	11.22% pa	12.68% pa
Post-retirement interest rate		2.77% pa
Expected return on plan assets	N/A	N/A
Long - term Price Inflation	6.78%	8.14% pa
Medical Inflation Rate	8.28%	9.64 % pa
Average longevity for current pensioners aged 76 years (2019:20; 77,4 years)		
Males	9	9
Females	11.3	11.3
Average longevity at retirement age for current employees (future pensioners)		
Age 63 years (2019:20; 63 years)		
Males	16.6	16.6
Females	20.8	20.8
Benefit Cost in Profit and Loss		
Net Interest cost	5 745 000	5 120 000
Service cost	840 000	869 000
Profit and loss expense	**6 585 000**	**5 989 000**
Other Comprehensive Income		
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and (losses) arising from changes in financial assumptions	(351 000)	(3 773 000)
Actuarial gains and (losses) arising from experience adjustments	5 840 00	2 291 000
Other (describe)		
Adjustments for restrictions on the defined benefit asset		
Components of defined benefit costs recognised in other comprehensive income		
Total gain / (loss) on liability	5 489 000	(1 482 000)
Total Cost	1 096 000	7 471 000

Notes to the Annual Financial Statements

9. Employee benefit obligations (continued)

Sensitivity analysis

The following changes were made:

a) A 1% increase/decrease in the medical inflation assumption; and

b) 1-year increase / reduction in the post-retirement mortality.

	Current Assumptions R'000	-1% decrease R'000	+1% increase R'000
Medical Inflation Rate	**12,68%**	**11,68%**	**13,68%**
Liability	46 005	51 334	41 533
Cost / (Saving)	-	5 329	(4 472)

	Current Assumptions R'000	1 year reduction R'000	1 year enhancement R'000
Mortality	**Pa (90) -1**	**Pa (90)-2**	**Pa (90)**
Liability	46 005	47 650	44 373
Cost / (Saving)	-	1 645	(1 632)

The impact on the next year's projection from a 1% increase/decrease in the discount rate is as follows:

	Current Assumptions R'000	Discount Rate -1% R'000	Discount Rate +1% R'000
Benefit Projection			
PBO at start of period (31 March 2021)	46 005	51 334	41 533
Interest Cost	5 767	5 952	5 595
Service Cost	840	983	723
Expected Benefit payments	(2 829)	(2 829)	(2 829)
PBO at end of period (31 March 2022)	**49 783**	**55 440**	**45 022**

Notes to the Annual Financial Statements

	2022 R	2021 Restated* R
10. Trade and other payables		
Trade payables	380 595	2 736 573
Bonus (13th cheque) accruals	1 484 091	1 287 675
Sundry payables	15 969 391	6 785 479
Payments received in advance	77 090	79 090
Deposits	86 349	86 749
	17 997 516	**10 975 566**

2022	Opening balance	Amount received/used	Payables raised	Closing balance
Trade payables	2 736 573	(54 059 042)	51 703 064	380 595
Bonus (13th cheque) accruals	1 287 675	(3 997 100)	4 193 516	1 484 091
Sundry payables	6 785 479	(6 959 550)	16 143 462	15 969 391
Payments received in advance	79 090	(2 000)	-	77 090
Deposits	86 749	(4 400)	4 000	86 349
	10 975 566	**(65 022 092)**	**72 044 042**	**17 997 516**

2021	Opening balance R	Amount received/used R - Restated	Payables raised R - Restated	Closing balance R - Restated
Trade payables	927 924	(61 232 380)	63 041 029	2 736 573
Bonus (13th cheque) accruals	1 090 330	(3 267 322)	3 464 667	1 287 675
Sundry payables	14 788 671	(15 265 244)	7 262 052	6 785 479
Payments received in advance	71 442	(375)	8 023	79 090
Deposits	87 249	(500)	-	86 749
	16 965 616	**(79 765 821)**	**73 775 771**	**10 975 566**

10.1 Currency and security

None of the trade and other payables are denominated in foreign currencies. Furthermore, no financial assets or non-financial assets have been pledged as security for the trade and other payables and as such the payables are unsecured.

10.2 Defaults and breaches

The procurement policy of the entity makes provision for the settlement of trade and other payables within 30 days after the receipt of the invoice. During the period, the entity renegotiated certain of the contractual terms of its creditors to address cash flow challenges it encountered. As a result of the cash flow challenges during the period, the entity defaulted in payment of some of its creditors.

*See note 28

Notes to the Annual Financial Statements

	2022 R	2021 R

10. Trade and other payables (continued)

10.3 Prior period error

Accruals for amounts owing to DPWI - PMTE for recovery of consumer charges paid on behalf of DMSA, were omitted from prior year as the invoices were received after conclusion of the audit (for 2020/21). This error has been corrected and prior year balances restated to include R2 854 965 in trade and other payables (R344 370 in interest expense and R2 510 595 for water and electricity under administrative costs).

