DITSONG: Museums of South Africa Annual Report

2023/2024

sport, arts & culture
Department:
Sport, Arts and Culture
REPUBLIC OF SOUTH AFRICA

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

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GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES:	Safeguarding, preserving and conserving the heritage of South African citizens
COUNTRY OF INCORPORATION AND DOMICILE:	South Africa
REGISTERED NAME:	DITSONG: Museums of South Africa
REGISTRATION NUMBER:	Not applicable
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EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	First National Bank (FNB)
COUNCIL SECRETARY	Mr F. Mashilo
PREPARER:	The Annual Financial Statements were internally compiled by: Mr N. Hlophe, CFO: DMSA

2. LIST OF ABBREVIATIONS/ACRONYMS

ACH	Arts, Culture and Heritage	**HO**	Head Office
AFS	Annual Financial Statements	**HR**	Human Resources
ARIC	Audit, Risk and Information Communication Technology Committee	**HRREMCO**	Human Resources and Remuneration Committee
AGSA	Auditor-General of South Africa	**ICOM**	International Council of Museums
AVE	Advertising Value Equivalency	**ICT**	Information and Communications Technology
B-BBEE	Broad-Based Black Economic Empowerment	**MANCO**	Management Committee
BRICS	Brazil, Russia, India, China, South Africa (BRICS countries)	**MOU**	Memorandum of Understanding
CEO	Chief Executive Officer	**MTSF**	Medium Term Strategic Framework
CFO	Chief Financial Officer	**NAC**	National Arts Council
COVID-19	Coronavirus Disease 2019	**NDP**	National Development Plan
CoT	City of Tshwane	**NRF**	National Research Foundation
DKM	DITSONG: Kruger Museum	**NSCF**	Natural Sciences Collection Facility
DMSA	DITSONG: Museums of South Africa	**OHS**	Occupational Health and Safety
DNMCH	DITSONG: National Museum of Cultural History	**PFMA**	Public Finance Management Act
DNMMH	DITSONG: National Museum of Military History	**PPE**	Personal Protective Equipment
DNMNH	DITSONG: National Museum of Natural History	**PPPFA**	Preferential Procurement Policy Framework Act
DPM	DITSONG: Pioneer Museum	**RAMP**	Repairs and Maintenance Programme
DPWI	Department of Public Works and Infrastructure	**SAAACA**	Southern African Arms and Ammunition Collector's Association
DSAC	Department of Sport, Arts and Culture	**SAASTA**	South African Agency for Science and Technology Advancement
DSI	Department of Science and Innovation	**SCM**	Supply Chain Management
DSMM	DITSONG: Sammy Marks Museum	**SLA**	Service Level Agreement
DTMC	DITSONG: Tswaing Meteorite Crater	**TR**	Treasury Regulations
DWPAM	DITSONG: Willem Prinsloo Agricultural Museum	**UNESCO**	United Nations Educational, Scientific and Cultural Organisation
EE	Employment Equity	**UP**	University of Pretoria
EXCO	Executive Committee	**VPN**	Virtual Private Network
FAR	Fixed Asset Register	**WSP**	Workplace Skills Plan
FY	Financial Year	**4IR**	Fourth Industrial Revolution
GRAP	Generally Recognised Accounting Practice		
HDI	Human Development Index		

3. FOREWORD BY CHAIRPERSON

Adv M.J. Ralefatane
Chairperson of Council

Introduction

On behalf of the Council of DITSONG: Museums of South Africa (DMSA), it is my pleasure to present the Annual Report for the 2023/24 financial year. The mandate of DMSA is derived from the Cultural Institutions Act (No. 119 of 1998, as amended in 2001), and like all public entities, DMSA is expected to comply with the Public Finance Management Act (No. 1 of 1999, as amended). These legislations among others, were considered in the preparation of the Annual Report.

The DMSA consists of eight (8) museums, representing natural, cultural and military heritage. The remaining five (5) are site museums covering diverse heritage, inclusive of agricultural history, early pioneers history, early entrepreneurship, a site of a meteorite crater, with wild game and a variety of bird species, and a site associated with President Paul Kruger including the residence in which the President and his family resided.

The Annual Report provides a comprehensive account of DMSA's performance in line with predetermined performance targets outlined in the Annual Performance Plan (APP) which is derived from the five (5) year Strategic Plan. It presents DMSA's journey in fulfulling its mandate of conserving and safeguarding the heritage assets under its custodianship. It highlights successes, challenges, and opportunities to be explored towards greater heights in the future or to mitigate identified challenges.

Overview of DMSA strategy and performance

The year under review marked the fourth year of implementation of the DMSA's Strategic Plan for the year 2020-2025. Confronting and overcoming numerous challenges, DMSA is pleased to report an overall achievement of 81.48%

against its planned annual targets. This performance, however, is a regression from the previous year's achievement of 92%. This was attributed to leadership and liquidity challenges, as well as a high vacancy rate, which continued to be a challenge during the year under review.

Despite the many challenges, the DMSA achieved an unqualified audit opinion with findings for the 2023/24 financial year. This performance is the same as the previous financial year. An audit implementation plan will be developed and implemented to address the findings contained in the Auditor-General South Africa's (AGSA) report.

The DMSA started the financial year with a negative financial performance due to under-funded utility bills and the post-retirement obligation. As a result, DMSA continued to implement cost containment measures to contain spending, together with implementation of a Turnaround Strategy.

Most of the governing structures' meetings continued to be held virtually to reduce logistical costs. The financial performance improved during the year and DMSA reports a deficit of 6 million rands mainly attributable to non-cash items such as movements in the post-retirement medical aid liability and depreciation.

The Ministry of Sport, Arts and Culture adopted a 2019 feasibility study on the amalgamation of entities of the Department of Sport, Arts and Culture (DSAC), which would result in the amalgamation of DMSA and the KwaZulu-Natal Museum. While the promulgation/gazetting of this amalgamation occurred after the year ended, processes for preparation of this historic milestone commenced in the year under review. As a result of amalgamation, DSAC placed a moratorium on recruitment, with the exception of critical positions. The DMSA continued to function with a high vacancy rate due to this moratorium, a factor which could have had a resultant effect on the organisation's performance.

The Council, however, registers its sincere gratitude to the Ministry for granting approval to fill the two Director positions for the DITSONG: National Museum of Military History and the DITSONG: National Museum of Cultural History which were subsequently filled post the reporting period. The appointment of these key roles will nearly complete the Executive Committee of the DMSA, leading to enhanced staff morale, improved overall performance, and increased stability in leadership.

It is also my great pleasure to report that the DMSA registered a great improvement in visitor numbers post Covid-19 pandemic, with a resultant positive effect on the rand value of own revenue raised, which exceeded the target slightly. This is a welcomed improvement as increased visitor numbers equate income generation, and means that the DMSA is reaching a wider audience in terms of advancing its mandate of educating the public about heritage under its custodianship.

Strategic relations

The DMSA continued to maintain partnerships with old partners and established new partnerships. While DMSA has benefitted tremendously from services and resources acquired through partnerships, the DMSA's Curatorial and Public Programmes staff have equally contributed in various ways in the heritage, science and education sectors, through programmes such as Careers Week and Science Week which are implemented in partnership with sister government entities. One such partner is the South African Agency for Science and Technology Advancement (SAASTA), an agency of the National Research Foundation (NRF), which provided funding for DMSA to implement Science Week to the benefit of learners from schools around Pretoria.

Our scientists and researchers continued to offer their expertise on various projects locally and internationally. The Director of the Natural History Museum and the Acting Director of the Cultural History Museum participated in an international workshop of museums' experts in November 2023 in Berlin, Germany. As a result of this workshop, a partnership was established with the Humboldt Forum in Germany and one of their researchers secured funding to conduct provenance research in the Anthropology Collection at the DITSONG: National Museum of Cultural History. In addition, the Smithsonian Institute also endowed one of the Humboldt Forum's researchers, together with our anthropology curator, Ms Motsane Seabela, with a grant amounting to $30 000 (approximately R537 000) to undertake research in the Anthropology Collection.

Some of our curators contributed to capacity building of future scientists and researchers through co-supervision of post-graduate students at partner academic institutions both locally and internationally. This gives us pride as an organisation to know that we are contributing to the advancement of science and research globally and we are a recognised organisation beyond the borders of South Africa. This is also testament to the fact that our collections are available to the public for use for purposes of research and education globally.

One of the partners who have continued to express their commitment to the DMSA, particularly to the Military History Museum is the Military History Building and Development Trust. This Trust was developed solely to raise funds and offer services in-kind for the betterment of the DITSONG: National Museum of Military History. During the 2023/24 financial year, the Trust refurbished all the bathrooms of the Military History Museum and replaced stacking doors in one of the exhibition halls. These refurbishments will enhance visitor experience, thereby encouraging further visits to the Museum. We therefore thank the Trust for their continued support to the Military History Museum.

Strategic partnerships are integral to the DMSA' sustainability. Through partnerships, the DMSA is able to achieve far more than it would with allocated funds. We will therefore continue to maximise on partnerships and to establish new collaborations with any interested organisation.

Governance

As the Council for the DMSA, we are committed to ensuring that our governance structures remain efficient through effective compliance, monitoring and evaluation.

We also remain committed to continuously fighting against fraud and corruption. Therefore, Council is dedicated to implementing an appropriate corporate governance framework guided by the Public Finance Management Act, Treasury Regulations, and sound governance principles.

Challenges faced by DMSA

For the second year in a row, the biggest challenge faced by the DMSA during the reporting period was tender fraud and corruption, in the Supply Chain Management (SCM) Unit, reported by a whistle-blower. These allegations revealed that corruption was more widespread within the organisation than initially thought. As a consequence management measure, the implicated officials were placed on suspension and have since undergone the disciplinary processes, leading to their dismissal. The Council in its quarterly meetings, emphasises a zero-tolerance policy towards corruption in the DMSA.

The liquidity challenge remained a significant concern during the year under review. To address this, the DMSA continued with the implementation of the Turnaround and Financial Recovery Strategies approved by the Council. Progress on these strategies is reported and monitored by the Council through its Committees.

Strategic focus over the medium- to long-term period

The main focus of the Council in the new financial year will be to bring stability to the DMSA by addressing liquidity challenges and filling the CEO position. The Council appointed a CEO who occupied the position for a short period and left the DMSA for personal reasons, despite attempts to retain her. This resignation led to the appointment of the acting CEO. This situation was less than ideal and likely resulted in low staff morale especially while the DMSA was dealing with corruption in SCM and needed stable leadership.

Another focus of the Council in the new financial year, will be overseeing the transitional processes of amalgamating of DMSA and the KwaZulu-Natal Museum under the name DITSONG: Museums of South Africa. As mentioned earlier, the amalgamation of the two entities was finalised in May 2024, and the Council of DMSA was appointed as the caretaker Council of the new DMSA effective from 01 July 2024, until the Minister appoints a new accounting authority for the amalgamated DMSA.

Acknowledgements / Appreciation

On behalf of the Council of DMSA, I would like to express our gratitude to the Department of Sport, Arts and Culture, for their continued support of DMSA.

I extend my sincere gratitude and appreciation to the DMSA Council and its various Committees for their oversight role in ensuring that DMSA remains one of the best organisations within DSAC.

Special thanks are due to the Management and all DMSA employees who worked diligently as a team during the past financial year successfully achieving 81.48% of the set targets for the 2023/24 financial year. The staff at DMSA are a knowledgeable, experienced group whose combined expertise makes them a formidable force. Their hard work does not go unnoticed.

In conclusion, we encourage further partnerships and collaborations on future programmes or areas where partners would like DMSA to be involved. Museums are public spaces and we urge members of the public to visit and utilise our museums. We welcome feedback and suggestions from the public on ways in which DMSA can enhance its service delivery in the future.

Adv. M.J. Ralefatane
Chairperson of Council
Date: 31 July 2024

4. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW

Dr M. Mohapi
Acting Chief Executive Officer

Introduction

The 2023/24 financial year was closely aligned with the previous year, particularly in relation to major challenges which continued from the previous year into the new year. One such challenge was the leadership vacuum in the DMSA's executive management created by resignations and contract expirations in the previous year and during the year under review, which could not be addressed due to two factors. First, was the National Treasury Cost Containment Measures issued to National Government Departments and Entities in August 2023, which amongst others, placed a moratorium on recruitment effective from 15 September 2023 to 31 March 2024. This was followed by the moratorium on recruitment placed by the Department of Sport, Arts and Culture (DSAC) pending finalisation of the amalgamation process. These factors prevented the filling of critical positions in the DMSA, thus the DMSA continued to function with a high vacancy rate like the previous year.

The above situation was exacerbated by the resignation of the CEO in January 2024, after serving the organisation for a short period. While the DMSA obtained approval from the DSAC to fill director positions towards the end of the financial year, the CEO position remains vacant and capacity challenges persist in other areas such as Supply Chain Management (SCM) and the core business due to this moratorium. Stable leadership and sufficient staffing are vital for the normal functioning of any organisation, and the DMSA is no exception. These challenges could have created low staff morale, which in turn may have affected productivity during the reporting period.

Despite the above stated challenges, DMSA continued to demonstrate a spirit of tenacity and forged forward in carrying out its mandate of safeguarding over four (4) million heritage assets under its custodianship, conducting research on its collections, thus contributing to the knowledge base and educating the public about the diverse heritage curated at

DMSA on behalf of the people of South Africa. The highlights for the reporting period included the following:

- In collaboration with its strategic partners, DMSA joined the international community in celebrating the 2023 International Museum Day. Through the Public Programmes and Exhibitions Department, the organisation curated several activities to highlight the role of museums under the theme “Museums, Sustainability and well-being”. These activities included a virtual conference, free entry to the eight (8) DMSA museums for a period of a week, exhibitions and outreach programmes. During the period under review, the DMSA reached eighteen thousand nine hundred and seventeen (18 917) people through outreach. Thirteen (13) public lectures were presented during the financial year, which demonstrated the DMSA’s research capability, knowledge production and dissemination.

- Moreover, twenty-six (26) events were coordinated, and these included the celebration of national and international commemorative days. The DITSONG: Willem Prinsloo Agricultural Museum hosted the first Mampoer Festival post the Covid-19 pandemic in collaboration with a long-term partner, the National Cultural Distillers Guild in July 2023. The festival is one of DMSA’s flagship projects which has been hosted for over thirty (30) years and brings together brewers of mampoer and families to enjoy diverse cultural activities based on the Museum’s collections and narrative.

- DITSONG: Museums of South Africa also opened its doors to crafters and creatives as part of a product development initiation in partnership with Constitution Hill and the Imbali Literacy Project. This project saw creatives produce distinct and unique products inspired by the DMSA’s collections. This project was part of the co-curate and co-create programme wherein the DMSA invites creatives, art and culture practitioners to co-create and co-curate projects with the DMSA museums as a demonstration that our museums are public spaces whose doors are open to the public.

- Researchers from the DITSONG: National Museum of Natural History were invited to participate in a multi-disciplinary Waterberg Biodiversity Project in partnership with scientists from the University of Pretoria. This project is a foundational baseline biodiversity data gathering project in the Waterberg Mountain Complex in the Limpopo Province, South Africa. The project is a crucial step towards understanding and conserving the Waterberg Mountain Complex’s biodiversity. The data gathered will be invaluable for managing the various conservation areas and bordering regions, and for planning strategies to protect these areas from potential threats. The project involves the participation of three DNMNH staff members, each specializing in different areas of study; Dr Teresa Kearney focusing on bats, Dr Werner Strumpher’s expertise lies with dung beetles, and Dr Tharina Bird concentrated on solifuges and spiders.

- Dr Annie Antonites, a curator of the Archaeo-zoology Collection at the DITSONG: National Museum of Natural History, was awarded a three-year research grant from the National Research Foundation (NRF) of South Africa for the project: Biographies of the Hunted: Archaeozoological Approaches to First Millennium AD Game Hunting. The project involves osteological and chemical analyses of archaeological animal remains from first millennium AD hunting villages along the Letaba River, Kruger National Park. Communities from these villages participated in some of the earliest trade networks that connected the South African inland to the broader Indian Ocean World. Animal products such as ivory, horns and skins were important trade goods, and this project will focus on how Letaba communities utilised their ecological knowledge to acquire these products.

- The Bolt’s Farm Research Team, comprising of researchers from DITSONG: National Museum of Natural History (DNMNH), Sorbonne University (situated in France) and the University of Johannesburg, contributed new knowledge through a manuscript submitted to the *South African Journal of Science* in which a new species of a giant pantherine cat, discovered at Bolt's Farm Palaeokarst was described. Bolt's Farm Palaeokarst, located in the Cradle of Humankind, is a fossiliferous site that dates back millions of years ago, and provides evidence of episodes of climate change that impacted early hominids and their surroundings. It is incredibly rare to find fossil lions in South Africa. This exciting discovery will therefore offer valuable perspectives on the evolution of big cats in South Africa. The public can view this big cat, together with other incredible discoveries from Bolt's Farm on display at the DNMNH.

- The DMSA, being an institution that fosters continued learning and training, provided young people with internship and work-based learning opportunities during the reporting period. For instance, ten (10) students from the University of Venda studying towards a degree in Indigenous Knowledge Systems were hosted in various DMSA museums for a period of three months, as part of the Work-based Integrated Learning Programme.

Financial overview

The entity achieved the target on 'own revenue generated', which was set at R8 000 000. This can be attributed to a steady increase in visitor numbers, the implementation of income generating activities, as well as external fundraising activities. For example, the organisation received a research fund from the National Research Foundation (NRF), as well as a grant from the South African National Museum of Military History Building and Development Trust for much needed renovations and repairs at the DITSONG: National Museum of Military History.

The entity continued to have a strong asset base in 2023/24, with total assets amounting to R942 839 435 which is slightly higher than the 2022/23 figure of R942 116 567. These assets are used to manage the eleven (11) sites under DMSA's custodianship. Unfortunately, these eleven (11) sites are old and require regular maintenance and are in desperate need of upgrades. The poor state of our assets has a negative impact on the potential to attract visitors and hampers efforts or strategies to maximise income generation for sustainability of the DMSA.

The relatively low revenue base and constantly increasing cost of doing business and rising consumer charges have caused some cash flow challenges during the year under review. The entity is facing a worrying liquidity ratio as it is unable to meet its current obligations. It is not all doom and gloom as the entity has a Turnaround Strategy that seeks to increase revenue and address the negative liquidity ratio in the next few years.

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 R6 431 062 in the 2023/24 financial year, which was a great improvement from the R18 664 212 deficit reported in the 2022/23 financial year. The total expenditure was managed below budget resulting in an under expenditure of 9% in 2023/24 which is a contrast to the 38% above budget that was reported in the 2022/23 financial year. Included in the current year's deficit are non-cash items such as depreciation and amortisation of assets amounting to R3 484 834 and expenses relating to the valuation of the post-retirement obligation amounting to R6 405 000.

The organisation is still in the process of recovery following the Covid-19 pandemic, as its self-generated revenue remains below pre-pandemic levels. Own revenue collection increased from the previous year's reported amount of R7 746 646 to R8 226 194 in 2023/24 financial year. This was a welcomed result as the own revenue generated target of R8 000 000 was achieved in the current year.

Capacity constraints and challenges

As stated previously, during the reporting period, DMSA functioned with a very high vacancy rate, and of particular concern were the vacancies in the Executive Committee (EXCO) and other crucial positions, particularly in SCM and the core business. These positions could not be filled due to a moratorium placed on recruitment, first by the National Treasury, followed by the DSAC pending the finalisation of the amalgamation process. New appointments made post the reporting period included that of Director: DITSONG National Museum of Military History and Director: DITSONG: National Museum of Cultural History. The CEO position remains unfilled. However, we remain optimistic that once amalgamation is finalised, DMSA will emerge stronger because a new organisational structure will be developed and implemented to cater for the needs of a larger entity. Policies and systems will also be synchronised to bring about harmony to the amalgamated entity. There will also be improvement of the entity's core business processes and intensification of business development activities to ensure sustainability of the new DMSA.

