



**MMABANA ARTS, CULTURE AND SPORT
FOUNDATION
ANNUAL REPORT
FINANCIAL YEAR 2020/21**

CONTENTS

PART A: GENERAL INFORMATION	4
1. PUBLIC ENTITY'S GENERAL INFORMATION.....	5
2. LIST OF ABBREVIATIONS/ACRONYMS.....	6
3. FOREWORD BY THE ACCOUNTING AUTHORITY	7
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	10
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	17
6. STRATEGIC OVERVIEW	18
6.1 Vision	18
6.2 Mission	18
6.3 Values.....	18
7. LEGISLATIVE AND OTHER MANDATES	19
7.1. Legislative Mandate	19
7.2. Organisational Mandate	19
8. ORGANISATIONAL STRUCTURE	20
PART B: PERFORMANCE INFORMATION	21
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES.....	22
2. SITUATIONAL ANALYSIS.....	22
2.1. Service Delivery Environment.....	22
2.2. Organizational Environment	23
2.3. Key policy developments and legislative changes	24
2.4. Progress towards achievement of institutional Impacts and Outcomes	25
3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	28
4. REVENUE COLLECTION	45
PART C: GOVERNANCE	46
1. INTRODUCTION.....	47

2.	PORTFOLIO COMMITTEES.....	47
3.	EXECUTIVE AUTHORITY	47
4.	THE ACCOUNTING AUTHORITY / BOARD	48
5.	RISK MANAGEMENT.....	53
6.	INTERNAL CONTROL UNIT.....	54
7.	INTERNAL AUDIT AND AUDIT COMMITTEES.....	54
8.	COMPLIANCE WITH LAWS AND REGULATIONS	58
9.	FRAUD AND CORRUPTION.....	58
10.	MINIMISING CONFLICT OF INTEREST	59
11.	CODE OF CONDUCT.....	59
12.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES.....	59
13.	COMPANY/BOARD SECRETARY	59
14.	SOCIAL RESPONSIBILITY	59
15.	AUDIT AND RISK COMMITTEE REPORT	59
16.	B-BBEE COMPLIANCE PERFORMANCE INFORMATION.....	63
	PART D: HUMAN RESOURCES MANAGEMENT.....	64
1.	INTRODUCTION.....	65
2.	CORPORATE SERVICES (HUMAN RESOURCE) OVERSIGHT STATISTICS	69
	PART E: FINANCIAL INFORMATION	73
1.	REPORT OF THE EXTERNAL AUDITOR.....	64
2.	ANNUAL FINANCIAL STATEMENTS.....	83



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Mmabana Arts, Culture and Sport Foundation
REGISTRATION NUMBER :	Act 7 of 2000, as amended
PHYSICAL ADDRESS:	103 Sekame Road Mmabatho 2735
POSTAL ADDRESS:	Private Bag X 33 Mmabatho 2735
EMAIL ADDRESS:	ceo@mmabana.org.za
WEBSITE ADDRESS:	www.mmabana.org.za
EXTERNAL AUDITORS:	Auditor General
BANKERS:	Standard Bank
BOARD SECRETARY	Christopher Seome

2. LIST OF ABBREVIATIONS/ACRONYMS

ACSR	Department of Arts, Culture, Sports and Recreation
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DPA	Director Performing Arts
HRM	Human Resources Management
GBV	Gender Based Violence
IA	Internal Audit
ICT	Information Communication Technology
IMC	Integrated Marketing and Communication Strategy
IYM	In Year Monitoring
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MACSF	Mmabana Arts, Culture and Sport Foundation
MEC	Member of Executive Council
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
RD	Regional Director
SAS	School Artistic Sport
SCM	Supply Chain Management
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SP	Strategic Plan
TR	Treasury Regulations

3. FOREWORD BY THE ACCOUNTING AUTHORITY



Mr Christopher Seome
Accounting Authority

The Mmabana Arts, Culture and Sport Foundation (MACSF) is pleased to present its 2020/21 Annual Report. This report which serves as a tool of accountability to the MEC and the people in of North West Province, has been prepared by management and approved by Accounting Authority, in accordance with the MACSF Act 07 of 2000 and the Public Finance Management Act 1 of 1999.

The report outlines governance and operational activities of the MACSF for the financial year ended 31 March 2021.

In the beginning of the year 2020, the leadership of MACSF reviewed its business model and developed a turnaround strategy. The strategic focus is extending the entity's footprint, branding, and marketing, generating own revenue, legislative compliance, and human resource capacity to deliver on the entity's mandate. The entity's turnaround strategy led by the second Acting CEO, Mr. Itumeleng Mogorosi was a show of great effort in the improvement of service delivery and the betterment of the creative arts industry in the province. Over the last financial year, there has been remarkable progress as the implementation of the strategic priorities has already resulted in the fruitful outcomes, which are critical to the success of the entity.