The amount used and payables raised in the reconciliation were found to have been incorrectly stated. These have been restated in the reconciliation for 2021 above. The figures were previously stated as follows:

	Amounts received/used	Payables raised
Trade payables	(927 924)	2 736 573
Bonus (13th cheque)	(1 090 330)	1 287 675
Sundry payables	(14 788 671)	3 930 514
Payments received in advance	4 874	2 775

11. Income received in advance from non-exchange

	2022 R	2021 R
Income received in advance from non-exchange comprises of:		
Unspent conditional grants and receipts		
Unspent grants	6 194 813	3 360 069
Movement during the year		
Balance at the beginning of the year	3 360 069	28 086 797
Additions during the year	8 284 846	8 697 434
Income recognition during the year	(5 450 102)	(33 424 162)
	6 194 813	**3 360 069**

- The nature and extent of government grants recognised in the Annual Financial Statements and an indication of other forms of government assistance from which the entity has directly benefited; and
- Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

	2022 R	2021 R

12. Provisions

Reconciliation of provisions - 2022	Opening Balance	Additions	Utilised during the year	Total
Leave Provision	2 103 516	314 338	(209 719)	2 208 135

Reconciliation of provisions - 2021	Opening Balance	Additions	Utilised during the year	Total
Leave Provision	1 969 711	472 707	(338 902)	2 103 516
Performance Bonus Provision	704 585	-	(704 585)	-
	2 674 296	**472 707**	**(1 043 487)**	**2 103 516**

13. Revenue

13.1 Revenue From non-exchange transactions

Revenue comprises income received from the following sources:

	2022	2021
Grants and donations	121 458 803	126 137 040

Reconciliation of grants and donations:

Movement in grant 2022	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
State subsidy	-	116 005 000	116 005 000	-
Other grants	3 360 069	8 284 846	5 450 102	6 194 813
Donations	-	4 076	4 076	-
	3 360 069	**124 293 922**	**121 459 178**	**6 194 813**

Movement in grant 2021	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
State subsidy	-	92 708 000	92 708 000	-
Other grants	28 086 797	8 697 434	33 424 161	3 360 069
Donations	-	4 879	4 879	-
	28 086 797	**101 410 313**	**126 137 040**	**3 360 069**

Notes to the Annual Financial Statements

	2022 R	2021 R

13. Revenue (continued)

13.2 Services-in-kind

Services-in-kind	13 193 230	16 689 728

DMSA recognises services in-kind relating to the following properties:

- ERF 1694 portion 0 of Pretoria North - Coert Steynberg Museum
- ERF 308 portion 0 of Pretoria – Kruger Museum
- ERF 309 portion 1 of Pretoria – Ditsong Head Office
- ERF 328 portion 177 of JR – Pioneer Museum
- ERF 3419 portion 0 of Pretoria – National Cultural History Museum
- ERF 714 portion 0 of Pretoria – National Natural History Museum
- ERF 3261 PORTION 0 PRETORIA - Piernief Museum
- ERF 430 SAXONWOLD - Ditsong Museum of Military History
- Portion 89 of Farm 364 Zwartkoppies Jr - Ditsong Sammy Marks Museum
- Remainder of Farm 149 Jr - Ditsong Tswaing Meteorite Crater
- Remainder of Portion 88 of Farm 513 Kaalfontein Jr - Ditsong Willem Prinsloo Agricultural Museum

The Department of Sport, Arts and Culture is paying rent for these properties to the Department of Public Works on behalf of DMSA.

13.3 Revenue from exchange transactions

Sale of goods and services	**3 088 117**	**922 131**
Admission Fees	1 429 344	584 080
Income Sales/Services	1 586 739	93 594
Sales curios, refreshments and festivals	72 034	244 457
Cost of sales	**41 014**	**9 438**
Opening inventory	101 878	120 304
Purchases	2 275	(8 988)
Less: Closing inventory	(63 139)	(101 878)
Other revenue	**1 794 008**	**1 251 775**
Other Revenue Streams	12 500	250
Rental income	1 776 708	1 246 655
Bad debts, bursary and training fees recovered	4 800	4 870

Notes to the Annual Financial Statements

	2022 R	2021 Restated* R

14. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Income items:		
Admission Fees	1 429 344	584 080
Bad debts, bursary and training fees recovered	4 800	4 870
Cost of sales	(41 014)	(9 438)
Government grants and donations	121 458 803	126 137 040
Services-in-kind	13 193 230	16 689 728
Income Sales/Services	1 586 739	93 594
Interest received	335 271	1 177 282
Other Revenue Streams	12 500	250
Rental income	1 776 708	1 246 655
Sales curios, refreshments and festivals	72 034	244 457
	139 828 415	**146 168 518**