The general lawlessness and high crime rate in the country continued to affect DMSA negatively. Of particular concern were incidents of criminal activities committed at DITSONG: Tswaing Meteorite Crater, which borders on the Winterveld and Soshanguve settlements and DITSONG: Sammy Marks Museum near Silverton, Pretoria. These sites were exposed due to the lack of perimeter fencing on major parts of the sites, which exposed them to criminal elements. Tswaing Meteorite Crater has had long term community relations issues, which have resulted in Management engaging with various stakeholders in the three spheres of government. This multi-stakeholder engagement will continue to ensure safety of visitors, staff and assets on this site. All these criminal activities on the affected DMSA sites were reported to the South African Police Service (SAPS) and investigations are underway.

A report on preliminary investigations conducted by Internal Audit on SCM indicated that there was prima facie evidence pointing to tender fraud and corruption during the reporting period. Tender fraud and corruption have now been reported for two years in a row, pointing to the depth of the problem at DMSA. The implicated officials were dismissed following disciplinary processes and cases were opened with SAPS; an indication of the decisive manner in which corruption is dealt with when discovered at DMSA.

Discontinued key activities

There were no changes made to the Annual Performance Plan (APP) during the reporting period. Most indicators on the approved APP were implemented, leading to the achievement of 81.48 % of the planned targets.

New or proposed key activities

The organisation is looking into intensifying its income generation and fundraising activities to address liquidity challenges in the 2024/25 financial year. These activities are part of the DMSA's approved Turnaround Strategy, developed to achieve financial sustainability.

Requests for rollover of funds

The closing cash and cash equivalents for the 2023/24 financial year amounted to R12 169 745. A balance of R8 266 506 of the closing cash and cash equivalents for the 2023/24 financial year is for the ringfenced conditional infrastructure grant funding for the implementation of infrastructure projects. The request for the rollover of funds to National Treasury for the 2023/24 financial year is made on the basis of the audited figures as highlighted above in compliance with calculation in terms of Paragraph 3.2 of the National Treasury Instruction No 12 of 2020/2021.

Supply Chain Management

The Supply Chain Management (SCM) Unit was yet again marred by allegations of tender fraud, irregularities and corruption during the year under review. This has resulted in the entire staff of the SCM Unit exiting the entity through dismissal. These issues have created capacity constraints in the Unit, disrupted operations and have potential to taint the organisation's reputation.

All concluded unsolicited bid proposals for the year under review

There were no unsolicited bid proposals submitted during the reporting period.

Whether SCM processes and systems are in place

The SCM processes and systems remain in place even amid the incidents of tender fraud and irregularities during the reporting year. However, the effectiveness and the integrity of the SCM Unit requires a comprehensive review and reinforcement to prevent future occurrences.

Strategies to address challenges of fraud and corruption in the organisation:

Fraud and corruption were the biggest challenge facing the DMSA during the reporting period. Fraud and corruption can further cause multiplicity of risks for the organisation, inclusive of:

- Loss of trust and reputational damage.
- Financial losses.
- Operational disruptions.
- Non-compliance with relevant legal prescripts.
- Low staff morale and culture.

These challenges, especially given the repeated frequency of their occurrence at DMSA, require a multifaceted approach that includes the strengthening of internal controls, promoting ethical practices and also conducting thorough due diligence processes. By implementing the following strategies, DMSA aims to mitigate the risks associated with fraud and corruption and maintain the integrity of the Supply Chain Management operations:

1. **Strengthening of internal controls**

   A robust policy implementation and adherence to procedures to ensure transparency and accountability. Development of clear roles and responsibilities through approved delegations and ensuring more reliable financial performance.

2. **Segregation of duties**

There must be clear and separate roles and responsibilities in order to prevent conflict of interests. There must be a continuous risk assessment conducted to identify areas where lack of segregation could lead to potential fraud, errors and other inefficiencies. These controls are not only limited to approval hierarchy or delegations, but also to assigned access rights in the systems. DMSA has managed to implement a temporary solution to the staff shortage issue by placing three employees from other units to assist in the SCM Unit, in order to maintain operational efficiencies.

3. **Conduct regular audits and reviews**

Conducting regular audits and reviews within the SCM is important for ensuring compliance, identifying inefficiencies, and preventing fraud. These reforms will address any potential non-compliance with relevant laws, regulations and policies. It also checks whether the best standard practices are adhered to. In a nutshell, regular audits and reviews are critical for maintaining the integrity, efficiency and compliance of Supply Chain Management processes, improve operational performance and ensure alignment with strategic goals of the DMSA.

4. **Continuous monitoring and reporting**

Continuous monitoring of the SCM activities on a regular basis for ensuring oversight, detecting anomalies and maintaining compliance and efficiency. Therefore, regular performance reviews with internal and external stakeholders will be conducted to discuss both operational and strategic issues not limited to audit report findings.

5. **Approved policies and procedures**

DITSONG: Museums of South Africa will enforce compliance within SCM through approved policies and procedures to ensure transparency, efficiency, fairness and adherence to regulations. During the reporting year, DMSA approved the amended SCM policy and conducted an SCM Reform Workshop for all personnel involved in SCM processes, including Bid Committee members, Administrators and Management to understand procedures and their roles in compliance. This workshop was aimed at addressing all shortcomings experienced in the SCM Unit and improving internal controls and enhancing operational efficiencies and compliance.

Audit report and matters in the previous year

The DMSA obtained an unqualified audit opinion with findings in the previous financial year. The Audit Implementation Plan was developed to address the audit findings with a particular focus on the root causes to prevent recurring audit findings in the 2023/2024 financial year. Out of the thirty-one (31) findings reported in the 2022/23 External Audit Implementation Plan, twenty-seven (27) (87%) have been implemented, the remaining four (4) (13%) are control improvement findings which are implemented as events occur.

Outlook or plans for the future to address financial challenges

Liquidity challenges remained a huge concern during the year under review, resulting in a devastating liquidity ratio of 0.31. To mitigate this challenge, DMSA will intensify the implementation of the Council approved Turnaround Strategy, intensify fundraising activities and strategic partnerships. The Turnaround Strategy seeks to achieve financial sustainability for the organisation through the following means:

- Introduction of new income generation projects meant to attract new and non-traditional audiences to the DMSA museums.

- Strengthening or refining old museum offerings for profit maximisation.
- Implementing cost containment measures and prudent management of staff-related costs.

Events after the reporting date

After the reporting period, the Minister of Sport, Arts and Culture signed a Gazette, promulgating the merger between DITSONG: Museums of South Africa and KwaZulu-Natal Museum under the name DITSONG: Museums of South Africa. Pursuant to this gazette, the DMSA Council was appointed as a caretaker Council of DMSA until the Minister appoints a Council for the new merged DMSA.

Two Directors were appointed effective 01 July 2024 to head the DITSONG: National Museum of Cultural History and DITSONG: National Museum of Military History. These appointments will address the leadership vacuum and bring stability to the executive leadership of DMSA.

Economic viability

The DMSA was operating under very difficult fiscal and economic conditions in the 2023/24 financial year, exacerbated by the persistent electricity crises on the South African economy. The South African economy was marred with higher government debt and increased costs of doing business, with little increase on the revenue.

“Despite the improved global outlook for 2024, South Africa’s near-term growth remains hamstrung by lower commodity prices and structural constraints. We estimate real GDP growth of 0.6 per cent in 2023. This is down from 0.8 per cent growth estimated during the 2023 MTBPS.

The revision is due to weaker-than-expected outcomes in the third quarter of 2023, particularly in household consumption and fixed investment. Between 2024 and 2026, growth is projected to average 1.6 per cent. The growth outlook is supported by the expected easing of power cuts as new energy projects begin production, and as lower inflation supports household consumption and credit extension.”

(Microsoft Word - English 2024 Budget Speech.docx (treasury.gov.za)

The above statistics, as extracted from the 2024 budget speech, explain the fiscal constraints faced by the South African economy and by extension of the financial and funding challenges faced by DMSA as an entity of government. Despite the economic challenges facing South Africa, DMSA assessed whether it can operate as a going concern in its preparation of the 2023/2024 Annual Financial Statements (AFS) and concluded that it will remain a going concern.

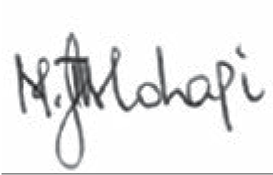
Acknowledgements / Appreciation

I would like to express sincere gratitude to the DMSA Council and its Committees for playing the oversight role to foster accountability to Management. Your support and guidance are always appreciated.

The Management team and all the hardworking employees of DMSA, and the two labour partners, NEHAWU and SAPTU are deeply appreciated for their dedication to the organisation.

Lastly, appreciation goes to the many strategic partners which the organisation has, and to the Department of Sport, Arts and Culture for continued support and guidance. DMSA would not have been able to achieve some of its performance indicators, if it was not because of the support of strategic partners who funded some of our programmes or helped to implement programmes. Some of these partners are:

- The South African National Museum of Military History Building and Development Trust.
- The National Research Foundation.
- The University of Pretoria.
- The South African Agency for Science and Technology Advancement (SAASTA).
- The Sorbonne University (France).
- University of Johannesburg.
- Sol Plaatje University.



Dr M. Mohapi
Acting Chief Executive Officer
Date: 31 July 2024

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

The Annual Report is complete, accurate and is free from any omissions.

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

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

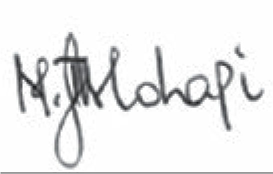
The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

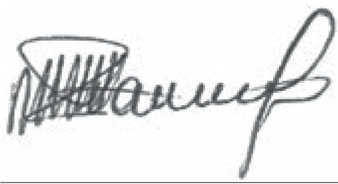
The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully



Acting Chief Executive Officer
Dr M. Mohapi
Date: 30 August 2024



Chairperson of the Council
Adv. M.J. Ralefatane
Date: 30 August 2024

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:

6.3.1 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.

6.3.2 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.

6.3.3 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.

6.3.4 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.

6.3.5 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”.

6.3.6 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 Mandate

DMSA develops, manages and administers some of the largest and most significant Southern African heritage assets in the fields of natural history, 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 Sport, Arts and Culture, is:

- 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 institution;
- 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; and,
- to determine, subject to this Act, and with the approval of the Minister, the objectives of the declared institution, and
- 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 support 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; and

Priority 5: Spatial integration, human settlements and local government.

7.3.2. Alignment to DSAC Outcomes

Shareholder Mandate

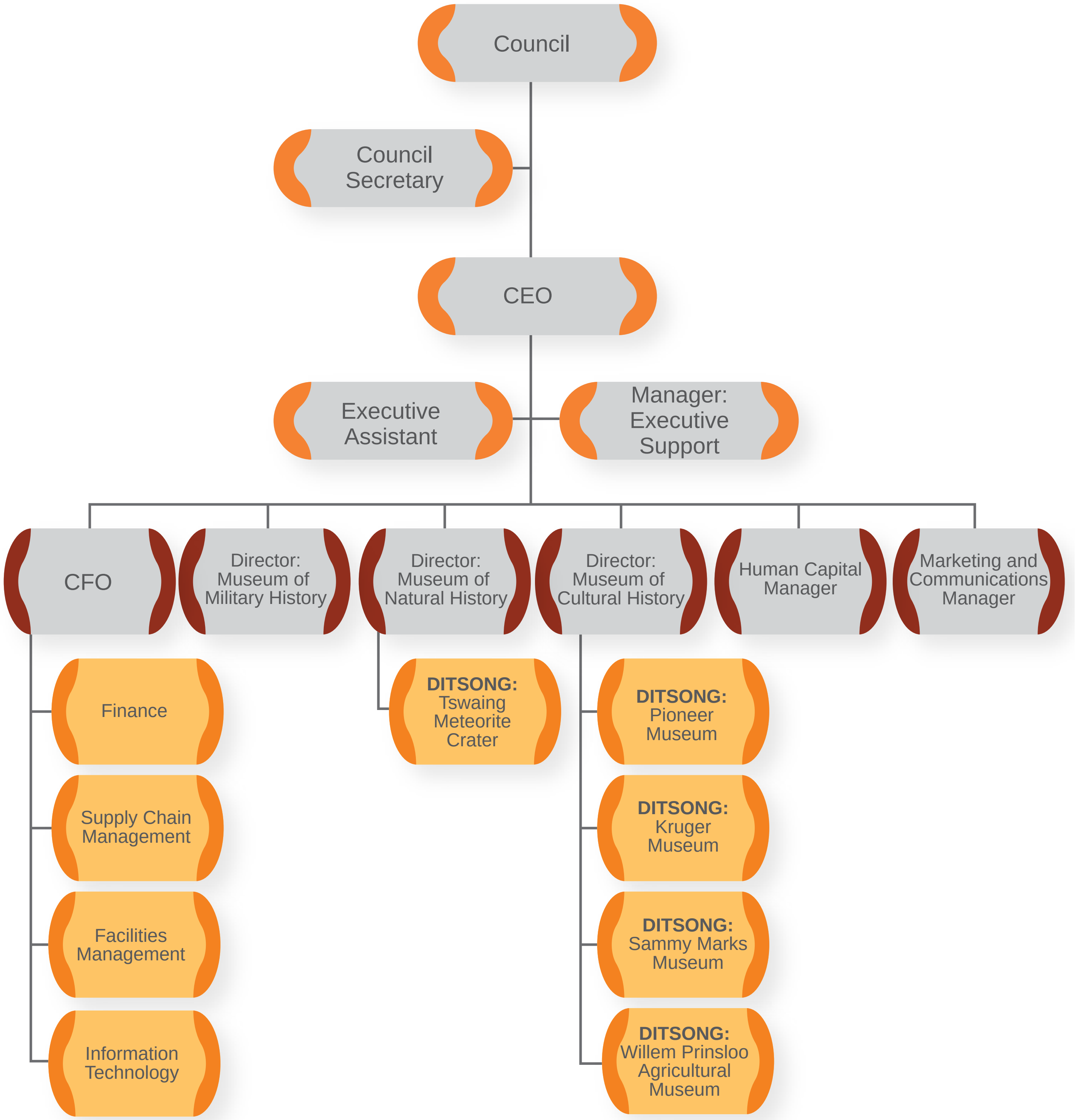
In support of the Government imperatives and DSAC, the DMSA has embedded the implementation of the MTSF goals – to realise nation building and social cohesion – in the execution of its mandate

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 guidelines and 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 guidelines and standards
Compliant and responsive governance	**Outcome 6**: A compliant and responsive organisation

7.4 Other Relevant Legislations

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
Public Finance Management Act	Act 1 of 1999
Skills Development Act	Act 97 of 1998
Protection of Personal Information Act	Act 4 of 2013

8. ORGANISATIONAL STRUCTURE



9. EXECUTIVE COMMITTEE


Dr M. Mohapi
Acting CEO


Ms T. Perregil
Acting Director: DNMCH

Mr A. Sinclair
Acting Director: DNMMH


Dr W. Strümpher
Acting Director: DNMNH


Mr N. Hlophe
Chief Financial Officer

10. COUNCIL COMMITTEES

Adv M.J. Ralefatane
Chairperson

Dr A. Mdletye
Deputy Chairperson

Mr M. Masooa
Member of Core Functions Committee

Ms C. Fani
Member of HRREMCO

Ms Z. Dlamini
Member of ARIC

Ms Z. Ngcibi
Member of Core Functions Committee

Dr D. Ngobese
Chairperson of HRREMCO

Mr H. Nkanyane
Member of ARIC

Mr G. Ontong
Chairperson of Core Functions Committee

Mr S. Maharaj
Independent Chairperson ARIC

PART B:

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information, to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to pages 84 - 90 of the Auditor-General's Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

This is the fourth Annual Report of the DMSA which is 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.

Despite the numerous challenges, DMSA was able to achieve 81.48% of its annual output indicators.

2.1.1 Annual Performance Plan Indicators 2023/24

The detailed reporting on DMSA's predetermined outputs, including indicators, is outlined below. DMSA's performance information reflects that out of the 27 planned indicators, 22 (81.48%) have been achieved, and 5 (18.52%) have not been achieved.

Output Indicator	Annual Target	Annual Achievement
Total of physical visitors to the DMSA museums per annum	120 000	161 822
Number of virtual visitors per annum	6 000 000	7 177 852
Number of people exposed to DMSA through outreach activities	10 000	18 917
Percentage improvement in visitor perception rating	12%	6%
Number of experiential training participants per annum	10	17
Percentage implementation of annual Workplace Skills Plan	100%	100%
External audit outcome on previous year's financial statements	Clean audit achieved	Unqualified audit with findings
Percentage of contracts awarded to black-owned service providers per annum	65%	100%
Percentage of total amount spent on level 1 B-BBEE compliant service providers	90%	98%
Rand value of own revenue generated	R8 000 000	R 8 364 687
Percentage compensation of employees' expenditure to total expenses	60%	45%
Percentage expenditure of budget on core business functions	42%	53%
Number of peer-reviewed articles submitted for publication	12	15
Number of public lectures presented	12	13
Number of popular articles published or posted	45	53
Number of internal research seminars presented	2	2
Percentage of heritage objects accessioned per annum	100%	100%
Percentage of high-value heritage assets verified per annum	7%	8.4%
Percentage implementation of Conservation Plan per annum	100%	100%
Number of new partnerships established per annum	6	2
Number of events held	13	26
Number of new educational programmes developed and approved per annum	8	8
Number of travelling exhibitions hosted	1	0
Number of displays created	12	13
Number of temporary exhibitions created	1	1
Number of permanent exhibitions created	1	0
Number of projects implemented through co-create programme	4	4

2.2. Overview of DITSONG Museums

DITSONG: Museums of South Africa is an amalgamation of eight (8) museums, seven (7) in Tshwane and one (1) in Johannesburg. These museums have diverse collections covering the fields of palaeontology, natural history, military history, cultural history, geology, anthropology and archaeology.

Highlights from Museums:

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

The theme of nation building, reconciliation and social cohesion remains one of the drivers that pushed the DITSONG: National Museum of Cultural history this year to turn its focus more intently on repatriation and restitution of unethically collected objects with the aim to address injustices if South Africa's storied past. Provenance research internally and through partnerships with international museum bodies such as the Smithsonian, Humboldt Forum and Manchester University Museum has assisted the Museum in moving from the old colonial way of collecting, preserving and disseminating knowledge towards a greater community involvement making the source communities co-curators in collections. Field work in the Limpopo and KwaZulu-Natal provinces has started yielding results.

The DNMCH uses this method to enrich the provenance of ethically collected materials since the knowledge of the creation, use and care of these objects rests with the source communities. These projects aim at connecting communities with the objects in museum collections and fostering in them an understanding of the use of some of these objects and their significance to each cultural group. This leads to a greater appreciation of the skills, knowledge, history and significance of objects which are of everyday use in a household and this appreciation builds cultural pride and understanding.

A former CEO once stated, "We are fortunate to have amassed incredible collections over the decades, and these assets reflect our expertise and years of collection practices, which attest to our reputation as an institution." This statement was made with the view that DITSONG: Museums of South Africa and as one of its museums the DNMCH should evolve its practices to support our government's work towards social cohesion using ever evolving methods and technologies. Natural conservation techniques which deviate from the standard 'western' conservation parameters are being explored in these community engagement projects and experiments are being conducted in the museum to test which techniques work best for South African objects.

Despite some obstacles, the Museum hosted several events and school groups. International Museum Day was extended to a week's worth of free museum entries and activities for South Africans of all ages and interests.

Mr Terence Mkhonza, our education officer interacted with students from Boston media house and was interviewed about DNMCH exhibitions.

A public lecture was presented on the topic "Ancestral voices: the importance of oral history" in November in line with our focus of building an inclusive museum.