Good governance practice and high performance by the executive team remain a priority and notable areas of focus for the entity. The entity emerged from a difficult period of negative audit opinions, fiscal constraints, operational downscaling, and poor administration. Despite these challenges, the leadership and management steered the entity through this difficult terrain and, as a result, the entity's performance significantly improved.

In respect of the 2020/21 financial year, the MACSF obtained a qualified audit opinion from the Auditor-General. This is a remarkable achievement when one takes into account the difficult circumstances and challenges that gravely affected the entity. Firstly, the service delivery protests going back to the 2018/19 financial year resulted in the entity's infrastructure being destroyed, assets looted, some records

destroyed, followed by the outbreak of Covid-19. Both these events had a devastating impact on the MACFS's operations, brand reputation and integrity.

While the entity managed to obtain an improved audit outcome on the Annual Financial Statements (from multi-year disclaimer to qualification), and from qualification to unqualified without findings on Annual Performance Report), more work still needs to be done, particularly in certain areas of the preparation of Annual Financial statements, expenditure and asset management, and the strengthening of control activities within the entity.

The MACSF's overall performance of 53% against planned targets, as set out in our 2020/21 Annual Performance Plan, which is 27% more than the 31% performance reported for 2019/20 financial year. Despite the outbreak of COVID-19 pandemic and other organizational challenges, the entity managed to record an increase in its performance. The increase in achievement of targets was mainly due to in the implementation of the turnaround strategy and changes leadership, which managed to give direction and steered the entity in the right direction. Whilst the entity has seen an improved overall performance, the leadership and management have put measures in place to ensure that the performance for the 2021/22 financial significantly improve, albeit in the time of Covid-19.

The quality of the annual performance information has improved in comparison to the previous year. The Chief Executive Officer actively drove the action plan to

ensure that there is proper record keeping, collation of sufficient evidence to support reported information and adequate reviews prior to submission for audit. As the Accounting Authority I applaud management's commitment to implementing adequate controls that ensured that the annual performance report was free from any misstatement, the report indicates that our performance information is useful and reliable.

The functions of the North West Provincial Arts and Culture Council (PACC) were transferred to MACSF, and thus through this undertaking the entity has afforded local students and artists bursaries and platforms for innovative arts projects. We are ecstatic to report that the process for awarding of funding was transparent and fair. As the accounting authority I am pleased to see the enthusiasm presented by the team in creating relevant mechanisms for the creative sector to grow.

Throughout the financial year in question, the entity continued to create and solidify strategic relationships with the Sun International group (Sun City). The partnership presented platforms for artists in various artistic disciplines to showcase their talents at the resort. The entity also partnered with Zindala Zombili Productions, which is a competition that celebrates the different traditional music and dance forms across the Southern African Development Community region.

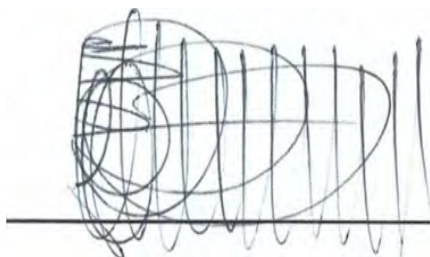
The strategic partnerships that have been established will need to be broadened to open up larger national and international platforms, where our brand would be able to widen its footprint, likening with other established playhouses. The aim is to create partnerships to accommodate

exchange programmes for the practicing artists, however, due to the COVID restrictions on travel such plans will be revisited in the next financial year.

During March 2021, the honourable MEC Ms Galebekwe Virginia Tlhapi dissolved the MACSF interim board in terms of section 63(2) of the Public Finance Management Act 1, of 1999. In the same month, I was appointed as the Accounting Authority to hasten the process of getting the entity off the

ground whilst the processes of appointing a new board are underway

On behalf of the entity and the team, I would like to extend my sincere gratitude and acknowledgement of the foresight, insight and collective critical reflections driven by the Executive Authority Honourable MEC Ms Galebekwe Viginia Tlhapi. Lastly, I would also like to thank the Mmabana Management team and staff for their considerable efforts in improving the entity's performance

A handwritten signature in blue ink, appearing to read 'CHRISTOPHER SEOME', written over a horizontal line.

Name: Mr. Christopher Seome
Accounting Authority

Date: 29 / 10/2021

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Mr Itumeleng Mogorosi
Acting Chief Executive Officer

Introduction

I have great pleasure in presenting the overview to the MACSF's Annual Report for the 2020/21 financial year. This Annual Report is based on an Annual Performance Plan, which is aligned to the Government's programme of action, through the MACSF's mandate which is to develop, foster and promotion of culture through development of individuals and groups of people interested in the arts, cultural and sporting activities.