Expense items:		
14.1 Administrative costs	**(24 248 159)**	**(20 258 394)**
Advertising and marketing	(1 589 200)	(1 429 594)
Bank charges	(199 210)	(192 357)
Insurance	(496 598)	(499 988)
Legal fees	(855 374)	(306 844)
Licence fees	(43 470)	(35 738)
Postage and stationery	(35 185)	(220 994)
Staff training	(299 376)	(863 600)
Telephone and internet	(6 723 835)	(1 800 902)
Travelling costs	(461 934)	(562 418)
Water and electricity	(13 543 977)	(14 345 959)
Amortisation of Intangible Assets	(65 098)	(39 014)
Current service cost	(840 000)	(869 000)
Depreciation	(3 525 311)	(2 349 547)
Interest service cost	(5 745 000)	(5 120 000)
Impairment	(109 988)	(4 758)
Finance costs	(492 328)	(415 153)

*See note 28

Notes to the Annual Financial Statements

	2022 R	2021 R
14. Operating (deficit) surplus (continued)		
14.2 Employee costs - normal cost	**(66 390 044)**	**(60 018 426)**
Basic salary	(55 825 611)	(45 672 009)
Overtime payments	(41 646)	(81 447)
Bonus 13th Cheques	(4 189 889)	(3 267 322)
Pension fund benefit	(1 188 518)	(3 374 286)
Housing benefits and allowances	(202 970)	(661 100)
Medical aid benefit	(850 157)	(2 320 006)
Cellphone allowance	(260 200)	(274 300)
UIF	(290 229)	(242 661)
Acting allowances	-	(447 078)
Motor vehicle allowance	(798 560)	(581 518)
Casual employees	(1 474 246)	(2 511 517)
Other employee benefit	-	(12 000)
Workmens Compensation	(290 300)	(154 328)
Movement in accumulated leave provision	(314 339)	(567 284)
Movement in performance bonus provision	-	704 585
Pensioners' Medical Aid contribution	(212 328)	(2 915)
Board remuneration	(451 051)	(553 240)
14.3 Operating expenses	**(46 714 966)**	**(57 774 331)**
Bad debts written off	(400 855)	(356 556)
Consulting services	(1 267 006)	(1 755 947)
Consumable furniture and equipment	(7 077)	(20 658)
Consumables	(2 721 936)	(3 870 532)
Restoration expenses	(152 200)	(35 001)
Research expenses	(23 133)	(150)
Voluntary severance package	-	(1 413 722)
Exhibition expenses	(348 992)	(199 752)
External audit fees	(3 845 416)	(2 312 988)
Library	(151 454)	(155 609)
Other expenses	(6 215 598)	(13 564 697)
Rental expense	(1 291 296)	(2 087 064)
Rental expense - services in kind	(13 193 230)	(16 689 728)
Repairs and maintenance	(613 103)	(402 078)
Security services	(16 483 670)	(14 909 849)
Total expenses	**(148 130 894)**	**(146 848 623)**

Notes to the Annual Financial Statements

	2022 R	2021 R
14. Operating (deficit) surplus (continued)		
14.4 Profit / (loss) on assets written off	**(132 122)**	**(162 045)**
Proceeds from insurance claim	265 381	22 218
Disposal of property, plant and equipment	(397 503)	(184 263)
14.5 Deficit for the year		
Reconciliation of Deficit for the year		
Surplus / (Deficit) for the year	(2 945 601)	(2 324 150)
Adjusted for depreciation and asset written off		
Depreciation	3 525 312	2 349 508
Amortisation	65 098	39 014
Profit / (Loss) on assets written off	132 122	162 045
	776 931	**226 417**

15. Interest received

Bank	265 345	1 101 722
Interest charged on trade and other receivables	69 926	75 560
	335 271	**1 177 282**

Interest received comprises interest received from funds invested at the CPD account at interest rates ranging between 4.95% and 6.5% over the reporting period and interest on credit balances in the current account, call account and interest charged on outstanding debtors at rates of 9.75% to 10.25% per annum.

16. Other revenue

Admission Fees	1 429 344	584 080
Rental income - third party	1 776 708	1 246 655
Sales curios, refreshments and festivals	72 034	244 457
Other income - (rollup)	1 604 039	98 714
	4 882 125	**2 173 906**

Notes to the Annual Financial Statements

	2022 R	2021 R

17. Contingencies

17.1 Contingent liabilities

2022

There were no contingent liabilities at year end.