Not limiting our focus just to Southern Africa, an educational programme has been developed titled: Ancient African Society – Egypt (grade 5). This should build an appreciation of ancient cultural practices of our fellow Africans.

Outreach programmes to Mamelodi Mall, Khubamela and Makgatlhanong Primary Schools and Mamelodi Community Hall took the Museum into the communities the Museum wants to work with and develop relationships with.

The year concluded with an exciting exhibition at the Pretoria Fees which is an indication that previous museum audiences are not disregarded whilst DNMCH tries to extend its audience and peak the curiosity of all South Africans.

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

The DITSONG: National Museum of Military History provides a home for the memory and study of military history. The Museum began its existence during the Second World War (1939 – 1945) when a few far-sighted individuals grasped the need to collect material evidence of our nation's contribution to world history. The Museum was opened on 29 August 1947 and in 1975 its scope was widened to reflect all military conflict in which South Africans have taken part. Many of the displays can be viewed in the two Bellman aircraft hangars, the original buildings on site when the Museum was opened. Over the years, many other buildings have been added. The Museum is also the home to various enthusiast and military veterans' organisations.

The Museum houses some of the rarest military equipment in the world. The German Me 262 two-seater night fighter was converted from a two-seater trainer to cater to the urgent need for an aircraft capable of combating the British Mosquito and was deployed in the defence of Berlin in1945. It was captured in Denmark at the end of the war and flown to the United Kingdom prior to it being shipped to South Africa in 1947. The Molch One-Man Submarine is one of several types of midget submarines built by Germany during the Second World War. These were intended for attacking Allied supply shipping off the European coast but were found to be unreliable. The example on display was the first item to be acquisitioned at the Museum. An example of a rare weapon is the German 7.92mm Fallschirmjägergewehr (FG) 42, an automatic rifle developed for German airborne troops. It was first used in action in September 1943 during the rescue of Benito Mussolini by German glider troops. Thereafter it was used by German paratroopers in Italy and on the Eastern Front. Among the valuable medals, orders and decorations located in the collection, is the Victoria Cross, the highest award for bravery, awarded posthumously to the South African Capt Edwin Swales after he had been killed during a bombing raid on Pforzheim in Germany in 1944. The award can be seen along with the other medals in the Swales group. A rare decoration is the Honorus Crux Diamond Class. As the highest decoration between the years 1975 and 1991, the Diamond Class was to be awarded to members of the South African Defence Force who distinguished themselves by performing deeds of outstanding valour at extreme risk to their lives. Recipients would have carried the post-nominal titles HCD. The decoration was never awarded and the example presented to the Museum is the only one of its kind to be struck.

Highlights of items donated to the DNMMH during the financial year in question include the following:

- A collection of one hundred and twenty eight (128) examples of the new SANDF rank insignia introduced into service in 2002 and donated by the Department of Defence Logistics Division. The Museum previously had no examples of the current series of badges of rank in use.
- A set of uniforms worn by the Cape Garrison Artillery donated by Group Captain A Bastable, the British Military Attache in Zimbabwe.

Four (4) Volunteer Maintenance Days, organised by the Ditsong National Museum of Military History Building and Development Trust, took place at the Museum during the year. Volunteers from military veterans' associations such as the Gunners Association, the SAAF Association, the Naval Officers Association, the 61 Mech Veterans Association, the 21 Bn Veterans Association, the Legion Associated Airborne, RSA and the South African Indian Legion assisted in cleaning many exhibits on each of these days. A number of school groups and other interested bodies also assisted at times. These days served to foster a sense of community involved in the upkeep of the Museum.

Three (3) major maintenance projects, funded by the DNMMH Building and Development Trust, were undertaken. These were the refurbishment of the Museum's public toilets, the maintenance and repair of a set of the large stacker doors located in the Armour Hall and the provision of a garden service to maintain the Museum's garden areas. DMSA is indebted to the Trust for their continued interest in the maintenance of the Museum.

Events held at the Museum included the Annual Arms Fair, hosted by the South African Arms and Ammunition Collectors Association, the Annual 61 Mech Veterans Parade and the Annual Warsaw Flights Commemoration partnered with the Polish community in South Africa. The Civic Remembrance Commemoration and Wreath Laying Event, normally hosted by the City of Johannesburg at the Cenotaph, was held at the Museum on 13 November this year due to logistical challenges experienced by the City in hosting the event at its traditional venue.

Although the year was, once again, marked by frugal expenditure due to financial constraints there were several successes. Curatorial staff at the Museum produced thirty (30) popular articles which were published on the DMSA website.

Conservation activities included the de-rusting and re-painting of the following exhibits:

- The Molch Midget Submarine.
- The Quick Firing 3-inch AA Gun Mk III.
- The Oerlikon AA Gun Mk III.
- Hotchkiss 6 Pounder Naval Gun.

The Museum conserved forty-five (45) books with torn covers and pages and sixty-eight (68) torn maps in the library. In addition, two hundred and five (205) medals were placed into new propylene bags.

A total of three (3) displays were produced at the Museum. One highlight was a display of a model produced by the Commonwealth War Graves Commission entitled "Last Post: One Man, One Grave". The Commonwealth War Graves Commission is developing this war memorial to honour the many South Africans of colour who lost their lives in both world wars but who previously received no public acknowledgement and recognition of the service and sacrifice. The memorial, envisioned as a site adorned with beautiful natural African hardwood posts, carries a powerful metaphor. Each post symbolises a life lost, representing a forest devastated by the inferno of war—a poignant reminder of the human cost of conflict. It will also serve as a place for reflection. The DNMMH was offered the opportunity to display a model of this Memorial over the Christmas season.

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

Curators

A total number of fifteen (15) peer-reviewed articles were published by curators and some curators also conducted national and international field trips. Curators continue to serve on the councils of scientific bodies, with two (2) lecturing at universities. Some of our curators supervise postgrauduate students (BSc, Hon, MSc, PhD level) and also providing scientific services through reviewing papers and research proposals.

Mr Lazarus Kgasi, a junior curator based in the Plio-Pleistocene Palaeontology section

Mr L. Kgasi has garnered international recognition for his expertise. The International Union of Geological Sciences sought his review of three geo-heritage collections from Lebanon, Italy, and Australian museums for inclusion in the IUGS-geological collection designation. Mr Kgasi is also a voting member of the Subcommission on Geo-Collections, representing the African continent.

His collaboration with local and international researchers has led to the discovery of a new species of Lovebird (Aves, Psittaculidae, Agapornis) from the Cradle of Humankind. This exciting find, detailed in a peer-reviewed article soon to be published in an international journal, is just one example of his commitment to preserving and expanding our understanding of the natural world.

Dr Annie Antonites, curator of the Archaeozoology and Large Mammals Section, is leading a compelling project. She has received a competitive National Research Foundation (NRF) three-year funding award for Y-rated researchers (± R300k). This project will delve into the archaeological animal remains from the first millennium AD (Early Iron Age) hunting villages along the Letaba River in the Kruger National Park. These communities participated in some of the earliest trade networks with the broader Indian Ocean World, making this a project of immense global significance and underlining the importance of our work.

Dr Werner Strümpher, is the curator of Coleoptera. The section houses one of Africa's largest and most complete beetle collections. Its fundamental mission is to document the beetle fauna across southern Africa. Dr Strümpher collaborated with national and international museum scientists and published several peer-reviewed articles in international journals, including the description of several new scarab beetle species.

The section also conducted the first comprehensive and structured biodiversity survey of dung beetles in the Waterberg Mountain Complex in Limpopo Province. This work forms part of a multi-disciplinary foundational baseline biodiversity data-gathering project in the region. The survey has recorded more than one hundred and thirty (130) species of dung beetles, several of which are new to science. Through this work, the Waterberg Mountain Complex is now recognized as a biodiversity hotspot for dung beetles in South Africa.

Dr Tharina Bird, curator of General Entomology

General Entomology hosted Ms Sabrina Torres Kalme, doctoral student of Charles University (Czech Republic) for two (2) months. Ms Torres is co-supervised by Dr Bird. Dr Bird conducted various fieldtrips during the year. Research trips to the Waterberg Biosphere (Limpopo Province) formed part of the Waterberg Biodiversity Project. A fieldtrip that she conducted in January 2024 to Namibia was a full-fledged expedition to the remote Uri-Hauchab inselberg in the Namib dune sea, where she collected a number of arachnids for the first time from that area. Dr Bird's fieldtrips largely focus on generating data for her research on the arachnid group solifuges (romans). Dr Bird continues to serve as member of council of the International Society of Arachnology (ISA). In February 2024 she was also elected chair of the African Arachnological Society (AFRAS).

Dr Teresa Kearney, curator of Small Mammals

In the small mammal section, the digital imaging of the type collection was completed by the Natural Science Collection Facility. During Science Week, the section staff found it rewarding to inform learners about the collections. The curator contributed small mammal knowledge to undergraduate courses at the University of the Witwatersrand and the University of Pretoria. Two post-graduate students were supervised by the small mammal curator, one of whom, Tlaishego Nkoana, was awarded his PhD. A chapter from his thesis was published in a journal dedicated to bat research, which set the groundwork for his study on methods for aging a cave roosting fruit bat that will be useful for conservation and disease management. As part of other collaborative research projects, the small mammal curator was a co-author on posters and presentations at several conferences (African Small Mammal Conference, Oppenheimer Research Conference, Southern African Wildlife Management Association Conference, and the Zoological Society of Southern Africa Conference).

A highlight of research done on the collection by other researchers was the use of DNA sequence information retrieved some years ago from a specimen of a rare golden mole species, which was used in another more recent study. The publication showed the presence of this rare, elusive species at several West Coast localities because of an innovative conservation approach. Soil samples from various West Coast sites were sequenced; from traces of DNA that matched the sequence retrieved from the specimen in the collection, they could tell where this rare species is still present. In this financial year more samples were taken from specimens for studies that have not yet been published, which continue the use of the collection to reveal DNA sequence information. These initiatives seek to clarify the phylogenies and taxonomy of the bushbabies and climbing mice.

2.3. Organisational environment

As stated in the CEO's Overview, the DMSA experienced a leadership vacuum, particularly in executive management due to resignations and retirement which took place during the reporting period and prior period. This challenge could not be addressed due to a moratorium placed on recruitment as part of Government's Cost Containment Advisory Note of 31 August 2023, followed by one placed by the Department of Sport, Arts and Culture (DSAC) due to the Amalgamation process.

The DMSA was also faced with new allegations of fraud and corruption in Supply Chain Management (SCM), which resulted in the dismissal of the implicated employees.

These factors demoralised staff and affected performance of the organisation negatively.

2.4. Key policy developments and legislative changes

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

2.5. Progress towards achievement of institutional Impacts and Outcomes

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

1) Priority 1: A Capable, Ethical and Developmental State.
2) Priority 2: Economic Transformation and Job Creation.
3) Priority 3: Education, Skills and Health.
4) Priority 5: Spatial integration, Human Settlements and Local Government.
5) **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"*.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

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 resources 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 Institution 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 focusing on the needs and requirements of the end-users, and to develop and implement a digital transformation strategy underpinned by the 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.

3.1.1 Programme Performance Information

Marketing and Communications

The sub-unit targeted one hundred and twenty thousand (120 000) as a number of physical visitors to museums per annum and achieved one hundred sixty-one thousand eight hundred and twenty-two (161 822) visitors, resulting in an over achievement of forty-one thousand eight hundred and twenty-two (41 822). The target was to reach six million visitors per annum. DMSA managed to achieve seven million one hundred and seventy-seven thousand eight hundred and fifty-two (7 177 852) visitors. The number of people exposed through DMSA through outreach activities achieved is eighteen thousand nine hundred and seventeen (18 917), which is eight thousand nine hundred and seventeen (8 917) more than the planned ten thousand (10 000). One indicator was not achieved, specifically the target of a 12% improvement in visitor perception of DMSA, resulting in a shortfall of 6%, which was determined by conducting surveys at targeted events.

Office of the CFO

The Office of the CFO targeted eight million rand (R8 000 000) in own revenue through diversified sources and successfully over achieved its plan by three hundred and sixty-four thousand and six hundred and eighty-seven rands (R 364 687). Furthermore, an overachievement of 15% was attained in containing employee costs to below 60% resulting in a 45% achievement. Administration costs were reduced resulting in more resources being directed to resourcing core functions of DMSA, the actual planned target for the financial year was 42% resulting in 53% of the entity`s total budget being spent on activities and expenditure that drive the mandate of the organisation.

Procurement was targeted at black owned businesses with the intention to support their empowerment with a planned target of 65%, This target was achieved by awarding 100% of its contracts to black-owned service providers. Our procurement efforts resulted in an 8% overachievement, with 98% of the total rand value spent on level 1B-BBEE compliant service providers, exceeding our initial target of 90%. Only one indicator was not achieved being that of obtaining a clean audit with DMSA attaining an unqualified audit with material findings.

Human Capital Management

The Human Capital Management team achieved both outstanding results in its Annual Performance Plan for the 2023/24 financial year, exceeding its target by 7% with 107% participation in experiential training, and successfully implementing 100% of the Annual Workplace Skills Plan.

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

Programme 1: Administration										
Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
3. Increased visibility, accessibility and awareness of heritage assets	Marketing and communications	Increased number of visitors to DMSA museums	3.1. Number of physical visitors to museums per annum	94 395	145 510	120 000	161 822	41 822 over	The positive variance is due to increased visitor numbers and hosting of events on the various sites.	-
			3.2. Number of virtual visitors per annum	8 019 305	10 763 765	6 000 000	7 177 852	1 177 852 over	The positive variance is a result of increased online activities which directed visitors to the DMSA website	-
			3.3. Number of people exposed to DMSA through outreach activities	10 191	20 584	10 000	18 917	8 917 over	The positive variance is due to an increase in outreach activities.	-

Programme 1: Administration

Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
4. Increased participation of historically disadvantaged groups in the heritage sector	Office of the CFO	Preferential procurement and set-asides implemented	4.1. Percentage of contracts awarded to black-owned service providers per annum	100%	100%	65%	100%	35% over	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	90%	99%	90%	98%	8% over	Procurement was targeted at black owned businesses, with the intention to support their empowerment	-
	Human Capital Management	Internship and experiential programme implemented	4.3. Number of experiential training participants per annum	15	12	10	17	7 over	Museums were able to accommodate more students	-

Programme 1: Administration										
Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
5. Improved financial sustainability of DMSA	Office of the CFO	Increased revenue through diversified sources	5.1. Rand value of own revenue generated	R 5 217 396	R7 746 646	R8 000 000	R8 364 687	R364 687	Positive variance as a result of increased income generation activities	-
		Costs contained and resources directed towards the core business	5.2. Percentage compensation of employees' expenditure to total expenses	48.31%	56%	60%	45%	15% over	Reduction in COE budget affected during the FY	-
			5.3. Percentage expenditure of budget on core business functions	43.17%	47%	42%	53%	11% over	Reduction in administration costs to cater for core function needs	-

Programme 1: Administration

Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
6. A compliant and responsive organisation	Office of the CFO	External audit outcome on financial statements	6.1. External audit outcome on previous year's financial statements	Unqualified, with material findings	Unqualified with material findings	Clean audit	Unqualified with material findings	Material findings raised and addressed	Material findings raised and addressed	-
	Human Capital Management	Improved systems, processes and people management	6.2. Percentage implementation of annual Workplace Skills Plan	100%	100%	100%	100%	-	-	-
	Marketing and Communications	Improved visitor perception of DMSA (survey conducted at targeted events)	6.3. Percentage improvement in visitor perception rating	10% Improvement	11% Improvement	12% Improvement	6%	6% under	Budgetary constraints led to limited marketing	-

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

The purpose of Business Development (Core Functions) is to research, manage, maintain, restore and render access to museum collections. By integrating research, effective collections management and conservation and restoration plans, Business Development plays a crucial in the functioning and success of DMSA. The purpose of each sub-programme is as follows:

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 (4) 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.

Collection management

All 100% heritage objects that were received and approved were accessioned during the financial year. 8.4% of high value heritage assets were verified during the financial year. This is more than the planned 7%. These contributions positively impact the entity's output of preserving heritage assets.

Conservation and restoration

All three (3) 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

Programme 2 : Business Development										
Outcome	**Sub-Programme**	**Output**	**Output Indicator**	**Audited Actual Performance 2021/22**	**Audited Actual Performance 2022/23**	**Actual Planned Target 2023/24**	**Actual Achievement 2023/24**	**Deviation from planned target to Actual Achievement**	**Reasons for Deviation**	**Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets**
1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant	Research	Research outputs disseminated	1.1. Number of peer-reviewed articles submitted for publication	22	22	12	15	3 over	The hybrid working model allowed curators more time to focus on research	-
			1.2. Number of popular articles published or posted	49	54	45	53	7 over	The hybrid working model allowed curators more time to focus on research	-
			1.3. Number of public lectures presented	19	14	12	13	1 over	The ability to hold online sessions allows for an extra public lecture as no travel costs are involved	-
			1.4 Number of internal research seminars presented	2	2	2	2	-	-	-

Programme 2 : Business Development										
Outcome	**Sub-Programme**	**Output**	**Output Indicator**	**Audited Actual Performance 2021/22**	**Audited Actual Performance 2022/23**	**Actual Planned Target 2023/24**	**Actual Achievement 2023/24**	**Deviation from planned target to Actual Achievement**	**Reasons for Deviation**	**Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets**
2. Heritage assets preserved in accordance with international guideline standards	Collection Management	Heritage assets preserved	2.1.Percentage of heritage objects accessioned per annum	100%	100%	100%	100%	-	-	-
			2.2.Percentage of high-value heritage assets verified per annum	11.44%	9.8%	7%	8.4%	1.4 % over	More assets than planned were verified	-
2. Heritage assets preserved in accordance with international guideline standards	Conservation and restoration	Heritage assets conserved and restored	2.3 Percentage implementation of conservation plan per annum	100%	100%	100%	100%	-	-	-

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:

DMSA successfully formalized two (2) of the six (6) planned partnership agreements, and leveraged existing relationships and online platforms to host an impressive twenty-six (26) events, exceeding the initial target of thirteen (13) for the 2023/24 financial year by a significant margin of thirteen (13). Eight planned new educational programmes were developed with thirteen (13) displays created resulting in a surplus of one (1). One (1) temporary exhibition was created as planned with zero (0) travelling exhibitions and zero (0) permanent exhibitions created from the planned target of one (1) each. This was not achieved as projects that required multi-year funding were put on hold as no additional funding was secured to complete these plans.

Programme 3: Public Engagement

Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Actual Achievement 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
3. Increased visibility, accessibility and awareness of heritage assets	Public Programmes	Partnerships established	3.5. Number of new partnerships established per annum	8	7	8	6	2	4 under	Slow turnaround from potential partners in signing agreements	-
		Increased exhibitions, displays and public programmes	3.6. Number of events held	11	22	28	13	26	13 over	Positive variance resulting from partnerships established	-
			3.7. Number of new educational programmes developed and approved per annum	10	10	16	8	8	-	-	-
			3.8 Number of travelling exhibitions hosted	-	-	-	1	0	1 under	Unable to secure a travelling exhibition to be hosted by DMSA	-

Programme 3: Public Engagement											
Outcome	Sub-Programme	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Actual Achievement 2022/23	Actual Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation	Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets
			3.9. Number of displays created	8	14	18	12	13	1 over	More displays created due to increase in outreach activities	-
			3.10. Number of temporary exhibitions created	0	1	2	1	1	-	-	-
			3.11. Number of Permanent exhibitions created	-	-	0	1	0	1 under	The project was a multi-year project, with three phases. Entities advised not to commence with multi-year projects where funding for the outer years had not been secured	-

Programme 3: Public Engagement											
Outcome	**Sub-Programme**	**Output**	**Output Indicator**	**Audited Actual Performance 2020/21**	**Audited Actual Performance 2021/22**	**Actual Achievement 2022/23**	**Actual Planned Target 2023/24**	**Actual Achievement 2023/24**	**Deviation from planned target to Actual Achievement**	**Reasons for Deviation**	**Reasons for Revisions to the Outputs/ Output Indicators/ Annual Targets**
			3.12. Number of ACH projects implemented through co-curate and co-create programme	-	2	4 ACH projects implemented	4 ACH projects implemented	4 ACH projects implemented	4 ACH projects implemented	-	-

Linking performance with budgets

In a bid to ensure that DMSA does not end the year with a deficit, stringent expenditure curtailing controls were implemented throughout the year. The table below shows the results of those cost containment measures applied which resulted in expenditure being below the budget. This had an un-intended consequence of negatively impacting the organisation's performance as three (3) of the five (5) indicators were not achieved because there was inadequate budget to implement the projects. These are new museum offerings and marketing activities to improve visitor perception rating; funding to host a traveling exhibition and to create a new exhibition. However, DMSA was able to work economically over the year and achieved 81.48% of its planned targets with available resources.