2021	Probable loss R	Possible loss R	Estimate Total costs/Future costs R
Mr. Elmon Magolego vs DMSA	-	423 888	423 888

Mr. Magolego (the former SCM Practitioner) went through a disciplinary hearing chaired by an independent Chairperson from NEASA. He was later dismissed for gross insubordination. He took the DMSA to CCMA and challenged his dismissal. The CCMA ruled in favour of the employee after not allowing the employer an opportunity to present its witnesses. Ditsong appealed the matter and the matter is sitting at the Labour Court. DMSA's Attorney adviced that the maximum exposure that the entity has is the amount equivalent to two year's salary determined to be R423 888.

17.2 Contingent assets

2022

There were no contingent assets at year end.

2021	Probable loss R	Possible loss R	Estimate Total costs/Future costs R
DMSA claims debit orders paid after termination of contract - ADT	-	17 240	17 240
DMSA claims debit orders paid after termination of contract - Tracker	-	36 887	36 887
	-	**54 127**	**54 127**

DMSA cancelled the contracts with Fidelity ADT and Tracker. DMSA informed its banker to stop these debit order payments but the banker failed to do so. DMSA sent recovery letters to both Fidelity ADT and Tracker to refund the amount paid through the unauthorised debit orders and reverse any future debit orders. Both Fidelity ADT and Tracker have not confirmed the debt.

Notes to the Annual Financial Statements

	2022 R	2021 R

18. Operating lease

DMSA as a Lessor

DMSA is currently leasing out its facilities to generate income. The following are the fixed term leases in operation at year end:

Lessee	Effective from	Duration of the agreement
RPM Décor and Events - National Cultural History Museum	01-Jul-17	5 years
Pretoria Society of Advocates - DMSA Head Office	01-Jul-12	10 years
The following lease payments are receivable:		
Within 1 year	75 766	299 032
Between 1-5 years	-	75 766
Total lease commitments	**75 766**	**374 798**

The contracts entered into during the year and future contracts are benchmarked against the market rates. No contingent rental income was recognised as revenue in the reporting period.

DMSA as a Lessee

DMSA entered into a lease through transversal contract RT 3 2018 with Altron Bytes Document Solutions for the lease of 9 photocopying machines for a period of 36 months for DMSA offices for a contractual value of R626 943.

The following lease payments are payable:

Within 1 year	121 048	208 981
Between 1-5 years	-	121 048
Total lease commitments	**121 048**	**330 029**

No contingent rental expense was recognised as expenditure in the reporting period.

Property owned by the Department of Public Works and Infrastructure

All buildings occupied by DMSA are owned by the Department of Public Works and Infrastructure and have been occupied at no cost during the year. There is no contract in place for lease of these buildings.

19. Other income

Other Revenue Streams	12 500	250
Income Sales/Services	1 586 739	93 594
Bad debts, bursary and training fees recovered	4 800	4 870
	1 604 039	**98 714**

Notes to the Annual Financial Statements

20. Emoluments of Council, Committee Members and Senior Management

31 March 2022

	Salary/Fee	13th Cheque	Travel Allowance	Other Benefits	Total
	R	R	R	R	R
Senior Management:					
Ms A Lebethe - CEO	1 406 418	128 056	144 000	30 000	1 708 474
Mr K Kaposa - CFO	1 284 178	107 015	-	19 200	1 410 393
Ms SR Mackenzie - Director DNMMH	947 736	-	-	19 200	966 936
Dr N Solani - Director DNMCH	874 833	72 903	-	19 200	966 936
Dr M Mohapi - Director DNMNH	992 333	91 861	110 000	19 200	1 213 394
	5 505 498	**399 835**	**254 000**	**106 800**	**6 266 133**

	Council	Core Functions	HRREMCO	ARIC	Other	Total
	R	R	R	R	R	R
Council:						
Ms K Rapoo - Council Chairperson	27 417	-	-	-	10 500	37 917
Dr L Konar - Deputy Chairperson	24 921	-	-	26 130	3 500	54 551
Ms L Mtshali	24 388	12 194	-	-	3 500	40 082
Dr A Mdletye - Chairperson of Core Functions	26 130	14 763	3 484	-	3 500	47 877
Ms Y Mashilela - Chairperson of HRREMCO	22 646	-	14 763	-	3 500	40 909
Mr G Ontong	26 130	12 194	-	-	3 500	41 824
Adv L Nevondwe	24 388	-	16 412	-	3 500	44 300
Ms V Menye	21 638	-	-	19 162	3 500	44 300
	197 658	39 151	34 659	45 292	35 000	351 760
Independent Chairperson: Ms F Mudau - Chairperson of Audit, Risk & ICT Committee	30 219	-	-	69 072	-	99 291
SUB TOTAL	**227 877**	**39 151**	**34 659**	**114 364**	**35 000**	**451 051**
TOTAL	**5 733 375**	**438 986**	**288 659**	**221 164**	**35 000**	**6 717 184**

Notes to the Annual Financial Statements

20. Emoluments of Council, Committee Members and Senior Management (continued)

31 March 2021

	Salary/Fee	13th Cheque	Travel Allowance	Other Benefits	Total
	R	R	R	R	R
Senior Management:					
Ms. A Lebethe - CEO	1 306 104	115 460	144 000	31 785	1 597 349
Mr K Kaposa - CFO	1 293 096	107 015	-	20 985	1 421 096
Ms SR Mackenzie - Director DNMMH	947 736	-	-	20 985	968 721
Dr N Solani - Director DNMCH	880 908	72 903	-	20 985	974 796
Dr M Mohapi - Director DNMNH	1 109 988	91 861	-	20 985	1 222 834
	5 537 832	**387 239**	**144 000**	**115 725**	**6 184 796**

	Council	Core Functions	HRREMCO	ARIC	Other	Total
	R	R	R	R	R	R
Council:						
Ms. K Rapoo - Chairperson	33 744	-	4 218	4 218	17 500	59 680
Dr. L Konar - Deputy Chairperson	29 255	-	-	22 646	3 500	55 401
Ms. V Menye	33 098	-	-	22 646	5 500	61 244
Dr. A Mdletye - Chairperson of Core Functions	22 646	12 654	-	3 484	4 500	43 284
Ms. L Vilakazi	15 678	13 936	3 484	3 484	5 500	42 082
Mr. G Ontong	26 130	15 404	-	3 484	5 500	50 518
Ms. Y Mashilela - Chairperson of HRREMCO	30 348	-	42 680	3 484	4 500	81 012
Adv. T Nevondwe	26 130	-	27 872	3 484	5 000	62 486
Adv. MJ Ralefatane - term ended 31/07/2019	6 876	-	-	-	-	6 876
	223 905	41 994	78 254	66 930	51 500	462 583
Independent Chairperson: Ms F Mudau - Chairperson of Audit, Risk & ICT Committee	34 536	-	-	56 121	-	90 657
SUB TOTAL	**258 441**	**41 994**	**78 254**	**123 051**	**51 500**	**553 240**
TOTAL	**5 796 273**	**429 233**	**222 254**	**238 776**	**51 500**	**6 738 036**

Notes to the Annual Financial Statements

	2022 R	2021 R
21. Depreciation and amortisation		
Property, plant and equipment	3 508 959	2 328 806
Living resources	16 352	20 741
	3 525 311	**2 349 547**
22. Finance costs		
Late payment to suppliers	492 328	415 153
23. Breakdown of other		
23.1 Other expenses		
Membership fees	123 326	142 431
Conferences and seminars	1 200	8 900
Catering and refreshments	17 592	55 477
Computer Software	-	268 229
Printing	324 726	143 884
Mampoer expenses	1 209	-
Implementation of employer of choice	-	97 000
Education	46 854	7 036
Collection management	597	117 266
Covid-19 Expenses	455 464	1 520 562
Festivals	7 868	-
Events	731 320	48 034
Outreach programme	5 137	145 966
Farming expenses	76 091	62 471
Recruitment costs	-	28 863
Reserves funded project expenditure	-	240 278
Grant funded project expenditure	4 424 214	10 678 300
Other Expenses	**6 215 598**	**13 564 697**
23.2 Other receipts		
Other receipts in the statement of cash flows is made up as follows: Other receipts		
Other Revenue Streams	12 500	250
Rental income	1 776 708	1 246 655
Bad debts, bursary and training fees recovered	4 800	4 870
Other receipts	**1 794 008**	**1 251 775**
24. Auditors' remuneration		
External audit fees	3 845 416	2 312 988

Notes to the Annual Financial Statements

	2022 R	2021 R

25. Taxation

No provision has been made for taxation since Ditsong Museums of South Africa is exempted from taxation in terms of Section 10(1)(cA)(1) of the Income Tax Act (No. 21 of 1994).

26. Cash generated from (used in) operations

Deficit	(2 945 601)	(2 324 150)
Adjustments for:		
Depreciation and amortisation	3 525 311	2 349 547
Loss on sale of assets	132 122	162 045
Cost of sales	41 014	-
Bad debts written off	400 855	-
Movements in retirement benefit assets and liabilities	(2 296 000)	5 487 000
Movements in provisions	104 619	(570 780)
Impairment of assets	109 988	4 758
Amortisation	65 098	39 014
Changes in working capital:		
Inventories	38 739	18 425
Trade and other receivables from exchange transactions	127 641	(252 860)
Payables from exchange transactions	7 021 950	(5 990 049)
Income received in advance from non-exchange	2 834 744	(24 726 728)
	9 160 480	**(25 803 778)**