	2023/2024			2022/2023		
Programme/ activity/objective	**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	72 898	69 045	3 853	57 891	87 831	(29 940)
Programme 2 – Business Development	79 054	69 961	9 093	45 701	58 587	(12 886)
Programme 3 – Public Engagement	7 237	6 428	809	7 299	6 342	957
Total	**159 188**	**145 434**	**13 755**	**110 891**	**152 760**	**(41 869)**

Strategy to overcome areas of under performance

Administration

Marketing and Communications

The budget for the Marketing and Communications sub-unit was increased for the 2024/25 financial year to enable a wider reach of audiences through marketing activities. This will enhance the promotion of DMSA's museums and products through various media channels, social media and create engaging content. With more resources, DMSA`s visibility will be improved attracting new audiences who may not have been previously aware of the organisation.

Office of the CFO

To achieve a clean audit in the 2024/25 financial year the entity will ensure monitoring and implementation of the Audit Strategy. Furthermore, strict implementation of policies, legislation and all relevant transcripts will be adhered to at all times.

Public Engagement

The formalising of agreements will be concluded significantly earlier in the 2024/25 financial year to ensure that slow turnaround from potential partners in signing agreements is mitigated. Sponsorships to fund the multi-year projects of permanent and travelling exhibitions was secured towards the end of the 2023/24 financial year resulting in a mitigation for non-achievement in the upcoming financial year.

4. REVENUE COLLECTION

	2023/2024			2022/2023		
Sources of revenue	**Estimate**	**Actual Amount Collected**	**(Over)/ Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/ Under Collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Rental of facilities	1 834	1 951	(117)	2 200	2 146	54
Entrance fees	3 880	3 492	388	2 390	2 903	(513)
Interest received	1 617	1 789	(172)	385	1 386	(1 001)
Business ventures	2 675	994	1 681	2 727	1 312	1 415
Total	**10 006**	**8 226**	**1 780**	**7 702**	**7 747**	**(45)**

DMSA's revenue from exchange transactions was budgeted at R10 005 733. This should not be confused with a performance target of R8 000 000 indicated above. Actual own revenue collected from exchange transactions was R8 226 195 which is 82% of the budgeted amount. The actual revenue collected was less than budgeted due to delays in implementing planned new revenue streams including night tours at DNMCH and DNMMH as well as lower than expected turnout to events.

DMSA has implemented interventions to boost revenue collection, including enhancing brand visibility through advertising and amplified social media engagement to increase visitor numbers, fully executing revenue-generating projects, such as facility rentals.

5. CAPITAL INVESTMENT

DMSA did not receive any infrastructure grant in the 2023/24 financial year. All infrastructure projects undertaken were funded from the balance of the infrastructure grant brought forward from previous years. This funding assisted DMSA in much needed infrastructure renovations and upgrades particularly given the dilapidated and old structures of the buildings under the custodianship of the DMSA.

The projects planned for Tswaing Meteorite Crater (the fence and the burnt down building) and fence at Sammy Marks Museum were rolled over from the prior year after the tenders could not be awarded due to inadequate specifications. There has been a delay in the appointment of a project management company who will facilitate the development of proper specifications for these projects.

The bidding process commenced in the second quarter of 2023/24 but was halted due to suspicions of tender irregularities. The process will be resumed in the second quarter of 2024/25. This has resulted in slow to no progress in implementing new infrastructure projects. The absence of these much needed fences and renovations continue to pose serious security issues at these two (2) sites, therefore these projects will be fast-tracked after the appointment of the project management company.

	2023/2024			2022/2023		
Infrastructure Projects	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Fencing of Tswaing Meteorite Crater				1 500		1 500
Reconstruction of Tswaing building				1 500		1 500
Reconstruction and fencing of Tswaing building	3 000	-	3 000			
Renovations, upgrades of various DMSA museums / sites	2 242	1 975	267	7 236	4 994	2 242
Upgrade of fence at Sammy Marks Museum	5 000	-	5 000	5 000	-	5 000
Total	**10 242**	**1 975**	**8 267**	**15 236**	**4 994**	**10 242**

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, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive 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 2023/24 financial year there was no meeting scheduled between DMSA and the Parliamentary Portfolio Committee on 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
2023/24 DMSA QUARTERLY PERFORMANCE REPORTS		
31 July 2023	1st Quarter Performance Report	None
30 October 2023	2nd Quarter Performance Report	None
30 January 2024	3rd Quarter Performance Report	None
30 April 2024	4th Quarter Performance Report	None
2023/24 NATIONAL TREASURY PUBLIC ENTITIES QUARTERLY REPORTS		
31 July 2023	1st Quarterly Report	None
31 October 2023	2nd Quarterly Report	None
30 January 2024	3rd Quarterly Report	None
30 April 2024	4th Quarterly Report	None
2023/24 ANNUAL PERFORMANCE PLANS (APP)		
30 October 2023	1st Draft APP	None
30 January 2024	Final APP	None
2023/24 BUDGET		
30 January 2024	Final	None
2023/24 DMSA RISK REGISTER		
30 January 2024	Final	None
2023/24 FRAUD PREVENTION POLICY AND RESPONSE PLAN		
30 January 2024	Final	None
2023/24 MATERIALITY FRAMEWORK		
30 January 2024	Final	None

SUBMISSION DATE	DOCUMENT	ISSUES RAISED BY DSAC
2023/24 SHAREHOLDER`S COMPACT		
15 February 2024	1st Draft	None
2023/24 QUARTERLY REPORTS ON THE PROCUREMENT PLANS		
31 July 2023	1st Quarterly Report	None
31 October 2024	2nd Quarterly Report	None
31 January 2024	3rd Quarterly Report	None
30 April 2024	4th Quarterly Report	None
2023/24 ANNUAL REPORT (AR)		
31 July 2024	1st Draft	None
30 September 2024	Final Draft (PDF)	None
2023/24 ANNUAL PERFORMANCE REPORT (APR)		
31 May 2024	Unaudited	None
31 July 2024	Final approved and audited	None
2023/24 ANNUAL FINANCIAL STATEMENTS (AFS)		
31 May 2024	Unaudited	None
31st July 2024	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 the King IV Report on Corporate Governance.

Compliance with the Charter

DMSA Council 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 improvement in the audit opinion.

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

DMSA Council displayed / demonstrated good faith by exercising diligence, honesty and objectivity in the performance of their duties and responsibilities. Members of Council or 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 the Board

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Adv. Motlatjo Ralefatane	Chairperson	01 Aug 2022	-	• B. Proc. Degree • LLB Degree • LLM • Certificate in Audit Committee • Certificate in Corporate Governance • Certificate in Land Reform • Certificate in Human Rights • Certificate in Labour Relations • Certificate in Legal, Labour Relations, Human Resources and Governance	Legal, Labour Relations, HR and Governance	•	•	5

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Dr A. Mdletye	• Member of Council • Deputy Chairperson	01 Aug 2022	-	• Doctor in Philosophy • Masters in Developmental Studies • Masters in Education • Bachelor of Arts • Honours in Human Resource Development • Bachelor of Education • Bachelor of Business Administration • Bachelor of Management • Bachelor of Arts • Post Graduate Diploma in Labour Law • Diploma in Personnel Management and Industrial Relations • Higher Diploma in Education (Post Grad)	• Financial Management • Human Resource Management • Facilities Management • Governance, Strategic Planning, Legal Services		Member of Human Resources and Remuneration Committee (DMSA)	Council=6 Committees=4

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Ms Chuma Fani	Member of Council	01 Aug 2022	-	• Bachelor of Administration Honours • Bachelor of Administration	• Policy and Governance expert • Corporate Governance Specialist • Board Effectiveness		Member of Human Resources and Remuneration Committee (DMSA)	Council=6 Committees=3
Mr Gregory Ontong	Member of Council	01 Aug 2022	-	• Master of Philosophy (Conservation of the Built environment) • Master of City and regional planning • Bachelor of Theology (Degree)	• Heritage Conservation • Cultural Heritage • Heritage and Research • Performance Management • Financial Management • Liaising with Council departments, funding agencies, community organisation, voluntary history groups, tourist bodies and private companies		Chairperson of Core Functions Committee (DMSA)	Council=6 Committees=4

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Ms Zama Ngcibi	Member of Council	01 Aug 2022	-	• Post-Graduate • Diploma in Business Management • Bachelor of Commerce Degree (B.Com)	• Strategy Development and Implementation • Risk Management • Strategic Business Process Outsourcing • Financial Management • Strategic Supply Chain Management and Sourcing		• Member of Core Functions Committee	Council=5 Committees=4
Ms Zama Dlamini	Member of Council	01 Aug 2022	-	• Postgraduate Diploma in Management Practice (PGDip) • Bachelor of Management Leadership	• Governance • Strategic Planning • Legal Services		Member of Audit, Risk and Information Communication Technology (DMSA)	Council=6 Committees=4
Mr Mohlomi Masooa	Member of Council	01 Aug 2022	-	• MA History (Cum-Laude) • BA. Hons Degree • BA. ED Degree	• History • Heritage Management • Education • Corporate Governance		Member of Core Functions Committee (DMSA)	Council=6 Committees=4

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Mr Hangalakani Nkanyane	Member of Council	01 Aug 2022	-	• Master of Philosophy Internal Auditing • Master Business Leadership • Post-Graduate Diploma: Compliance Management • Certificate in Money Laundering Control • Certificate in Corporate Governance • Certificate in Compliance Management • B. Tech: Cost and Management Accounting • N. Dip: Cost and Management Accounting	• Corporate Governance • Auditing • Finance • Risk and Compliance Management		Member of Audit, Risk and Information Communication Technology (DMSA)	Council=6 Committees=5

Name	Designation (in terms of the Public Entity Council structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Dr Dalifa Ngobese	Member of Council	01 Aug 2022	-	• Doctor of Philosophy in African Studies (PhD AS) • Master of Arts (MA) in History • Bachelor of Arts Honours (BA Hons) • Bachelor of Arts in Education (BA Ed.)	• History • Heritage Management • Education • Research • Corporate Governance		Chairperson of Human Resources and Remuneration Committee (DMSA)	Council=6 Committees=4

Committees

Committee	No. of meetings held	No. of members	Name of members
Audit, Risk and Information Communication Technology Committee (ARIC)	6	3	Mr S. Maharaj (Chairperson), Mr H. Nkanyane and Ms Z. Dlamini
Core Functions Committee	4	3	Mr G. Ontong (Chairperson), Ms Z. Ngcibi and Mr M. Masooa
Human Resources and Remuneration Committee	4	3	Dr D. Ngobese (Chairperson), Ms C. Fani and Dr A. Mdletye

Remuneration of Council members.

Name	Remuneration	Other allowance	Other re-imbursements	Total
Adv. M. Ralefatane	R26 612	R66 430		R93 042
Dr A. Mdletye	R40 403	R40 282		R80 685
Ms Z. Dlamini	R40 380	R10 075		R50 455
Dr D. Ngobese	R40 652	R36 157		R76 809
Ms Z. Ngcibi	R39 339	R26 915		R66 254
Mr G. Ontong	R40 652	R35 654		R76 306
Ms C. Fani	R29 610	R9 899		R39 509
Mr H. Nkanyane	R43 295	R9 590		R52 885
Mr M. Masooa	R37 910	R9 927		R47 837
Mr S. Maharaj	R50 020	R10 365		R60 385

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 also maintained for all business units. The entity also has 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 functioning 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 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 starting to be witnessed in risk culture within the entity. In addition, Risk Management is a regular agenda item in Exco and Manco meetings.

At the beginning of the 2020/21 financial year, which was the first year of the five-year strategic plan (2020-2025), Council pinpointed twelve (12) strategic risks requiring mitigation to ensure DMSA's successful achievement of its outcomes.

As of 31 March 2024, the residual risk rating on the 14 strategic risks was as follows:

No.	Strategic Risk	Inherent Risk	Residual Risk
1.	Financial sustainability risk	High (20)	Immediate Action (10)
2.	Liquidity risk	High (20)	Immediate Action (10)
3.	Capital sustainability risk	Critical (25)	Immediate Action (12.5)
4.	Risk of security and threats	Critical (25)	Immediate Action (17.5)
5.	Product offering	Moderate (12)	Acceptable (3.6)
6.	Stakeholder management risk	High (16)	Acceptable (4.8)
7.	Possible restructuring/merger of cultural institutions	Moderate (12)	Acceptable (4.8)
8.	Non-compliance to laws and regulations	Moderate (12)	Acceptable (3.6)
9.	Low staff morale and productivity	High (20)	Immediate Action (10)
10	Fraud and corruption	High (20)	Immediate Action (10)
11.	Loss of heritage assets	Critical (25)	Immediate Action (12.5)
12.	Decline in research output	Minimum (4)	Excellent (0.4)
13.	Cyber security risk	High (20)	Monitor (6)
14	Inadequate investment in ICT	High (20)	Monitor (6)

6. INTERNAL CONTROL UNIT

The DMSA has implemented effective internal controls as required by legislation, which are overseen by ARIC as assisted by Internal Audit.

6.1 INTERNAL AUDIT AND AUDIT COMMITTEE

6.1. Internal Audit Function

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

- Review and update of Internal Audit Charter.
- Preparation of the three year Strategic and one year Internal Audit Plans.
- Quarterly reporting and attendance of Audit committee meetings.
- Follow up of AG and IA findings.
- Human Resource Management and Payroll.
- IT General Controls Review.
- Supply Chain and Contract Management Review.
- Heritage Asset Review.
- Security Management Review.
- Quarterly Audit of Performance Information Q1 to Q4 of 2023/24.
- Stakeholder Engagement Review.
- Marketing and Communications Management Review.
- Fraud Risk Assessment.
- Review of the Annual Report and the APP.

6.2. 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 Internal Audit Charter.
- Reviewed and approved the three-year Strategic and one-year Internal Audit Plan.
- Reviewed Internal Audit Reports.
- Reviewed Risk Mitigation Implementation.
- Reviewed Quarterly Performance Reports.
- Reviewed Quarterly Infrastructure Project Reports.
- Reviewed Interim Management Report with Management's comments.
- Reviewed Final Management Report with Management's comments.
- Reviewed Annual Performance Plan (APP).
- Reviewed Annual Financial Statements (AFS).
- Reviewed Quarterly Management Accounts.
- Reviewed and approved AGSA Engagement Letter and Audit Strategy.
- Reviewed 2024/25 Annual Performance Plan and Budget.
- Reviewed Quarterly Expenditure Report and Business Plans for Infrastructure Projects.
- Reviewed Annual Procurement Plan.
- Reviewed Contracts Register.
- Reviewed Litigation Reports.
- Reviewed IT Governance and ICT Infrastructure Implementation Status.
- Reviewed Heritage Management Status Reports.
- Reviewed Risk Management, Supply Chain and Financial Policies.

Audit Committee

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Mr Suren Maharaj	• Masters in Business Administration • Hons BComt Degree • BCom Degree • Chartered Accountant • Chartered Government Finance Officer • Municipal Executive Finance Management	External	-	01 May 2023	To date	5
Ms Zama Dlamini	• Postgraduate Diploma in Management Practice (PGDip) • Bachelor of Management Leadership	External	-	01 August 2022	To date	5
Mr Hangalakani Nkanyane	• Master of Philosophy Internal Auditing • Master Business Leadership • Post-Graduate Diploma: Compliance Management • Certificate in Money Laundering Control • Certificate in Corporate Governance • Certificate in Compliance Management • B. Tech: Cost and Management Accounting • N. Dip: Cost and Management Accounting	External	-	01 August 2022	To date	6

7. 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. During the year under review, the Council approved the Compliance Management Framework, which has clarified the organisation's approach towards compliance. A comprehensive regulatory universe has also been developed. A compliance management policy is being developed and will be approved in the new financial year.

The DMSA has developed and reviewed several policies and regulations to ensure compliance. A total of thirty-five (35) 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. In addition, Management submits a quarterly Compliance Management Report to the Council.

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 on its level of compliance with laws and regulations.

8. 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 systems 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 have been implemented to ensure that there is sufficient segregation of duties.
- A book on access control for visitors / vehicles control was introduced at the museums.

All employees of DMSA are encouraged to report all 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 external hotline if they wish to remain anonymous or for any other reason.

Fraudulent activities are reported internally and through the hotline. If there are any disciplinary actions warranted, they are instituted in terms of the Disciplinary and Grievance Policy.

Additionally, the organisation receives monthly reports from hotline service providers, and these are tabled to the Council through the Audit Committee.

9. 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.

10. 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 annual 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 Code of Conduct and they are also supplied with the Code of Conduct and Ethics.

11. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

The DMSA takes issues of health and safety very seriously and strives to meet all its obligations imposed by various prescripts in this regard. The Occupational Health and Safety Committee has been established in terms of section 16(2) of the OHS Act. All museums and sites are represented in the Committee by staff members who are appointed with formal authority to serve on the committee by the CEO.

The Health and Safety Committee meets quarterly or whenever necessary, to ensure compliance with regards to health and safety issues. This committee reports quarterly to the Council through the Human Resources and Remuneration Committee.

Fire extinguishers, hose reels and fire detectors are serviced and maintained at all museums by the Department of Public Works and Infrastructure (DPWI). Structural challenges identified (ramps, dysfunctional lifts, climate control, etc.) by the Health and Safety Committee are addressed by the Repairs and Maintenance Programme (RAMP), which is funded by the DSAC and undertaken by the DPWI through the Infrastructure Committee.

DMSA approved the Emergency and Disaster Recovery Plan and appointed the Emergency Response Team, led by the Facilities Lead.

12. 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.
- Formulation and review of Terms of Reference (TOR) for Council and Council Sub-Committees.
- Establishment and monitoring of the central Policies Register and Repository.
- Coordinate 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.
- Council and Committees administrative support.
- Keep all the records relating to meetings and mechanical recordings of the meetings and is responsible to draw and monitor the Resolutions Register.
- Ensure that all Council resolutions are executed within timeframes.
- Advise Council on any governance matter.

13. SOCIAL RESPONSIBILITY

Accessibility is one of the essential elements of DMSA 's vision. To increase accessibility to DMSA museums, numerous public engagement activities were implemented at no cost to the visitors. During the reporting period, twenty-four (24) outreach activities were conducted where eighteen thousand nine hundred and seventeen (18 917) people were reached. In addition to the outreach activities, during some commemorative days, free entry was granted to the public, including Heritage Day, International Museum Day and National Science Week. Throughout the year, DMSA considers and approves requests for free entry from schools and communities. DMSA further presented a free programme in celebration of Nelson Mandela Day.

14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee Responsibility

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 reports that it 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 four (4) 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 in line 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.
- Introduced measures that enhanced 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.
- Approved unaudited Annual Financial Statements for submission to the AGSA on 31 May 2024.
- Approved finance, ICT, Risk Management and Supply Chain Management policies to enhance internal controls and ensure policies are updated with latest applicable legislation and are relevant.
- Reviewed quarterly infrastructure reports against approved business plan and reviewed performance reports against predetermined objectives.
- 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.
- Approved Internal Audit Plan.
- Reviewed quarterly internal audit reports and ICT governance reports.