Notes to the Annual Financial Statements

	2022 R	2021 R

27. Related parties

Relationships

Council Members	Refer to members' report note
Controlling entity	Department of Sport, Arts and Culture
Post employment benefit plan for employees of entity and/or other related parties	Museums Pension Fund
Post employment benefit plan for employees of entity	Government Employees Pension Fund
Members of key management	Refer to members' report note
Grant funder	NRF (SAASTA)
Grant funder	National Arts Culture

Related party balances

	2022 R	2021 R
Amounts included in Trade receivable regarding related parties		
Department of Sport, Arts and Culture	6 124 813	3 360 069
National Arts Culture	70 000	-
Commitments with related parties		
Department of Sport, Arts and Culture	6 124 813	3 360 069
National Arts Culture	70 000	-

Related party transactions

	2022 R	2021 R
Remuneration of Council members and Senior Management	6 717 184	6 738 034
DSAC - Grant transferred (equitable share)	116 005 000	92 708 000
DSAC - Infrastructure grant (conditional grant)	7 999 500	8 400 000
DSAC - Services-in-kind (non-cash grant)	13 193 230	16 689 728
Museum Pension Fund - Post-employment benefit plan	1 017 179	3 217 084
Government Employees Pension Fund - Post-employment benefit plan	171 339	157 201
NRF (SAASTA) - grant funded	197 471	-
South African National Biodiversity Institute - grant funded	-	297 434
National Arts Council - Jazz Festival	70 000	-
National Research Foundation - Fellow grant funding	84 799	-

Notes to the Annual Financial Statements

	2022 R	2021 *Restated R

28. Prior period errors

Accruals for amounts owing to DPWI - PMTE for recovery of consumer charges paid on behalf of DMSA, were omitted from prior year as the invoices were received after conclusion of the audit (for 2020/21). This error has been corrected and prior year balances restated to include R2 854 965 in trade and other payables (R344 370 in interest expense and R2 510 595 for water and electricity under administrative costs).

Prior period errors (continued)		
Statement of financial position		
Payables from exchange transactions	-	10 975 566
Opening Accumulated Surplus or Deficit	-	869 831 000
Statement of financial performance		
Administrative	-	(20 258 394)
Finance costs	-	(415 153)
Irregular expenditure		
Closing balance	-	61 484 586
Adjustments made	-	548 163
Restated closing balance	**-**	**62 032 749**

Adjustment made to closing balance of irregular expenditure is due to an omission of irregular expenditure R 548 163 incurred to Vodacom during the 31 March 2021 reporting period, as the invoices and payments were received after year end. The original amount disclosed as incurred during the year was R1 017 501, this has been restated to R1 565 664. The total current year movement has been restated from R1 530 173 to R2 078 336.

29. Risk management

29.1 General

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of business. It is the entity's objective to minimise its exposure to the various financial risks through its risk management policies and procedures.

The entity attempts to manage financial risk where this involves activities in which it has appropriate competencies.

29.2 Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The entity cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the entity is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes.

*See note 28

Notes to the Annual Financial Statements

29. Risk management (continued)

29.3 Categories of financial instruments

		2022 R	2021 R
Financial Assets	**Classification**		
Trade and other receivables		*697 04*	*824 689*
Trade receivables	Loans and receivable	538 079	(1 335 402)
Other receivables	Loans and receivable	158 968	2 160 091
Cash and cash equivalents		*8 504 842*	*2 012 289*
Bank balances	Loans and receivable	1 445 942	1 986 482
Short-term deposits	Loans and receivable	7 058 900	25 807
Financial Liabilities			
Trade and other payables		*17 997 516*	*10 975 566*
Trade payables	Financial liabilities at amortised cost	17 997 516	10 975 566

29.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through proper management of working capital, capital expenditure and cash. Due to the dynamic nature of the underlying operations, the entity aims to maintain sufficient funding through a robust Medium-term Expenditure Framework (MTEF) budgeting process.

The entity manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from overnight to 364 day facilities and the ability to close out market positions.

29.5 Borrowing capacity

In terms of the Public Finance Management Act (No. 1 of 1999) as read with the Treasury Regulations, the entity may not enter into any borrowing agreements without the express consent of National Treasury.

29.6 Interest rate risk

The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus / (deficit). The entity's interest rate risk arises from financial service assets such as cash and cash equivalents. Borrowings issued at floating rates expose the entity to cash flow interest rate risk, while fixed rate borrowings expose the entity to fair value interest rate risk. As part of the process of managing the entity's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

Notes to the Annual Financial Statements

	2022 R	2021 R

29. Risk management (continued)

The sensitivity of the entity's surplus or net assets to its exposure to interest rate risk is presented below. The analysis considers the impact of a reasonably possible change in the prime rate of interest, with all other variables held constant. At the reporting date, the prime rate is 7,00% (2021: 7.00%).