The Effectiveness of 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 deficiencies in the Supply Chain Management internal controls which were being addressed by Management.

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 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 particularly in the SCM Unit.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted quarterly reports to the Executive Authority and National Treasury.

Evaluation of Financial Statements

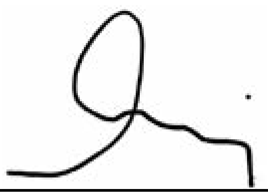
We have reviewed the Annual Financial Statements prepared by the public entity for the year ended 31 March 2024, after they were recommended to the Council for approval.

Auditor’s Report

We have reviewed the public entity’s implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following ongoing internal control enhancement:

- Bi-annual asset counts not performed.
- Payments made after 30 days.
- SLAs/Contracts signed after the contracts have started.
- No evidence of contract monitoring measures.

The Audit Committee concurs and accepts the unqualified audit opinion of the Auditor-General South Africa on the Annual Financial Statements that they fairly present, in all material respects, the financial position, financial performance and cash flows of the entity and is of the opinion that the audited financials be accepted and read together with the report of the Auditor-General South Africa.



Mr S. Maharaj
Chairperson of the Audit, Risk, Information and Communication Technology Committee
Date: 16 August 2024

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 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** ***(include a discussion on your response and indicate what measures have been taken to comply)***
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 institution and therefore this requirement is not applicable

PART D:

HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

The Human Capital Management Strategy, was reviewed in 2020 and the first year of the new one has been implemented during the 2021/22 financial year. The 2023/24 financial year is the third year of implementation of this strategy. The new strategy has a five-year implementation plan, in alignment with the Strategic Plan.

Although not out of the woods yet, in the 2023/24 financial year DMSA experienced signs of an easing in budgetary constraints which previously presented a huge challenge as far as the implementation of the APP deliverables was concerned. WSP training took place, and our targets were met. 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 and 2022/23.

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. A budget was set aside for the filling of crucial positions in the new structure, but the Department of National Treasury issued a request for cost containment measures to be implemented by national departments, public entities and provinces to close fiscal gaps; these measures were effective from the15th of September 2023. These measures included, but are not limited to, freezing the hiring of new employees.

The amalgamation of DMSA and the KwaZulu-Natal Museum also impacted on the filling of vacant positions.

There are one hundred and twenty eight (128) filled positions currently, with thirty-five (35) 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 cohort 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.
- Continuing with the implementation of the Employer of Choice Strategy to improve conditions of service.
- Continuing with an Employee Wellness Programme to ensure employee sustainable health improvements.

Development and review of the following policies:

- Remuneration Policy.
- HIV and AIDS Policy.
- Job evaluation Policy.
- Recruitment and Selection Policy.
- Disciplinary and Grievance Policy.
- Sexual Harassment 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 one hundred and twenty eight (128) employees have been placed to date.
- Seventeen (17) Experiential Learning students were placed within DMSA to further their training towards achieving their qualifications.
- The third and final cohort of the Management Development Programme completed the programme.

Probationary Assessment Process

Eight (8) new employees were appointed during the 2023/24 financial year. Seven (7) successfully completed their probation periods, with one who resigned before the probation period was completed.

Employee Recognition Awards

The implementation of the Employee Recognition Awards, as defined in the Recognition and Rewards Policy was disturbed in 2023/24 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.
- National Treasury Cost Containment Measures and a moratorium placed on recruitment by DSAC pending amalgamation.
- Limited training opportunities for employees as a result of cash flow challenges and budget cuts.
- Freezing of posts to accommodate the reduction on Compensation of Employees budget.
- Rationalisation of the performance bonus budget due to the reduction on Compensation of Employees budget.
- Loss of key personnel due to end of contract and resignations.

Future goals for 2024/25

- Implement the last 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 Code of Conduct Policy.
- Implement the reviewed Acting Policy.
- Implement the reviewed Conflict of Interest Policy.
- Continue with the implementation of the Recognition and Rewards Policy and look at alternative ways to reward employees, especially for long service.
- Continue with the implementation of the Change Management Programme.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel related expenditure

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. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Administration	69 045	18 760	12.90%	40	469
Programme 2: Business Development	69 961	40 041	27.53%	76	526,86
Programme 3: Public Engagement	6 428	6 236	4.29%	16	389.75
Total	**145 434**	**65 037**	**44.72%**	**132**	**492.70**

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 850	2.84%	1	1 850
Senior Management	1 932	2.97%	1	1 932
Professional qualified	30 525	46.94%	38	803
Skilled	11 927	18.34%	28	426
Semi-skilled	16 143	24,82%	60	269
Unskilled	1 046	1.61%	4	262
Contract	1 614	2.48%	0	1 614
TOTAL	**65 037**	**100,00%**	**132**	**493**

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	1 850	0 %
Senior Management	0	1 932	0 %
Professional qualified	0	30 525	0 %
Skilled	0	11 927	0 %
Semi-skilled	0	16 143	0 %
Unskilled	0	1 046	0 %
Contract	0	1 614	0 %
TOTAL	**0**	**65 037**	**0 %**

Training Costs

Programme//activity/objective	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	18 760	155	0.24%	36	4.31
Programme 2: Business Development	40 041	28	0.04%	8	3.5
Programme 3: Public Engagement	6 236	193	0.30%	6	32.17
Total	**65 037**	**376**	**0,57%**	**50**	**7.52**

Employment and vacancies

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of Vacancies
Programme 1: Administration	33	44	38	6	13,6%
Programme 2: Business Development	83	100	76	24	24,0%
Programme 3: Public Engagement	17	19	16	3	15,8%
Total	**133**	**163**	**130**	**33**	**20,2%**

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of Vacancies
Top management	0	2	1	1	50%
Senior management	2	3	1	2	66,7%
Professional qualified	39	48	38	10	20,8%
Skilled	29	31	26	5	16,1%
Semi-skilled	59	68	60	8	11,8%
Unskilled	4	11	4	7	63.6%
TOTAL	**133**	**163**	**130**	**33**	**20,2%**

The CEO was appointed in November 2023, and she resigned at the end of January 2024. The position has not been filled because of the moratorium placed on filling of positions due to the amalgamation process.

Two (2) Managers were appointed in October 2023 to fill the vacancies left when the previous managers resigned earlier in 2023.

Approval was sought from the Minister to fill the CEO and the two (2) Director positions.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	0	1	1	1
Senior management	2	0	1	1
Professional qualified	39	2	2	38
Skilled	29	0	3	26
Semi-skilled	59	5	4	60
Unskilled	4	0	0	4
Total	**133**	**8**	**11**	**130**

The former Finance Manager, was appointed as CFO in the 23/24 FY, hence the discrepancy between Top management and Professional qualified salary bands. He was internally moved from Professional qualified to Top management salary band.

The entity has a very low turnover rate and approval is always sought to fill all the important positions, even under the moratorium that is in place.

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	2	18,18%
Resignation	5	45,45%
Dismissal	1	9,10%
Retirement	3	27,27%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	**11**	**100%**

Two (2) employees passed on, five (5) employees resigned, three (3) went on retirement, and one (1) was dismissed after a disciplinary hearing into charges of misconduct.

A request will be sent to the DSAC for approval to fill the positions, as there is a moratorium in place until the amalgamation process is complete.

Labour Relations: Misconduct and disciplinary action

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

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	0	1	0	0	0	0	0	0
Professional qualified	9	14	0	0	1	1	6	7
Skilled	14	10	0	1	0	1	0	2
Semi-skilled	29	30	0	1	0	1	1	3
Unskilled	4	6	0	0	0	0	0	0
TOTAL	**57**	**62**	**0**	**2**	**1**	**3**	**7**	**12**

There are no major variances between the target and the current. The shortfall on targets will be achieved when the Re-Alignment project is finalised, after the frozen positions have been unfrozen.

The organisation is also on a drive to recruit designated groups that are not represented in the current numbers, e.g. Coloureds and Indians.

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0
Senior management	1	1	0	0	0	0	0	1
Professional qualified	13	16	0	1	0	1	9	8
Skilled	10	10	0	1	0	1	2	4
Semi-skilled	30	30	0	0	0	0	0	4
Unskilled	0	4	0	0	0	0	0	1
TOTAL	**54**	**62**	**0**	**2**	**0**	**2**	**11**	**18**

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

PART E:

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R	R
Opening balance	71 102 824	58 320 858
Add: Irregular expenditure confirmed	20 424 110	1 073 584
Add: Irregular (unauthorised) expenditure confirmed		11 708 383
Closing balance	**91 526 934**	**71 102 824**

Reconciling notes

Description	2023/2024	2022/2023
	R	R
Irregular expenditure for the current year	20 424 110	1 073 584
Irregular expenditure (unauthorised) for the current year		11 708 383
Total	**20 424 110**	**12 781 967**

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description[1]	2023/2024	2022/2023
	R	R
Irregular expenditure under assessment		71 660 156
Irregular expenditure under investigation	71 660 156	
Total	**71 660 156**	**71 660 156**

c) Details of irregular expenditure condoned

None

d) Details of irregular expenditure removed - (not condoned)

None

e) Details of irregular expenditure recoverable

None

f) Details of current and previous year irregular expenditure written off (irrecoverable)

None

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional

1 Group similar items

arrangement (where such institution is not responsible for the non-compliance)

None

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)[2]

None

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Verbal warning issued to implicated staff where there was a non-disclosure by service provider of subcontracting of tender in whole as per SBD 6,1
Fraud and corruption charges cases opened against implicated employees, including the former CFO, former SCM Manager, former SCM Specialist, former Acting SCM Manager and former Procurement Officer
Former Acting SCM Manager and former Procurement Officer were subjected to disciplinary proceedings and found guilty of charges. The Procument Officer was dismissed during the reporting period and the former Acting SCM Manager was dismissed post the reporting period.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R	R
Opening balance	4 263 497	3 338 183
Add: Fruitless and wasteful expenditure confirmed	1 110 041	925 314
Closing balance	**5 373 538**	**4 263 497**

Reconciling notes

Description	2023/2024	2022/2023[3]
	R	R
Fruitless and wasteful expenditure for the current year	1 110 041	925 314
Total	**1 110 041**	**925 314**

None

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description[4]	2023/2024	2022/2023
	R	R
Fruitless and wasteful expenditure under assessment		30 914 814
Fruitless and wasteful expenditure under investigation	30 914 814	
Total	**30 914 814**	**30 914 814**

c) Details of fruitless and wasteful expenditure recoverable

2 Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023.
3 Record amounts in the year in which it was incurred.
4 Group similar items.

None

d) **Details of fruitless and wasteful expenditure not recoverable and written off**

None

e) **Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

Disciplinary steps taken
Fraud and Corruption charges cases opened against implicated employees, including the former CEO, former SCM Manager, former SCM Specialist, former Acting SCM Manager and former Procurement Officer
Former Acting SCM Manager and former Procurement Officer were subjected to disciplinary proceedings and found guilty of charges. The Procument Officer was dismissed during the reporting period and the former Acting SCM Manager was dismissed post the reporting period.

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))[5]

a) **Details of material losses through criminal conduct**

None

b) **Details of other material losses**

None

c) **Other material losses recoverable**

None

d) **Other material losses not recoverable and written off**

None

5 Information related to material losses must also be disclosed in the Annual Financial Statements.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated value
		R'000
Valid invoices received	348	78 395
Invoices paid within 30 days or agreed period	334	47 536
Invoices paid after 30 days or agreed period	9	89
Invoices older than 30 days or agreed period (unpaid and without dispute)	4	14 436
Invoices older than 30 days or agreed period (unpaid and in dispute)	1	16 334

The invoices without dispute remain unpaid due to cash flow challenges .The invoice in dispute relates to billing inconsistencies on utilities accounts with the matter still under investigation.

3. SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
SAMRO License	SAMRO	Sole provider	PO01881	R42 962
Legal opinion on urgent basis for land invasion case at Ditsong Tswaing Mateorite Crater (DMTC)	Rooth and Wessels Attorneys	Limited bidding	PO018821	R39 894
Appointment of a service provider to conduct assessment for finance manager position	The Assessment Toolbox (Pty) Ltd	Limited bidding	PO018854	R17 250
To request for council to approve a deviation from the recruitment and placement policy for relocation cost of the CEO	The AT Group Stay & Regency	Emergency procurement	PO018870	R21 600
Usage of petty cash facility limit above R2000 as per Cash Management Policy for the photocopying of confidential SCM documents to be used by appointed lawyers during disciplinary case of the SCM employee on the 07 February 2024	Postnet	Emergency procurement	N/A	R4 187
Appointment of a service provider to distribute DMSA brochures in hotel and airport information desks	Go See Do media	Sole provider	N/A	R52 992
Appointment of a service provider to advertise in *Sawubona* magazine for the third quarter of the year 2023-2024	Mikateko Media	Sole provider	N/A	R32 300
Total				**R211 184**

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R	R	R
Competency assessment for the CEO's recruitment and placement	Fachs Business Consulting & Training (Pty) Ltd	Variation	PO018822	R 476 765	N/A	R 30 000
Appointment of a service provider to render employee health	NBC Risk Solutions (Pty) Ltd	Expansion	N/A	R 1 042 927	N/A	R72 187
Appointment of a service provider to manage social media platform and post DMSA exhibition contract for a period of 36 months	Joren Communications (Pty) Ltd	Expansion	N/A	R 3 480 360	N/A	R 267 116
Total				**R 5 000 052**		**R 369 303**

PART F:

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 the DITSONG: Museums of South Africa set out on pages 95 to 170 which comprise the statement of financial position as at 31 March 2024, statement of financial performance,. statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the DITSONG: Museums of South Africa as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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 responsibilities of the auditor-general 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 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.

Responsibilities of the auditor-general 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. This description, which is located at page 7, forms part of my 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 must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to programme 2: business development presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Number of peer-reviewed articles submitted for publication.
    - Number of popular articles published or posted.
    - Number of public lectures presented.
    - Number of internal research seminars presented.
    - Percentage of heritage objects accessioned per annum.
    - Percentage of high-value heritage assets verified per annum.
    - Percentage implementation of conservation plans per annum.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. The material findings on the reported performance information for the selected material indicators are as follows:

Percentage of high-value heritage assets verified per annum

16. An achievement of 8,4% was reported against a target of 7%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Other matter

17. I draw attention to the matters below.

Achievement of planned targets

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2: business development. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on 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.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, 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 readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

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

25. Material misstatements of commitments resulting in understatement of accruals and material misstatements of net cash flows from operating activities identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

26. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

27. Some of the contracts were awarded to bidders based on evaluation/adjudication criteria that differed from those stipulated in the original invitation for bidding as required by treasury regulation 16A6.3(a) and (b).

28. Some of the contracts were not awarded in an economical manner and the prices of the goods or services were not reasonable as required by section 57(b) of the PFMA or SCM instruction note 2 of 2021-22 par. 3.2.4 (b).

Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.

30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected 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.

32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this 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

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

34. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

35. Management did not implement adequate internal controls for review and monitoring of compliance with applicable legislation.

36. Management did not implement adequate review processes to ensure preparation of regular, accurate and complete financial statements and annual performance reports that are supported and evidenced by reliable information as material misstatements were noted in the financial statements and the annual performance report.

Other reports

37. I draw attention to the following engagements conducted by various parties. These reports did· not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

38. An independent consultant investigated an allegation of fraud relating to the procurement processes of the public entity at the request of the public entity. The investigations were concluded on 24 May 2023 and 9 October 2023; these investigations resulted in criminal proceedings against five employees. These proceedings were in progress at the date of this auditor's report.

Auditor-General

Pretoria

31 July 2024

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit.
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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.
- conclude on the appropriateness of the 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 the public entity 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1){b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1{e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020-21	Paragraph 2
National Treasury instruction No 5 of 2020-21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021-22	Paragraph 4.1
National Instruction No. 4 of 2015-16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016-17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021-22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020-21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021-22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008-09	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009-10	Paragraph 3.3
Practice Note 7 of 2009-10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Annual Financial Statements for the year ended 31 March 2024

Index

The reports and statements set out below comprise the Annual Financial statements presented to the parliament

Abbreviations used:

AFS	Annual Financial Statements
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
DPWI	Department of Public Works and Infrastructure
DSAC	Department of Sport, Arts and Culture
GRAP	Generally Recognised Accounting Practice
NRF	National Research Foundation
PFMA	Public Finance Management Act
SAASTA	South African Agency for Science and Technology Advancement

Council's Responsibilities and Approval

The (Council) members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is dependent on the entity for continued funding of operations. The Annual Financial Statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Council's Responsibilities and Approval

Although the Council is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 84.

The Annual Financial Statements set out on page 95, which have been prepared on the going concern basis, were approved by the Council on 29 July 2024 and were signed on its behalf by:

Adv. M.J. Ralefatane
Chairperson of Council

Dr M. Mohapi
Acting Chief Executive Officer

Statement of Financial Position as at March 2024

Figures in Rand	Note(s)	2024 R	2023 R
Assets			
Current Assets			
Cash and cash equivalents	2	12 169 745	11 558 012
Trade and other receivables from exchange transactions	3	947 254	1 061 006
Inventories	4	477 244	312 271
		13 594 243	**12 931 289**
Non-Current Assets			
Property, plant and equipment	5	28 136 248	31 079 605
Intangible assets	6	3 666 568	2 858 834
Heritage assets	7	897 365 318	895 145 984
Living resources	8	77 058	100 885
		929 245 192	**929 185 308**
Total Assets		**942 839 435**	**942 116 597**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	10	39 704 738	32 162 528
Income received in advance from non exchange	11	8 266 506	9 913 111
Provisions	12	2 189 804	2 303 020
		50 161 048	**44 378 659**
Non-Current Liabilities			
Employee benefit obligation	9	46 469 000	47 572 000
Total Liabilities		**96 630 048**	**91 950 659**
Net Assets		**846 209 387**	**850 165 938**
Accumulated surplus		846 209 387	850 165 938
Total Net Assets		**846 209 387**	**850 165 938**

Statement of Financial Performance

Figures in Rand	Note(s)	2024 R	2023 R
Revenue			
Revenue from exchange transactions			
Admission fees	13.3	3 491 609	2 903 438
Rental income		1 950 911	2 145 793
Sales curios, refreshments and festivals	13.3	384 194	446 680
Other income	19	610 270	864 645
Interest received	15	1 789 210	1 386 090
Total revenue from exchange transactions		**8 226 194**	**7 746 646**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and donations	13.1	112 228 904	106 981 122
Services in-kind	13.2	13 971 631	18 628 841
Total revenue from non-exchange transactions		**126 200 535**	**125 609 963**
Total revenue	13	**134 426 729**	**133 356 609**
Expenditure			
Employee related costs	14.2	(65 037 192)	(64 720 842)
Administration costs	14.1	(24 902 410)	(22 478 015)
Depreciation and amortisation	21	(3 484 834)	(3 397 830)
Finance costs	22	(1 110 041)	(870 197)
Cost of sales	13.3	(8 245)	(22 375)
Operating expenses	14.3	(44 486 083)	(55 426 363)
Interest service cost	9.2	(5 594 000)	(4 962 000)
Current service cost	9.2	(811 000)	(882 000)
Total expenditure		**(145 433 805)**	**(152 759 622)**
Operating deficit	14	**(11 007 076)**	**(19 403 013)**
(Loss) / Profit on assets written off	14.4	(459 251)	14 264
Actuarial gains	9.2	4 965 000	970 000
Operating lease straight lining adjustment	14.5	70 406	-
Inventories losses/write-downs		(141)	(245 463)
		4 576 014	**738 801**
Deficit for the year		**(6 431 062)**	**(18 664 212)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit R		Total net assets R
Balance at 01 April 2022	**866 724 648**		**866 724 648**
Changes in net assets			
Heritage assets non-cash additions	1 710 740		1 710 740
Trade and other receivables	394 762		394 762
Net income recognised directly in net assets	2 105 502		2 105 502
Surplus for the year	(18 664 212)		(18 664 212)
Total recognised income and expenses for the year	(16 558 710)		(16 558 710)
Total changes	(16 558 710)		(16 558 710)
Balance at 01 April 2023	**850 165 938**		**850 165 938**
Changes in net assets			
Surplus for the year	(6 431 062)		(6 431 062)
Trade and other receivables	255 177		255 177
Heritage assets non-cash additions	3 321 444		3 321 444
Heritage assets lost or stolen	(1 102 110)		(1 102 110)
Total changes	(3 956 551)		(3 956 551)
Balance at 31 March 2024	**846 209 387**		**846 209 387**

Cash Flow Statement

Figures in Rand	Note(s)	2024 R	2023 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		4 059 961	2 986 159
Grants		110 091 268	110 699 420
Interest received		1 789 210	1 386 090
Other receipts		2 561 181	3 010 438
		118 501 620	118 082 107
Payments			
Employee costs		(67 672 848)	(66 629 035)
Suppliers		(47 695 698)	(45 271 641)
Finance costs		(1 110 041)	-
		(116 478 587)	(111 900 676)
Net cash flows from operating activities	26	**2 023 033**	**6 181 431**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(885 752)	(1 757 348)
Proceeds from sale of property, plant and equipment		26 875	142 678
Purchase of other intangible assets	6	(559 398)	-
Capitalised development costs	6	-	(735 235)
Purchase of living resources	8	(4 800)	-
Proceeds from sale of living resources	8	11 775	83 604
Net cash flows from investing activities		**(1 411 300)**	**(2 266 301)**
Net increase in cash and cash equivalents		**611 733**	**3 053 170**
Cash and cash equivalents at the beginning of the year		11 558 012	8 504 842
Cash and cash equivalents at the end of the year	2	**12 169 745**	**11 558 012**

The accounting policies on pages 106 to 136 and the notes on pages 137 to 170 form an integral part of the Annual Financial Statements.