	Movement in basis point	Effect on surplus for the year	Effect on net assets
		R	R
2022			
Floating rate financial assets			
Cash and cash equivalents	+150	201 206	201 206
	-50	(67 069)	(67 069)

Movement in Effect on surplus for

Effect on net

	Movement in basis point	Effect on surplus for the year	Effect on net assets
		R	R
2021			
Floating rate financial assets			
Cash and cash equivalents	+150	30 184	30 184
	-50	(10 061)	(10 061)

There are no foreign interest-bearing borrowings.

Notes to the Annual Financial Statements

	2022 R	2021 R

29. Risk management (continued)

The carrying amounts of the entity's financial instruments that are exposed to interest rate risk are as follows:

29.7 Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in two to five years	Due in five years to ten years
		R	R	R
Trade and other receivables - normal credit terms	10% - 7.00%	697 047	-	-
Cash and cash equivalents:	4.00%	8 504 842		
- Bank balances	4.00%	1 445 942	-	-
- Short term deposits	4.00%	7 058 900	-	-
Trade and other payables	0.00%	17 997 516	-	-

29.8 Credit risk

Credit risk arises on cash and cash equivalents and trade receivables. The risk on the cash and cash equivalents is managed through dealing with well established financial institutions, endorsed by National Treasury.

The risk arising on the trade receivables is managed through normal credit risk relating to the trade receivables is not concentrated due to a diversified customer base. Adequate provision is made for doubtful debts.

The bulk of the customers is concentrated in the private sector but also consists of other government agencies. On-going credit evaluation is performed on the financial condition of trade receivables. No events occurred in the sector during the financial year that may have an impact on accounts receivable that have not yet been adequately provided for.

Notes to the Annual Financial Statements

	2022 R	2021 R

29.9 Gains and losses on financial instruments

2022	Fair value movement R	Interest income R	Interest expense R	Impairment loss R	Total R
Trade and other receivables	-	*(94 344)*	-	-	*(94 344)*
Trade and other receivable	-	(94 344)	-	-	(94 344)
Cash and cash equivalents	-	*(241 013)*	-	-	*(241 013)*
Bank balances	-	(241 013)	-	-	(241 013)

2021	Fair value movement R	Interest income R	Interest expense R	Impairment loss R	Total R
Trade and other receivables	-	-	-	*356 556*	*356 556*
Trade and other receivable	-	-	-	356 556	356 556
Cash and cash equivalents	-	*(1 177 282)*	-	-	*(1 177 282)*
Bank balances	-	(1 177 282)	-	-	(1 177 282)
Trade and other payables	-	-	*70 783*	-	*70 783*
Trade payables	-	-	70 783	-	70 783

30. Irregular expenditure

	2022	2021
Opening balance as previously reported	62 032 749	59 956 380
Opening balance as restated	**62 032 749**	**59 956 380**
Add: Irregular Expenditure - current	2 105 460	2 078 336
Less: Amount written off - current	(6 658 078)	(1 967)
Closing balance	**57 480 131**	**62 032 749**

Notes to the Annual Financial Statements

30. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	2022 R	2021 Restated* R
Non-disclsoure by service provider of subcontracting of tender in whole as per SBD 6,1	Verbal warning issued	1 983 160	1 565 664
No proof of specifications approved by BSC, no proof of tender advert	Written warnings issued	95 040	173 552
No proof of specifications approved by BSC, names of bidders not published on DMSA website within 10 working days after closure of tender	Written warnings issued	27 260	339 120
		2 105 460	**2 078 336**

Prior period error

Adjustment made to closing balance of irregular expenditure is due to an omission of irregular expenditure of R548 163 incurred to Vodacom, during the 31 March 2021 reporting period, as the invoices and payments were received after year end. The original amount disclosed as incurred during the year was R1 017 501. This has been restated to R1 565 664. The total current year movement has been restated from R1 530 173 to R2 078 336.

31. Fruitless and wasteful expenditure

	2022 R	2021 Restated* R
Opening balance as previously reported	2 475 485	2 404 702
Opening balance as restated	**2 475 485**	**2 404 702**
Add: Expenditure identified - current	518 328	453 901
Add: Expenditure identified - prior period	344 370	-
Less: Amounts recoverable - current	-	(383 118)
Closing balance	**3 338 183**	**2 475 485**

Notes to the Annual Financial Statements

		2022 R	2021 Restated* R

31. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Interest charged on late payment of invoice	Due to cash flow challenges faced by the entity	390 274	70 783
Duplicate payment made to supplier	Recovered from supplier	-	378 900
Duplicate payment made to board member	Recovered from board member	-	4 218
Payments made after services were cancelled	Recovered from supplier	26 000	-
Interest and penalties on late payment to SARS	Due to cash flow challenges faced by the entity	102 054	-
		518 328	**453 901**

Prior period error

Interest accrued for late payments to DPWI - PMTE relating to 2020/21 recovery of payments made for consumer charges was only identified in the current year. This amount of R344 370 has been accounted for in the current year.

Amounts under investigation

SARS raised a reconciliation assessment for 2021 EMP501 submission of R9 575 299. Ditsong is disputing this assessment and the resultant penalties and interest. The total amounts under investigation are R11 322 631.07 relating to 2020/2021 tax year and R541 970.39 relating to 2021/22 tax year.

Notes to the Annual Financial Statements

32. New standards and interpretations

32.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Impact is currently being assessed
GRAP 25 (as revised 2021): Employee Benefits	01 April 2099	Unlikely there will be a material impact
iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2099	Unlikely there will be a material impact
GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Impact is currently being assessed
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

Notes to the Annual Financial Statements

	2022 R	2021 R
33. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	2 388 172	3 405 867
• Intangible assets	3 953 183	3 860 385
	6 341 355	**7 266 252**
Total capital commitments		
Already contracted for but not provided for	6 341 355	7 266 252
Property, plant and equipment		
Equipment	954 366	1 791 325
Furniture & fittings	1 433 806	1 614 541
	2 388 172	**3 405 866**
Intangible assets		
Website	2 064 421	3 860 385
Software licences	387 280	-
Computer software	1 501 482	-
	3 953 183	**3 860 385**
Authorised operational expenditure		
Already contracted for but not provided for		
Cleaning Services	3 798 322	5 886 514
Security Services	12 842 985	29 302 782
Other	62 182 398	45 981 157
	78 823 705	**81 170 453**
Total operational commitments		
Already contracted for but not provided for	78 823 705	81 170 453
Total commitments		
Total commitments		
Authorised capital expenditure	6 341 355	7 266 252
Authorised operational expenditure	78 823 705	81 170 453
	85 165 060	**88 436 705**

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses.

Notes to the Annual Financial Statements

34. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus (deficit) of R 866 724 648 and that the entity's current liabilities exceed its current assets by R 17 135 436.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the entity.

35. Segment information

Information about geographical areas

The entity's operations are in the Gauteng Province with the majority of operations being in Pretoria and some operations being in Johannesburg. The operations in Pretoria are spread to Northern Pretoria, Eastern Pretoria and Central Pretoria. Revenues are not allocated per geographical area.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2022

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Johannesburg	2 525	922 519	(11 805 624)	530 707 851
Central Pretoria	134 648 667	8 832 696	(128 598 309)	392 756 488
Pretoria East	441	758 005	(5 430 027)	4 066 731
Pretoria North	400	152 162	(2 429 056)	1 134 017
	134 652 033	**10 665 382**	**(148 263 016)**	**928 665 087**

2021

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Johannesburg	4 346 659	275 455	(7 278 173)	528 059 944
Central Pretoria	133 704 121	1 342 570	(118 105 212)	371 365 278
Pretoria East	2 296 920	482 471	(8 583 707)	29 200 610
Pretoria North	2 479 068	63 972	(4 428 426)	710 463
	142 826 768	**2 164 468**	**(138 395 518)**	**929 336 295**

Notes to the Annual Financial Statements

36. Budget differences

Material differences between budget and actual amounts

36.1 Other grant income

The budget included R170 000 for a research grant. The actual grant awarded was R350 000 but due to resignation of the receipient, the grant recognised was R87 500. An additional grant of R127 471.50 was received to fund a Jazz Festival. The entity also received a grant for infrastructure maintenance, this grant was not included in the budget as there was insufficient evidence to reasonable, determine how much of the grant would be recognised during the year. As at year end, a total of R5 234 756 was recognised after the conditions of the grant were met.

36.2 Service-in-kind

This line item was omitted during the budget process. It relates to the value of free use of properties owned by DPWI. This value is determined by NT and recognised in the AFS at year end. The actual value determined for free use of the 10 properties occupied by the entity amounted to R13 193 230.

36.3 Rental income

The budget was based on an expectation that the demand for use of our facilities would increase with the reduction of COVID-19 restriction levels. Unfortunately most clients resorted to working from home model and the demand for our facilities did not increase as planned.

36.4 Personnel

The vvariance of R1 020 150 can be attributed largely to medical aid increases which were above inflation, changes in medical aid plans and adjustments made to packages of certain salary levels.

36.5 General expenses

The variance is due to expenses incurred that were not budgeted for, such as externally funded projects of R5 155 534, Services-in-kind of R13 193 230 and bad debts of R407 126.

MUSEUMS OF SOUTH AFRICA
an agency of the
Department of Sport, Arts and Culture

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