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Final budget R	Actual R	Variance R	Variance R	Reference
Income					
Revenue from non-exchange transactions					
Government grant	109 840 000	109 976 000	**136 000**	- %	
Other grant income	14 788 081	1 834 955	**(12 953 126)**	(88)%	N1
Service-in-kind	14 795 113	13 971 631	**(823 482)**	(6)%	
Donations	28 000	19 268	**(8 732)**	(31)%	N2
Donations in-kind	-	398 681	**398 681**	100 %	N3
Total revenue from non-exchange transactions	**139 451 194**	**126 200 535**	**(13 250 659)**	**(10)%**	
Revenue from exchange transactions					
Admission fees	3 880 000	3 491 609	**(388 391)**	(10)%	N4
Interest received	1 616 577	1 789 209	**172 632**	11 %	N5
Other income	2 043 378	609 870	**(1 433 508)**	(70)%	N6
Rental income	1 834 378	1 951 312	**116 934**	6 %	
Sales, curios, refreshments and festivals	631 400	384 194	**(247 206)**	(39)%	N7
Total revenue from exchange transactions	**10 005 733**	**8 226 194**	**(1 779 539)**	**(18)%**	
Total revenue	**149 456 927**	**134 426 729**	**(15 030 198)**	**(10)%**	
Expenditure					
Personnel	(74 053 443)	(65 037 192)	**9 016 251**	(12)%	N8
Administration	(17 955 510)	(24 902 410)	**(6 946 900)**	39 %	N9
Depreciation and amortisation	(3 393 250)	(3 484 834)	**(91 584)**	3 %	
Finance costs	-	(1 110 041)	**(1 110 041)**	- %	N10
Debt impairment	(80 000)	-	**80 000**	(100)%	
Cost of sales	(29 500)	(8 245)	**21 255**	(72)%	N11
Operating expenses	(57 466 864)	(44 486 083)	**12 980 781**	(23)%	N12
Interest service cost	(5 241 667)	(5 594 000)	**(352 333)**	7 %	
Current service cost	(968 333)	(811 000)	**157 333**	(16)%	N13
Total expenditure	**(159 188 567)**	**(145 433 805)**	**13 754 762**	**(9)%**	
Operating deficit	**(9 731 640)**	**(11 007 076)**	**(1 275 436)**	**13 %**	
Loss on sale of assets	130 000	(459 251)	**(589 251)**	(453)%	N14
Operating lease straight lining adjustment	-	70 406	**(70 406)**	- %	N15
Actuarial gains	-	4 965 000	**4 965 000**	- %	N16
Inventories losses/write-downs	-	(141)	**(141)**	- %	N17
	130 000	**4 576 014**	**4 305 202**	**(453)%**	
Deficit before taxation	**(9 601 640)**	**(6 431 062)**	**3 170 578**	**(33)%**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**(9 601 640)**	**(6 431 062)**	**3 170 578**	**(33)%**	

Statement of Comprison of Budget and Actual Amounts

N1 - Limited spending on infrastructure grant which was put on hold due to allegations of fraud and corruption in procurement processes.

N2 - Visitors did not have disposable income to donate as anticipated.

N3 - Unplanned donations in-kind received from South African Museum of Military History Building and Development Trust.

N4 - Increased budget in anticipation of increase in visitor numbers to museums. However, those visitors were non-paying visitors.

N5 - Increase in available cash due to underspending resulted in more interest being received from grant income.

N6 - Cash flow challenges hampered the implementation of alternative revenue streams (financial sustainability projects).

N7 - Lower than expected turn out to events and festivals.

N8 - Decreased due to planned vacancies and terminations not filled during the year due to impending merger of museums.

N9 - Over R8m in excess of the budget was incurred for municipal charges which are in dispute.

N10 - Interest charged on overdue accounts with DPWI and City of Tshwane.

N11 - Managed costs within available budget.

N12 - Savings realised due to infrastructure projects that were put on hold

N13 - Actual figures are determined by actuarial valuation; budget was based on prior valuations.

N14 - Could not reliably measure the budget for gain on disposals.

N15 - Lease straightlining movement was not included in the budget as it could not be reliable measured

N16 - Gain not budgeted for as it could not be estimated reliable as it is based on actuarial valuation.

N17 - Could not reliably measure the budget for write-downs.

Statement of Segment Reporting

2024	Administration	Kruger Museum	National Museum of Cultural History	National Museum of Military History	National Museum of Natural History	Pioneer Museum	Sammy Marks Museum	Tswaing Meteorite Crater	Willem Prinsloo Agricultural Museum	Total
Revenue										
Revenue from non-exchange transactions	110 711 229	240 804	6 261 203	2 314 559	4 081 099	240 530	1 509 574	635 234	206 302	126 200 534
Revenue from exchange transactions	258 900	544 005	1 100 799	1 226 203	1 989 518	716 874	140 577	127 374	332 736	6 436 986
Interest received	1 789 209	-	-	-	-	-	-	-	-	1 789 209
Total segment revenue	112 759 338	784 809	7 362 002	3 540 762	6 070 617	957 404	1 650 151	762 608	539 038	134 426 729
Expenses										
Salaries and wages	(18 759 958)	(2 733 745)	(10 706 737)	(10 365 506)	(16 786 475)	-	-	(2 668 563)	(3 016 207)	(65 037 191)
Administrative	(10 630 995)	(34 895)	(7 783 438)	(2 546 206)	(2 077 959)	(656 307)	(230 900)	(234 381)	(707 331)	(24 902 412)
Operating expenses	(28 654 565)	(193 788)	(6 438 934)	(2 317 333)	(4 196 937)	(245 695)	(1 529 545)	(649 365)	(259 919)	(44 486 081)
Total segment expenses	(58 045 518)	(2 962 428)	(24 929 109)	(15 229 045)	(23 061 371)	(902 002)	(1 760 445)	(3 552 309)	(3 983 457)	(134 425 684)
Total segment surplus (deficit)	**54 713 820**	**(2 177 619)**	**(17 567 107)**	**(11 688 283)**	**(16 990 754)**	**55 402**	**(110 294)**	**(2 789 701)**	**(3 444 419)**	**1 045**
Cost of sales	-	18 370	-	(12 108)	(9 714)	192	(5 126)	-	-	(8 386)
Amortisation	(126 935)	-	-	-	-	-	-	-	-	(126 935)
Depreciation	(3 357 900)	-	-	-	-	-	-	-	-	(3 357 900)
Operating lease Straight lining	70 406	-	-	-	-	-	-	-	-	70 406
Actuarial gain	4 965 000	-	-	-	-	-	-	-	-	4 965 000
Loss on sale of assets	(459 251)	-	-	-	-	-	-	-	-	(459 251)
Interest service cost	(5 594 000)	-	-	-	-	-	-	-	-	(5 594 000)
Finance cost	(1 110 041)	-	-	-	-	-	-	-	-	(1 110 041)
Current service cost	(811 000)	-	-	-	-	-	-	-	-	(811 000)
Surplus/(Loss) for the period	**48 290 099**	**(2 159 249)**	**(17 567 107)**	**(11 700 391)**	**(17 000 468)**	**55 594**	**(115 420)**	**(2 789 701)**	**(3 444 419)**	**(6 431 062)**

Statement of Segment Reporting

2023	Administration	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	125 217 941	546	40	9 846	380 463	1	1 100	1	25	125 609 963
Revenue from exchange transactions	478 880	332 434	997 887	1 098 870	2 058 120	547 660	266 777	147 189	432 741	6 360 558
Interest										
Received	1 293 591	5 773	68 251	6 299	1 411	2	10 257	75	431	1 386 090
Total segment revenue	126 990 412	338 753	1 066 178	1 115 015	2 439 994	547 663	278 134	147 265	433 197	133 356 611
Expenses										
Salaries and wages	(20 107 534)	(2 376 997)	(11 236 515)	(9 913 332)	(15 782 134)	-	-	(2 412 218)	(2 892 113)	(64 720 843)
Administrative	(8 965 459)	(336 290)	(7 764 960)	(1 386 798)	(1 552 335)	(817 820)	(564 125)	(182 660)	(907 567)	(22 478 014)
Operating expenses	(48 645 474)	(10 685)	(5 897 723)	(27 393)	(621 251)	(10 585)	(15 708)	(40 253)	(157 294)	(55 426 366)
Total segment expenses	(77 718 467)	(2 723 972)	(24 899 198)	(11 327 523)	(17 955 720)	(828 405)	(579 833)	(2 635 131)	(3 956 974)	(142 625 223)
Total segment surplus (deficit)	**49 271 945**	**(2 385 219)**	**(23 833 020)**	**(10 212 508)**	**(15 515 726)**	**(280 742)**	**(301 699)**	**(2 487 866)**	**(3 523 777)**	**(9 268 612)**
Cost of Sales	-	(44)	-	(4 687)	(7 889)	(1 884)	(5 173)	(1 500)	(1 198)	(22 375)
Amortisation	(78 470)	-	-	-	-	-	-	-	-	(78 470)
Depreciation	(3 319 360)	-	-	-	-	-	-	-	-	(3 319 360)
Impairment of assets	(245 463)	-	-	-	-	-	-	-	-	(245 463)
Actuarial gain	970 000	-	-	-	-	-	-	-	-	970 000
Profit on sale of assets	14 264	-	-	-	-	-	-	-	-	14 264
Finance cost	(870 197)	-	-	-	-	-	-	-	-	(870 197)
Interest service cost	(4 962 000)	-	-	-	-	-	-	-	-	(4 962 000)
Current service cost	(882 000)	-	-	-	-	-	-	-	-	(882 000)
Surplus/(Loss) for the period	**39 898 719**	**(2 385 263)**	**(23 833 020)**	**(10 217 195)**	**(15 523 615)**	**(282 626)**	**(306 872)**	**(2 489 366)**	**(3 524 975)**	**(18 664 213)**

Statement of Segment Reporting

Types of goods and/or services delivered by each segment.

Administration

Administration offers strategic leadership and support services needed for running the museums. Departments include Human Capital Management; Information Communications Technology; Supply Chain Management; Finance and Marketing and Communication.

Kruger Museum

The Museum consists of the original house in which S.J.P. Kruger, the 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.

National Museum of Cultural History

Exhibitions include the following:

- 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 artefacts indicating ritual behaviour in the Early Iron Age").
- an exhibition on Marabastad, which is a true example of a cosmopolitan and fully integrated rainbow nation before apartheid.

National 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.

National 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.

Statement of Segment Reporting

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 the 1848 house, and of the people who lived on the farm Hartebeestpoort, are enacted with the background of the pioneer years in South Africa.

The house is surrounded by a traditional herb and vegetable garden, an orchard, a furnished wagon house and a 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.

Statement of Segment Reporting

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.

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.

Council approved DMSA's budgets and reviewed cash flow forecasts for the year ended 31 March 2025. On the basis of the review, and in view of the current financial position, Council believes that DMSA 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 2024, Management has assessed the following factors:

- DMSA's mandate is determined by the Cultural Institutions Act 0f 1998.
- Funding from the Department of Sport, Arts and Culture (DSAC).
- Assessment of net monthly cash flows.
- Surplus/deficit for the year ended 31 March 2024.
- Net current assets (liquidity position).
- Assessment of risks.
- Changes in government priorities or legislation (if any).

DSAC, as a shareholder, has demonstrated its commitment to supporting DMSA,ensuring that the entity remains a going concern in fulfilling its mandate.

Accounting Policies

1.3 Materiality

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 Sstatements 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

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

1.5 Significant judgements and sources of estimation uncertainty (continued)

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-assesses 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 is based on the risk-free 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 bringing 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 Museum (asset number 9/2/258/0010), Pioneer 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.

1.6.8 Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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% Computer equipment - Hubs; monitors; other 14.3%

Computer equipment - Printers; scanners; servers14.3% 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
IT equipment	Straight-line	7 years

Accounting Policies

1.7 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 agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

(a) is used in the production or supply of agricultural produce;

(b) is expected to bear produce for more than one period; and

(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) 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.

Accounting Policies

1.7 Living and non-living resources (continued)

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.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the Annual Financial Statements.

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Where the entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information is disclosed in the notes to the Annual Financial Statements.

Where the entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the Annual Financial Statements. When the information about the cost or fair value of the living resource becomes available, the entity recognises, from that date, the living resource and apply the measurement principles.

Measurement at recognition

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

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

1.7 Living and non-living resources (continued)

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.

Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

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) the 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; and
(vii) impairment losses recognised in surplus or deficit.

Accounting Policies

1.8 Intangible assets

An 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:

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	Indefinite	Amortisation rate at 0%

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 aon the earliest 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.

Accounting Policies

1.8 Intangible assets (continued)

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)

1.8.3 Intangible assets under development

Intangible assets under development shall be capitalised at the costs incurred to date. Once the intangible asset under development is ready for use, it will be reclassified to the appropriate class and will be amortised as per the useful life applicable to that class.

1.9 Heritage assets

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

1.9.1 Recognition

DMSA recognise 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.

DMSA 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.

(b) For recognition of heritage assets, the asset needs to be controlled by the DMSA museums as a result of past events. Such events may include: Purchase, donation, bequeathal, 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 has been determined using either cost or fair value.

Accounting Policies

1.9 Heritage assets (continued)

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

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.

Accounting Policies

1.9 Heritage assets (continued)

The DMSA 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 member of the valuation profession.

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.

Accounting Policies

1.9 Heritage assets (continued)

(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 DMSA's operations, that is shown as a single item for the purpose of disclosure in the financial statements. The DMSA 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 published and unpublished material, as well as research material.

1.9.8 Heritage assets on loan to other institutions

These financial statements 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…."

Accounting Policies

1.9 Heritage assets (continued)

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.

1.5.10 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.

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

Accounting Policies

1.10 Financial instruments (continued)

(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.

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.

1.10 Financial instruments (continued)

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.

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.

Accounting Policies

1.10 Financial instruments (continued)

Income received in advance from non-exchange transactions

Income received in advance arises from conditional grants received. Income received in advance from non-exchange transactions are stated at their nominal value. Short-term payables with no interest rate are measured at the original transferred amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days. Payables are also settled when conditions are not met and the granter has requested a refund of unused grant. 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

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 the 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.

Accounting Policies

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.

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.

1.13 Impairment of cash-generating assets (continued)

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.

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.

Accounting Policies

1.14 Employee benefits (continued)

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.

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.

Accounting Policies

1.14 Employee benefits (continued)

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.

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; and
- 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.

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.

Accounting Policies

1.15 Provisions and contingencies (continued)

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.

Accounting Policies

1.17 Revenue from exchange transactions (continued)

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.

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.

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 qualify for recognition and first become 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.

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 Works and Infrastructure 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 Revenue

Revenue 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 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 Interest income

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

1.22 Finance costs

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

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

Finance 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. Interest income earned on the temporary investment of specific finance pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation.

Accounting Policies

1.22 Finance costs (continued)

The capitalisation of finance costs commences when:

- expenditures for the asset have occurred; finance 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 finance 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 derecognised 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.

Accounting Policies

1.25 Irregular expenditure (continued)

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:

(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

Accounting Policies

1.26 Segment information (continued)

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.

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 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 an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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 comparison of budget and actual amounts.

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 Sport, Arts and Culture, all the entities of DSAC, the Auditor-General South Africa, the Department of Public Works and Infrastructure, City of Tshwane, and 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.

1.28 Related parties (continued)

(c) Key management personnel, and close members of the family of key management personnel. DMSA regards all individuals from the level of Executive Director 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.

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.

Accounting Policies

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.

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.

1.32 New standards and interpretation

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
* GRAP 103 (as revised): Heritage Assets	01 April 2023	Unable to reliably estimate the impact
* GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
* GRAP 104 (as revised): 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
* Improvements to the Standards of GRAP, 2020	01 April 2023	Impact is currently being assessed
* GRAP 1 (amended): Presentation of Financial Statements	01 April 2025	Impact is currently being assessed
* IGRAP 22 on Foreign Currency Transactions and Advance Consideration	01 April 2025	Impact currently being assessed

	2024 R	2023 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:

	2024 R	2023 R
Cash float	2 550	2 550
Bank balances (Current Account)	2 773 437	534 904
Corporation for public deposits account	45 425	83 102
Petty cash	55 500	64 500
Infrastructure call account	9 292 833	10 872 956
	12 169 745	**11 558 012**

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:

	2024		2023	
Class	**Rating**	**R**	**Rating**	**R**
Bank balances	High grade	2 773 437	High grade	534 904
Short term deposits	High grade	9 338 258	High grade	10 956 058
Petty cash and floats	Not rated	58 050	Not rated	67 050

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.

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.

	2024 R	2023 R

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

	2024 R	2023 R
Trade receivables	670 351	768 434
Provision for bad debts	(1 927 751)	(1 889 471)
Sundry receivables	2 204 654	2 182 043
	947 254	**1 061 006**

2024

	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Trade receivables	768 434	(3 314 503)	3 216 421	670 352
Sundry receivables	2 182 043	(415 400)	438 010	2 204 653
Less: provision for doubtful debts	(1 889 471)	-	(38 280)	(1 927 751)
	1 061 006	**(3 729 903)**	**3 616 151**	**947 254**

2023

	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Trade receivables	1 905 992	(5 334 570)	4 197 012	768 434
Sundry receivables	1 843 696	(134 040)	472 387	2 182 043
Less: provision for doubtful debts	(3 052 641)	1 163 170	-	(1 889 471)
	697 047	**(4 305 440)**	**4 669 399**	**1 061 006**

Notes to the Annual Financial Statements

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:

	2024		2023	
Class Aging	**Rating**	**R**	**Rating**	**R**
Trade receivables (Net)		**670 352**		**890 804**
Current to 30 days	High grade	486 505	High grade	282 373
Gross receivables		486 505		282 373
31 days to 60 days	High grade	10 068	High grade	28 554
Gross receivables		10 068		28 554
61 days to 90 days	Medium grade	3 643	Medium grade	99 548
Gross receivables		3 643		99 548
Over 90 days	Medium grade	170 136	Medium grade	480 329
Gross receivables		170 136		526 104
Provision for bad debts		-		(45 775)

	2024		2023	
Class Aging	**Rating**	**R**	**Rating**	**R**
Other receivables - Current		**276 902**		**170 202**
Current to 30 days	High grade	99 380	High grade	170 202
Gross receivables		99 380		170 202
Provision for bad debts		-		-
Over 90 days	Medium grade	177 522	Medium grade	-
Gross receivables		2 105 273		1 843 696
Provision for bad debts		(1 927 751)		(1 843 696)
		947 254		**1 061 006**

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.

Notes to the Annual Financial Statements

3.2 Credit quality and aging analysis of trade and other receivables (continued)

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, at 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.

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.

	2024 R	2023 R

3.4 Impairment of trade and other receivables (continued)

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

	2024 R	2023 R
Opening balance	(1 889 470)	(3 052 641)
Amounts used	-	1 097 804
Amounts (raised) reversed	(38 280)	65 367
Closing balance	**(1 927 750)**	**(1 889 470)**

4. Inventories

	2024 R	2023 R
Inventories	477 244	312 271

5. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	17 069 683	(8 208 550)	8 861 133	17 338 092	(7 606 222)	9 731 870
Motor vehicles	4 964 163	(3 245 208)	1 718 955	4 434 227	(2 933 831)	1 500 396
Office equipment	24 369 152	(8 105 881)	16 263 271	24 649 394	(6 594 937)	18 054 457
IT equipment	3 980 056	(2 687 167)	1 292 889	5 523 384	(3 730 502)	1 792 882
Total	**50 383 054**	**(22 246 806)**	**28 136 248**	**51 945 097**	**(20 865 492)**	**31 079 605**

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Donations received	Other changes, movements	Depreciation	Total
Furniture and fixtures	9 731 870	-	(205 615)	63 000	21 729	(749 851)	8 861 133
Motor vehicles	1 500 396	-	(1)	-	429 564	(211 004)	1 718 955
Office equipment	18 054 457	785 862	(159 131)	-	(489 721)	(1 928 196)	16 263 271
IT equipment	1 792 882	99 890	(109 604)	-	(31 582)	(458 697)	1 292 889
	31 079 605	**885 752**	**(474 351)**	**63 000**	**(70 010)**	**(3 347 748)**	**28 136 248**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Furniture and fixtures	10 477 359	-	-	-	(745 489)	-	9 731 870
Motor vehicles	1 657 016	-	-	13 420	(170 040)	-	1 500 396
Office equipment	19 425 118	868 763	(96 588)	21 817	(1 917 483)	(247 170)	18 054 457
IT equipment	1 358 556	888 585	(31 826)	45 004	(470 037)	2 600	1 792 882
	32 918 049	1 757 348	(128 414)	80 241	(3 303 049)	(244 570)	31 079 605

Pledged as security

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

Other information

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.

Notes to the Annual Financial Statements

6. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	-	-	-	92 703	(92 703)	-
Website	2 092 275	-	2 092 275	2 091 618	657	2 092 275
Computer software	2 186 549	(615 179)	1 571 370	1 159 838	(399 232)	760 606
Computer operating system	21 155	(18 232)	2 923	21 155	(15 202)	5 953
Total	**4 299 979**	**(633 411)**	**3 666 568**	**3 365 314**	**(506 480)**	**2 858 834**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Website	2 092 275	-	-	-	2 092 275
Computer software	760 606	559 398	375 270	(123 904)	1 571 370
Intangible assets under development	-	-	-	-	-
Computer operating system	5 953	-	-	(3 030)	2 923
	2 856 835	**559 398**	**375 270**	**(126 934)**	**3 666 568**

Reconciliation of intangible assets - 2023

	Opening balance	Additions through transfer of functions / mergers	Internally generated	Revaluations	Other changes, movements	Amortisation	Total
Website	780	1 795 964	735 235	779	(440 361)	(779)	2 092 275
Computer software, other	305 460	-	-	-	531 254	(76 109)	760 606
Intangible assets under development	1 795 964	(1 795 964)	-	-	-	-	-
Computer operating system	8 975	-	-	-	-	(3 022)	5 953
	2 111 179	**-**	**735 235**	**779**	**90 893**	**(79 910)**	**2 858 834**

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 2024/25 financial year. There were no expenses incurred towards this project in the current financial year.

The cost to complete the project is estimated at R3 217 948 and the commitment has been included in the commitment note 30 below. Once the project is completed the total costs will capitalised and classified as intangible assets.

Intangible assets with indefinite lives:

The useful life of a virtual museum (website) is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

Notes to the Annual Financial Statements

7. Heritage assets

	2024			2023 Restated		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Cultural History	360 205 234	-	360 205 234	361 017 286	-	361 017 286
Military History	531 283 085	-	531 283 085	528 251 699	-	528 251 699
Natural History	5 876 999	-	5 876 999	5 876 999	-	5 876 999
Total	**897 365 318**	**-**	**897 365 318**	**895 145 984**	**-**	**895 145 984**

Reconciliation of heritage assets 2024

	Opening balance	Additions	Lost or Stolen	Total
Cultural History	361 017 286	290 058	(1 061 460)	360 205 234
Military History	528 251 699	3 031 386	(40 650)	531 283 085
Natural History	5 876 999	-	-	5 876 999
	895 145 984	**3 321 444**	**(1 102 110)**	**897 365 318**

Reconciliation of heritage assets 2023 Restated

	Opening balance	Transfers	Other changes, movements	Total
Cultural History	355 690 116	5 126 150	201 020	361 017 286
Military History	526 741 979	-	1 509 720	528 251 699
Natural History	11 003 149	(5 126 150)	-	5 876 999
	893 435 244	**-**	**1 710 740**	**895 145 984**

7. Heritage assets (continued) Assets lost or stolen

During the year Management removed assets that have been lost or stolen and not yet recovered. The stolen assets were reported to the South African Police Services and cases were opened. These assets were previously valued at R1 061 460 for Cultural History class and R40 650 for Military History class. These assets are retained in the asset register at R0 as they cannot be written off until a deaccessioning process as per the Heritage Asset Management Policy has been completed.

Prior period error

During the year, it was discovered that a collection of heritage assets had been misclassified as Natural History, when, in fact, it belonged to the Cultural History Collection. The Finch Davis collection amounting to R5 126 150 has been reclassified from Natural History to Cultural History and the prior year comparatives have been restated.

The nature and effect of correction of the prior period error is as follows:

Prior year balance of Cultural History has been restated from R355 891 136 to R361 017 286. Prior year balance of Natural History has been restated from R11 003 149 to R5 876 999.

There is no impact on the current and future periods.

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 correctly 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 and they are immediately added to the asset register at R0. The number of such assets identified during the year are listed below as acquired in he prior year.

Class	Acquired in prior years	Current year additions	Total assets
Military History	55	2 906	2 961
Cultural History	148	122	270
Natural History	1		1

8. Living resources

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Skilder sheep	5 000	(1 376)	3 624	1 400	(957)	443
Cattle	96 470	(58 839)	37 631	103 270	(44 792)	58 478
Horses	3 000	(1 906)	1 094	3 000	(1 786)	1 214
Poultry	6 039	(932)	5 107	10 700	(3 840)	6 860
Afrikaner sheep	23 400	(6 969)	16 431	27 000	(8 448)	18 552
Zebra	116 243	(104 580)	11 663	141 500	(126 530)	14 970
Impala	18 600	(18 591)	9	18 600	(18 591)	9
Donkeys	2 400	(901)	1 499	1 200	(841)	359
Total	**271 152**	**(194 094)**	**77 058**	**306 670**	**(205 785)**	**100 885**

Reconciliation of living resources - 2024

	Opening balance	Increase due Decrease due to purchases	Decrease due to sale / death	Depreciation through non-exchange functions	Other changes, movements harvest	Depreciation	Total
Skilder sheep	443	3 600	(3)	-	-	(416)	3 624
Cattle	58 478	-	(11 111)	(6 700)	-	(3 036)	37 631
Horses	1 214	-	-	-	-	(120)	1 094
Poultry	6 860	-	(661)	-	-	(1 092)	5 107
Afrikaner sheep	18 552	-	-	-	(75)	(2 046)	16 431
Zebra	14 970	-	-	-	-	(3 307)	11 663
Impala	9	-	-	-	-	-	9
Donkeys	359	1 200	-	-	-	(60)	1 499
	100 885	**4 800**	**(11 775)**	**(6 700)**	**(75)**	**(10 077)**	**77 058**

	2024 R	2023 R

8. Living resources (continued)

Reconciliation of living resources - 2023

	Opening balance	Decrease due to sale / death / harvest	Depreciation	Total
Skilder sheep	9 964	(6 580)	(2 941)	443
Cattle	138 216	(74 249)	(5 489)	58 478
Horses	1 334	-	(120)	1 214
Poultry	7 885	-	(1 025)	6 860
Afrikaner sheep	21 367	(2 775)	(40)	18 552
Zebra	21 402	-	(6 432)	14 970
Impala	48	-	(39)	9
Donkeys	399	-	(40)	359
	200 615	**(83 604)**	**(16 126)**	**100 885**

9. Employee benefit obligations

9.1 Pension fund

	2024 R	2023 R
	788 979	906 308

DITSONG:Museums of South Africa's employees are members of the Museums Pension Fund which covers employees who are either on defined benefit or 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, (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 2024 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.

Notes to the Annual Financial Statements

	2024 R	2023 R
9.2 Post-employment benefit costs		
Health care costs	46 469 000	47 572 000

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

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 2024.

Accrued Liabilities

Liabilities in respect of:

	2024 R	2023 R
Members in active employment	22 081 000	22 663 000
Current continuation members	24 388 000	24 909 000
Total Liability Recognised in Balance Sheet	**46 469 000**	**47 572 000**

The reconciliation of the opening and closing balances is as follows

	2024 R	2023 R
Liability as at 1 April	47 572 000	44 805 000
Interest service cost	5 594 000	4 962 000
Current service cost	811 000	882 000
Disbursements (benefits paid)	(2 543 000)	(2 107 000)
Actuarial (gain)/loss	(4 965 000)	(970 000)
Liability as at 31 March	**46 469 000**	**47 572 000**

	2024 R	2023 R

Employee benefit obligations (continued)

Projections

The projections of the expected change in the obligation over the period 1 April 2024 to 31 March 2025 is as follows:

Benefit projection	R
PBO at start of period (1 April 2024)	46 469 000
Interest service cost	6 482 000
Current service cost	755 000
Benefit payments	(2 969 000)
PBO at end of period (31 March 2025)	**50 737 000**

Interest and Inflation Rate

The actuary took into account the following assumptions in their calculation:

Discount rate	14,16% p.a.	11,97% p.a
Post-retirement interest rate	3,75% p.a.	3,19% p.a.
Expected return on plan assets	N/A	N/A
Long - term price inflation	8,53% p.a.	7,01% p.a.
Medical inflation rate	10,03% p.a.	8,51% p.a.
Average longevity for current pensioners aged 76 years (2023:24; 76 years)		
Males	9	9
Females	11,3	11
Average longevity at retirement age for current employees (future pensioners) Age 63 years (2023:24; 63 years)		
Males	16,6	16,6
Females	20,8	20,8

Benefit Cost in Profit and Loss

Net interest cost	5 594 000	4 962 000
Service cost	811 000	882 000
Profit and loss expense	**6 405 000**	**5 844 000**

Notes to the Annual Financial Statements

	2024 R	2023 R

Employee benefit obligations (continued)

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 arising from changes in financial assumptions	2 814 000	2 527 000
Actuarial gains and (losses) arising from experience adjustments		
Other (describe)		
Adjustments for restrictions on the defined benefit asset		
Components of defined benefit costs recognised in other comprehensive income	2 151 000	(1 557 000)
Total gain / (loss) on liability	4 965 000	970 000
Total Cost	1 440 000	4 872 000

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.

Medical Inflation Rate	Current Assumption	1% decrease	1% increase
	14,16%	13,16%	15,16%
Liability	46 469 000	51 038 000	42 558 000
Cost / (Saving)	-	4 569 000	(3 911 000)

Mortality	Current Assumption	1 year reduction	1 year enhancement
	Pa (90) -1	Pa (90)-2	Pa (90)
Liability	46 469 000	48 059 000	44 886 000
Cost / (Saving)	-	1 590 000	(1 583 000)

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

Benefit Projection	Current Assumptions R	Discount Rate 1% R	Discount Rate +1% R
PBO at start of period (1 April 2024)	46 469 000	51 038 000	42 558 000
Interest Cost	6 482 000	6 639 000	6 334 000
Service Cost	755 000	862 000	665 000
Expected Benefit payments	(2 969 000)	(2 969 000)	(2 969 000)
PBO at end of period (31 March 2025)	**50 737 000**	**55 570 000**	**46 588 000**

	2024 R	2023 R

10. Trade and other payables

	2024 R	2023 R
Trade payables	1 982 198	1 815 642
13th Cheque accruals	1 453 773	1 380 169
Sundry payables	36 140 713	28 805 466
Payments received in advanced	39 905	72 602
Deposits received	88 149	88 649
	39 704 738	**32 162 528**

2024

	Opening balance	Amount received/ used	Payables raised	Closing balance
Trade payables	1 815 642	(41 887 144)	42 053 701	1 982 199
13th Cheque accruals	1 380 169	73 604	-	1 453 773
Sundry payables	28 805 466	(6 156 619)	13 491 866	36 140 713
Payments received in advance	72 602	(448 838)	416 141	39 905
Deposits	88 649	(500)	-	88 149
	32 162 528	**(48 419 497)**	**55 961 708**	**39 704 739**

2023

	Opening balance R	Amount received/ used R	Payables raised R	Closing balance R
Trade payables	380 595	(47 875 871)	49 310 918	1 815 642
13th Cheque accruals	1 484 091	(3 749 771)	3 645 849	1 380 169
Sundry payables	15 969 391	(7 282 468)	20 118 543	28 805 466
Payments received in advance	77 090	(4 488)	-	72 602
Deposits	86 349	(500)	2 800	88 649
	17 997 516	**(58 913 098)**	**73 078 110**	**32 162 528**

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 of receiving a valid 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.

Notes to the Annual Financial Statements

	2024 R	2023 R

Trade and other payables (continued)

10.3 Sundry payables

Included in the sundry payables amount of R36 140 713 are accruals for services rendered. The majority of the outstanding balance consists of unpaid water and electricity bills owed to the City of Tshwane, totaling R17 405 387, and payments made on behalf of DPWI, amounting to R12 583 752.

The balance relates to month end creditors that are paid within thirty (30) days of invoice

11. Income received in advance from non-exchange transactions

Unspent conditional grants and receipts comprises of:

	2024 R	2023 R
Unspent conditional grants and receipts		
Unspent grants	8 266 506	9 913 111
Movement during the year		
Balance at the beginning of the year	9 913 111	6 194 813
Additions during the year	96 000	9 577 321
Income recognition during the year	(1 742 605)	(5 859 023)
	8 266 506	**9 913 111**

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 have been recognised. See note 13.1 for reconciliation of grants from National Government.

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

12. Provisions

Reconciliation of provisions - 2024	Opening balance	Utilised during the year	Total
Leave provision	2 303 020	(113 216)	2 189 804

Reconciliation of provisions - 2023	Opening balance	Additions	Utilised during the year	Total
Leave provision	2 208 135	461 395	(366 510)	2 303 020

		2024 R	2023 R

13. Revenue

Admission fees		3 491 609	2 903 438
Rental income		1 950 911	2 145 793
Sales curios, refreshments and festivals		384 194	446 680
Other income	Note 19	610 270	864 645
Interest received		1 789 210	1 386 090
Government grants and donations		112 228 904	106 981 122
Services-in-kind		13 971 631	18 628 841
		134 426 729	**133 356 609**

The amount included in revenue arising from exchanges of goods or services are as follows:

Admission fees		3 491 609	2 903 438
Rental income		1 950 911	2 145 793
Sales, curios, refreshments and festivals		384 194	446 680
Other income	Note 19	610 270	864 645
Interest received		1 789 210	1 386 090
		8 226 194	**7 746 646**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue Transfer revenue

Government grants and donations	112 228 904	106 981 122
Services in-kind	13 971 631	18 628 841
	126 200 535	**125 609 963**

Notes to the Annual Financial Statements

	2024 R		2023 R

13.1 Revenue from non-exchange transactions

Revenue comprises income received from the following sources:

	2024 R	2023 R
Grants and donations	112 228 904	106 981 122

Reconciliation of grants and donations:

Movement in grant 2024	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	-	109 976 000	109 976 000	-
Other grants	9 913 111	96 000	1 834 955	8 266 506
Donations	-	417 949	417 949	-
	9 913 111	**110 489 949**	**112 228 904**	**8 266 506**

Movement in grant 2023	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	-	101 109 000	101 109 000	-
Other grants	6 194 813	9 577 321	5 859 023	9 913 111
Donations	-	13 099	13 099	-
	6 194 813	**110 699 420**	**106 981 122**	**9 913 111**

13.2 Services in-kind

	2024 R	2023 R
Services in-kind	13 971 631	18 628 841

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 – DITSONG: Kruger Museum
- Erf 309 portion 1 of Pretoria – DITSONG: Head Office
- Erf 328 portion 177 of JR – DITSONG: Pioneer Museum
- Erf 3419 portion 0 of Pretoria – DITSONG: National Museum of Cultural History
- Erf 714 portion 0 of Pretoria – DITSONG: National Museum of Natural History
- Erf 3261 portion 0 Pretoria - Pierneef Museum
- Erf 430 Saxonwold - DITSONG: National Museum of Military History
- Portion 89 of farm 364 Zwartkoppies JR - DITSONG: Sammy Marks Museum
- Remainder of farm 149 JR - DITSONG: Tswaing Meteorite Crater Museum
- 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 and Infrastructure on behalf of DMSA.

Notes to the Annual Financial Statements

	2024 R	2023 R
13.3 Revenue From exchange transactions		
Sale of goods and services	**4 472 694**	**4 152 569**
Admission fees	3 491 609	2 903 438
Income sales / services	596 891	802 451
Sales curios, refreshments and festivals	384 194	446 680
Sale of goods	**8 245**	**22 375**
Opening inventory	337 631	63 139
Purchases	147 999	296 867
Less: Closing inventory	(477 385)	(337 631)
Other revenue	**1 964 290**	**2 207 987**
Other revenue streams	9 595	57 394
Rental income	1 950 911	2 145 793
Bad debts, bursary and training fees recovered	3 784	4 800

14. Operating deficit	**(11 007 076)**	**(19 406 963)**

Operating deficit for the year is stated after accounting for the following:

(Loss) gain on sale of property, plant and equipment	(459 251)	14 264
Operating lease straight line adjustment	70 406	-
Depreciation on property, plant and equipment	3 347 748	3 303 049
Employee costs	65 037 192	64 720 842

Expense items:

14.1 Administrative costs	**(24 902 410)**	**(22 478 015)**
Advertising and marketing	(1 250 203)	(1 015 017)
Bank charges	(104 814)	(96 877)
Insurance	(865 336)	(886 295)
Legal fees	(677 979)	(209 110)
Licence fees	(11 798)	(56 268)
Postage and stationery	(77 540)	(90 445)
Staff training	(398 195)	(507 347)
Telephone and internet	(6 381 705)	(5 459 241)
Travelling costs	(844 116)	(669 207)
Water and electricity	(14 290 724)	(13 488 208)
Current service cost	(811 000)	(882 000)
Depreciation and amortization	(3 484 834)	(3 397 830)
Interest service cost	(5 594 000)	(4 962 000)
Impairment	(141)	(245 463)
Finance costs	(1 110 041)	(870 197)

Notes to the Annual Financial Statements

		2024 R	2023 R

14. Operating deficit (continued)

		2024 R	2023 R
14.2	**Employee costs - normal cost**	**(65 037 192)**	**(64 720 842)**
	Basic	(54 748 719)	(55 160 777)
	Overtime payments	(69 625)	(70 908)
	13th Cheques	(4 103 236)	(4 157 385)
	Pension fund benefit	(788 978)	(906 308)
	Housing benefits and allowances	(116 430)	(146 260)
	Medical aid benefit	(705 033)	(722 777)
	cellphone allowance	(215 800)	(271 600)
	UIF	(282 471)	(290 029)
	Acting allowances	(1 293 737)	(473 642)
	Travel allowance	(591 842)	(758 088)
	Casual employees	(932 067)	(792 775)
	Workmens compensation	(129 237)	(83 177)
	Movement in accumulated leave provision	(415 432)	(448 599)
	Pensioners' medical aid contribution	(418)	348
	Council remuneration	(644 167)	(438 865)
14.3	**Operating expenses**	**(44 486 083)**	**(55 426 363)**
	Bad debts	-	38 281
	Consulting services	(2 063 220)	(2 137 916)
	Consumable furniture and equipment	-	(29 065)
	Consumables	(4 597 927)	(3 934 845)
	Restoration expenses	(16 430)	(10 707)
	Research expenses	(6 688)	(94 190)
	Exhibition expenses	(46 530)	(33 244)
	External audit fees	(3 026 088)	(3 484 439)
	Library	(63 954)	(333 119)
	Other expenses	(3 253 635)	(6 499 346)
	Rental expense	(128 465)	(1 487 373)
	Rental expense - Services in-kind	(13 971 631)	(18 628 841)
	Repairs and maintenance	(101 790)	(98 652)
	Security services	(17 209 725)	(18 692 907)
	Total expenses	**(145 433 805)**	**(152 759 622)**
14.4	**(Loss) / Profit on assets written off**	**(459 251)**	**14 264**
	Proceeds from insurance claim	26 875	226 282
	Disposal of property, plant and equipment	(486 126)	(212 018)
14.5	**Operating Lease Straight Lining Adjustment**		
	Operating Lease Income /(Expense)	70 406	-
	Adjustment	-	-
		70 406	**-**

Notes to the Annual Financial Statements

		2024 R	2023 R

15. Interest recieved

Interest revenue

		2024 R	2023 R
Bank		1 773 682	1 293 591
Interest charged on trade and other receivables		15 528	92 499
		1 789 210	**1 386 090**

Interest received comprises interest received from funds invested at the CPD account at interest rates ranging between 7.75% and 8.25% over the reporting period and interest on credit balances in the current account, call account at interest rates ranging between 6.25% and 8.1% and interest charged on outstanding debtors at a rate of 11.75% per annum.

16. Other revenue

		2024 R	2023 R
Admission fees		3 491 609	2 903 438
Rental income		1 950 911	2 145 793
Sales curios, refreshments and festivals		384 194	446 680
Other income	Note 19	610 270	864 645
		6 436 984	**6 360 556**

17. Contingencies

17.1 Contingent liabilities

2024

There were no contingent liabilities at year end.

2023

There were no contingent liabilities at year end.

17.2 Contingent assets

2024

There were no contingent assets at year end.

2023

There were no contingent assets at year end.

18. Operating lease

DMSA as a Lessor

	2024 R		2023 R

18. Operating lease (continued)

DMSA is currently leasing out its facilities to generate income. DMSA has fixed term leases with terms ranging between 1 and 5 years at year end:

Lessee	Effective from		Duration of the agreement
RPM Events and Decor	01 Jul 2023		5 years
SAAACA	01 Oct 2023		1 year
Council for Geoscience	01 Apr 2023		2 years
Maribelo Trading and Projects	01 Jul 2023		5 years

The following lease payments are receivable:			
Within 1 year	1 247 007		412 749
Between 1-5 years	1 515 306		-
Later than five years	-		-
Total lease commitments	**2 762 313**		**412 749**

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 RT3 - 2018 with Altron Bytes Document Solutions for the lease of nine (9) photocopying machines for a period of thirty-six (36) months for DMSA offices for a contractual value of R2 001 830.76.

The following lease payments are payable:			
Within 1 year	667 277		22 329
Between 1-5 years	1 000 915		-
Later than five years	-		-
Total lease commitments	**1 668 192**		**22 329**

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 the lease of these buildings.

Notes to the Annual Financial Statements

	2024 R	2023 R

19. Other income

Other revenue streams	9 595	57 394
Income sales / services	596 891	802 451
Bad debts, bursary and training fees recovered	3 784	4 800
	610 270	864 645

20. Emoluments of Council, Committee Members and Senior Management

Executive

2024

	Salary/Fee	13th Cheque	Travel Allowance	Other Benefits	Total
Dr M. Mohapi - ACEO	1 289 069	93 698	120 000	19 200	1 521 967
Ms A. Tinta - CEO #1	367 571	30 769	-	7 500	405 840
Mr N. Hlophe - CFO #2	1 332 633	71 537	21 600	18 000	1 443 770
Dr N .Solani - Director DNMCH #3	364 902	41 288	-	4 800	410 990
Ms T. Perregil - Acting Director DNMCH	1 082 196	74 654	24 000	12 000	1 192 850
Mr A. Sinclair - Acting Director DNMMH	678 633	34 304	-	-	712 937
Dr M. Tawane - Acting Director DNMNH	445 642	39 054	-	-	484 696
	5 560 646	**385 304**	**165 600**	**61 500**	**6 173 050**

	Council	Core Functions	HRREMCO	ARIC	Other	Total
Council:	-	-	-	-	-	-
Dr A. Mdletye - Deputy Chairperson of Council	27 393	-	13 010	-	40 282	80 685
Mr G. Ontong - Chairperson of Core Functions	24 900	15 752	-	-	35 654	76 306
Adv. M.J. Ralefatane - Council Chairperson	26 612	-	-	-	66 430	93 042
Mr H. Nkanyane	24 900	-	-	18 395	9 590	52 885
Dr D. Ngobese	24 900	-	15 752	-	36 157	76 809
Mr M. Masooa	24 900	13 010	-	-	9 927	47 837
Ms C. Fani	19 515	-	10 095	-	9 899	39 509
Ms Z. Dlamini	24 900	-	-	15 480	10 075	50 455
Ms Z. Ngcibi	21 985	13 010	-	4 344	26 915	66 254
Mr S. Maharaj - Independent Chairperson of Audit, Risk and ICT Committee	13 338	-	-	36 682	10 365	60 385
	233 343	**41 772**	**38 857**	**74 901**	**255 294**	**644 167**

#1 The CEO was appointed from 06 October 2023 and resigned on 31 January 2024
#2 The CFO was appointed on 1 June 2023
#3 The Director resigned on 30 June 2023

	2024 R	2023 R

	Salary/Fee	13th Cheque	Travel Allowance	Other Benefits	Total
Ms A. Lebethe - CEO (#1)	1 149 549	129 202	108 000	22 500	1 409 251
Mr K. Kaposa - CFO (#2)	1 041 600	115 933	-	9 600	1 167 133
Ms S.R. Mackenzie - Director (#3)	979 325	-	-	19 200	998 525
Dr N. Solani - Director DNMCH	874 833	72 903	-	19 200	966 936
Dr M. Mohapi - Director DNMNH / ACEO (#4)	1 103 690	91 861	120 000	19 200	1 334 751
Mr N. Hlophe ACFO (#5)	964 260	30 000	48 960	12 000	1 055 220
Dr M. Tawane Acting Director DNMNH (#6)	574 243	45 368	-	-	619 611
	6 687 500	**485 267**	**276 960**	**101 700**	**7 551 427**

	2024 R		2023 R

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

	Council Core	Functions	HRREMCO	ARIC	Other	Total
Council:	-	-	-	-	-	-
Ms K. Rapoo - Council Chairperson (#7)	8 688	-	-	-	224	8 912
Dr L. Konar - Deputy Chairperson (#7)	3 948	-	-	7 180	-	11 128
Ms L Mtshali (#7)	3 590	3 590	-	-	-	7 180
Dr A. Mdletye - Chairperson of Core Functions	34 450	4 344	7 180	-	3 316	49 290
Mr G. Ontong	28 720	12 278	-	-	-	40 998
Adv. L. Nevondwe (#7)	5 385	-	5 385	-	-	10 770
Ms Y. Mashilela Chairperson of HRREMCO (#7)	3 590	-	6 516	-	-	10 106
Ms V. Menye (#7)	3 590	-	-	3 590	-	7 180
Adv. M.J. Ralefatane Council Chairperson (#8)	47 784	-	-	-	9 508	57 292
Mr H. Nkanyane (#8)	23 335	-	-	7 934	1 003	32 272
Dr D. Ngobese (#8)	23 335	-	8 688	-	3 670	35 693
Mr M. Masooa (#8)	23 335	7 180	-	-	227	30 742
Ms C. Fani (#8)	23 335	-	7 180	-	217	30 732
Ms Z. Dlamini (#8)	21 540	-	-	7 180	-	28 720
Ms Z. Ngcibi (#8), (#10)	21 540	7 180	-	4 344	326	33 390
Ms F. Mudau - Chairperson of Audit, Risk and ICT Committee (#9)	13 338	8 892	-	22 230	-	44 460
	289 503	**43 464**	**34 949**	**52 458**	**18 491**	**438 865**

#1 CEO resigned effective 31 December 2022

#2 CFO's contract ended on 31 December 2022

#3 Director retired on 31 March 2023

#4 Director was appointed Acting Chief Executive Officer effective 1 January 2023

#5 Manager appointed Acting Chief Financial Officer effective October 2022

#6 Curator appointed Acting Director Natural History effective 1 February 2023

#7 Councils term of office ended 31 July 2022

#8 Council members were appointed effective 1 August 2022

#9 Chairperson's term of office ended 31 July 2022

#10 Member was appointed to serve as acting Chairperson of ARIC

Notes to the Annual Financial Statements

	2024 R	2023 R

21. Depreciation and amortisation

Property, plant and equipment	3 347 748	3 303 049
Intangible assets	126 935	78 470
Living resources	10 151	16 311
	3 484 834	**3 397 830**

22. Finance costs

Interest on overdue accounts	1 110 041	870 197

23. Breakdown of other expenses

23.1 Other expenses

Membership fees	45 272	20 330
Conferences and seminars	1 000	300
Catering and refreshments	95 970	116 304
Printing and stationery	159 439	118 157
Mampoer expenses	35 081	36 401
Education	34 061	16 820
Collection management	2 563	49 134
Festivals	-	119 052
Events	122 269	194 385
Outreach programmes	9 461	8 744
Farming expenses	28 311	123 535
Recruitment costs	531 874	102 721
Grant funded projects expenditure	2 188 334	5 593 463
Other Expenses	**3 253 635**	**6 499 346**

23.2 Other receipts

Other receipts in the statement of cash flows is made up as follows:		
Other receipts		
Other revenue streams	9 595	57 394
Rental income	1 950 911	2 145 793
Bad debts, bursary and training fees recovered	3 784	4 800
Other receipts	**1 964 290**	**2 207 987**

24. Auditors' remuneration

Fees	3 026 088	3 484 439

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.

26. Cash generated from operations

	2024 R	2023 R
Deficit	(6 431 062)	(18 664 212)
Adjustments for:		
Depreciation and amortisation	3 484 834	3 397 830
Gain (loss) on sale of assets and liabilities	459 251	(14 264)
Cost of sales	8 245	22 375
Operating lease straight lining adjustment	(70 406)	-
Movements in retirement benefit assets and liabilities	(1 103 000)	4 874 000
Movements in provisions	(113 216)	(198 807)
Inventory losses or write-downs	(141)	(245 463)
Bad debts written off	-	(38 281)
Changes in working capital:		
Inventories	(164 973)	(249 132)
Receivables from exchange transactions	57 495	(585 925)
Trade and other payables from exchange transactions	7 542 211	14 165 012
Unspent conditional grants and receipts	(1 646 605)	3 718 298
	2 022 633	**6 181 431**

Notes to the Annual Financial Statements

	2024 R	2023 R

27. Related parties

Relationships

Council members	Refer to members' report note 20
Custodian of assets	Department of Public Works and Infrastructure
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 20
Grant funder	National Research Foundation
Donor in-kind	South African Museum of Military History Building & Development Trust

27.1 Related party balances

	2024 R	2023 R
Amounts included in trade receivable (trade payable) regarding elated parties		
Department of Sport, Arts and Culture	8 266 506	10 872 955
National Research Foundation	-	59 385
Commitments with related parties		
Department of Sport, Arts and Culture	8 266 506	10 872 955
National Research Foundation	-	59 385

27.2 Related party transactions

	2024 R	2023 R
Remuneration of Council Members and Senior Management	6 817 217	7 990 292
DSAC grant transferred (equitable share)	109 976 000	101 109 000
DSAC infrastructure grant (conditional grant)	-	9 041 000
DSAC services in-kind (non-cash grant)	13 971 631	18 628 841
Museums Pension Fund - post employment benefit plan	628 720	736 437
Government Employees Pension Fund - post employment benefit plan	160 258	169 871
The Department of Public Works and Infrastructure (DPWI)	63 000	-
NRF (NSCF) grant funded	96 000	200 000
National Arts Council - jazz festival funding	-	99 935
South African Museum of Military History Building and Development Trust	335 681	-

28. Risk management

28.1 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.

	2024 R		2023 R

28. Risk management (continued)

28.2 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.

28.3 Categories of financial instruments

FINANCIAL ASSETS	Classification	2024 R		2023 R
Trade and other receivables		947 254		999 329
Trade receivables	Loans and receivable	670 352		890 804
Other receivables	Loans and receivable	276 902		108 525
Cash and cash equivalents		12 169 745		11 558 012
Bank balances	Loans and receivable	2 831 487		601 954
Short term deposits	Loans and receivable	9 338 258		10 956 058
FINANCIAL LIABILITIES				
Trade and other payables		39 704 738		32 162 528
Trade payables	Financial liabilities at amortised cost	39 704 738		32 162 528

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.

28.4 Financing 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 financing agreements without the express consent of National Treasury.

	2024 R	2023 R

28. Risk management (continued)

28.5 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.

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 11,75% (2023: 11,25%).

	Movement in basis point	Effect on surplus for the year R	Effect on net assets R
2024			
Floating rate financial assets			
Cash and cash equivalents	+150	182 546	182 546
	-50	(60 849)	(60 849)

	Movement in basis point	Effect on surplus for the year R	Effect on net assets R
2023			
Floating rate financial assets			
Cash and cash equivalents	+150	173 370	173 370
	-50	(57 790)	(57 790)

There are no foreign interest-bearing borrowings.

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

	2024 R		2023 R

28. Risk management (continued)

28.6 Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year R	Due in two to five years R	Due in five years to ten years R
Trade and other receivables - normal credit terms	11,75%	947 254	-	-
Cash and cash equivalents:	6,25% - 8,25%	12 169 745		
Bank balances	6,25%	2 831 487	-	-
Short term deposits	7,60% - 8,25%	9 338 258	-	-
Trade and other payables	0.00%	39 704 738	-	-

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.

	2024 R	2023 R

28. Risk management (continued)

28.7 Gains and losses on financial instruments

2024	Fair value movement	Interest income	Interest expense	Impairment loss	Total
	R	R	R	R	R
Trade and other receivables	-	(15 528)	-	-	(15 528)
Trade and other receivables	-	(15 528)	-	-	(15 528)
Cash and cash equivalents	-	(1 773 682)	-	-	(1 773 682)
Bank balances	-	(1 773 682)	-	-	(1 773 682)

2023	Fair value movement	Interest income	Interest expense	Impairment loss	Total
	R	R	R	R	R
Trade and other receivables	-	(92 499)	-	-	(92 499)
Trade and other receivable	-	(92 499)	-	-	(92 499)
Cash and cash equivalents	-	(1 293 591)	-	-	(1 293 591)
Bank balances	-	(1 293 591)	-	-	(1 293 591)

29. Irregular expenditure and fruitless and wasteful expenditure

	2024	2023
Irregular expenditure	20 424 110	1 073 584
Fruitless and wasteful expenditure	1 110 041	925 314
Irregular (unauthorised) Expenditure	-	11 708 383
Closing balance	**21 534 151**	**13 707 281**

Irregular expenditure is presented inclusive of VAT

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Incident description 2023/24

Two contracts for the provision of security services and cleaning services were deemed to be awarded irregularly. The irregular amount incurred for the two (2) contracts was R15 563 950 and R4 249 060 respectively. The Implicated employees went through a disciplinary process and subsequently dismissed (one was dismissed post reporting period). A case of fraud was opened with the SAPS.

The remaining balance of R611 100 on irregular expenditure relates to the Neo Technologies - Vodacom contract that was deemed irregular in the 2017/2018 audit. Condonation of this irregular expenditure was subsequently received from NT. Fruitless and wastefull expenditure relates to interest charged on overdue accounts by DPWI amounting to R1 084 898 and City of Tshwane and City of Johannesburg amounting to R25 143. The non payment is due to underfunding of utility expenses.

	2024 R	2023 R
30. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Intangible assets	1 976 562	3 238 868
Total capital commitments		
Already contracted for but not provided for	1 976 562	3 238 868
Intangible assets		
Website	1 329 186	1 329 186
Software licenses	-	114 781
Computer software	647 376	1 794 901
	1 976 562	**3 238 868**
Authorised operational expenditure		
Already contracted for but not provided for		
• Cleaning services	20 522 090	333 059
• Security services	82 608 803	1 657 775
• Other	39 744 581	51 951 719
	142 875 474	**53 942 553**
Total operational commitments		
Already contracted for but not provided for	142 875 474	53 942 553
Total commitments		
Total commitments		
Authorised capital expenditure	1 976 562	3 238 868
Authorised operational expenditure	142 875 474	53 942 553
	144 852 036	**57 181 421**

This committed expenditure relates to property, plant and equipment, intangible assets and operating expenses and will be financed by available bank facilities, and retained surpluses.

31. Going concern

We wish to highlight the fact that at 31 March 2024, the entity had an accumulated surplus of R846 209 387 and that the entity's current liabilities exceed its current assets by R36 566 805.

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 Department of Sport, Arts and Culture continues to provide funding for the entity's ongoing operations.

	2024 R		2023 R

32. Events after the reporting date

After the reporting period, the Minister of Sport, Arts and Culture signed a Gazette indicating that DITSONG: Museums of South Africa has been merged with KwaZulu-Natal Museum and the name of the new merged institution is DITSONG: Museums of South Africa.

33. 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 Pretoria central. Revenues are not allocated per geographical area.

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

2024	Revenue from non-exchange transactions	Revenue from exchange transactions	Total expenditure	Current and non-current assets	Current and non-current liabilities
Johannesburg	2 314 959	1 226 203	(15 241 153)	528 343 181	-
Pretoria central	126 258 936	5 752 836	(120 448 896)	414 005 919	(96 630 048)
Pretoria east	1 956 406	1 190 188	(6 650 839)	480 146	-
Pretoria north	635 234	127 374	(3 552 309)	10 189	-
	131 165 535	**8 296 601**	**(145 893 197)**	**942 839 435**	**(96 630 048)**

2023	Revenues from non-exchange transactions	Revenues from exchange transactions	Total expenditure	Current and Non-current assets*	Current and non-current liabilities*
Johannesburg	9 846	1 105 169	(11 332 208)	540 530 099	-
Pretoria central	126 558 299	5 261 302	(133 662 781)	400 494 631	(91 950 659)
Pretoria east	11 817	1 247 178	(5 373 466)	1 065 030	-
Pretoria north	1	147 263	(2 636 631)	26 837	-
	126 579 963	**7 760 912**	**(153 005 086)**	**942 116 597**	**(91 950 659)**

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RP142/2024
ISBN: 978-0-621-52092-7