In December of 2019 I was seconded by the North West Office of the Premier under section 15.3(a) of the Public Service Act to turn around the Foundation, by developing a strategic plan, improving service delivery, and improving audit outcomes. In terms of legislation, the Foundation is a production house and academy where teaching and learning finds expression. I am pleased to report that for the first time after years of non-operations at the Mahikeng centre the Foundation has managed to deliver on its mandate of making the arts accessible to the people through the hosting and presentation of the many diverse productions and artistic sporting activities during the year.

The entity held a strategic planning session, which identified key strategic priorities for the 2020/2021 to 2024/2025 MTEF period. The financial year under review was the first year for implementation of the MACSF's vision and impact statement.

Management focussed on organizational renewal, with particular focus on the implementation of the Turnaround Strategy and achieving the long-term sustainability of the MACSF. The changes implemented by management manifested themselves in the improvement of an overall Foundation performance. Below is the table of the strategic pillars and its progress to date:

NO	Strategy Priorities	Planned	Implemented	Partially Implemented	Not Yet Implemented
01.	Good Governance	03	01	02	0
02.	Improve Policy Development	01	01	0	0
03.	Strategic Direction	02	02	0	0
04.	Organizational structure	02	01	01	0
05.	Leadership instability	01	01	0	0
06.	Improve Corporate image & identity (2/3)	03	02	01	0
07.	Organizational culture (1/2)	02	01	01	0
08.	Compliance with Statutory bodies	02	02	0	0
09.	No Standard Operating Procedures	04	04	0	0
10.	Improvement of Organizational Systems	13	08	05	0
11.	Improve the Internal Control environment	22	16	05	01
12.	Improve Service Delivery	08	08	0	0
13.	Infrastructure	04	02	02	0

Overall progress

DESCRIPTION	INDICATORS	%
Fully implemented	56	84%
Partially implemented	10	15%
Not yet implemented	01	1%
TOTAL	67	100%

Management ensured that their report on organisational performance centred on these strategic pillars. While there was notable progress in some, others will require

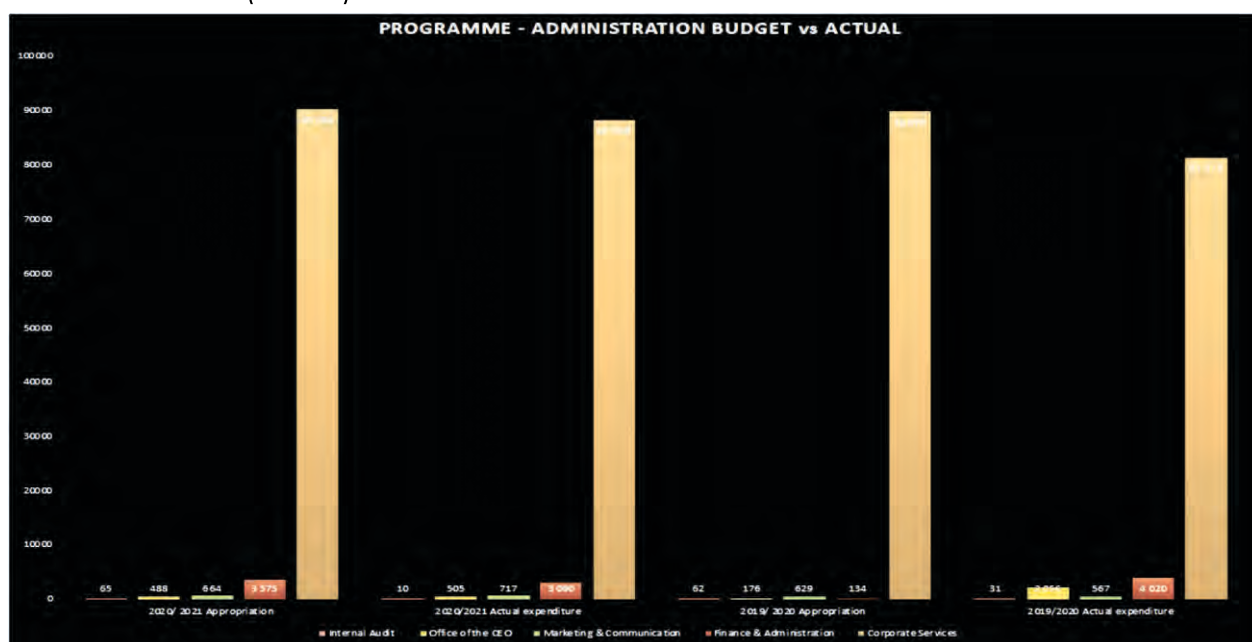
more effort, especially good governance, alignment of the organisational structure and improvement of the internal control environment.

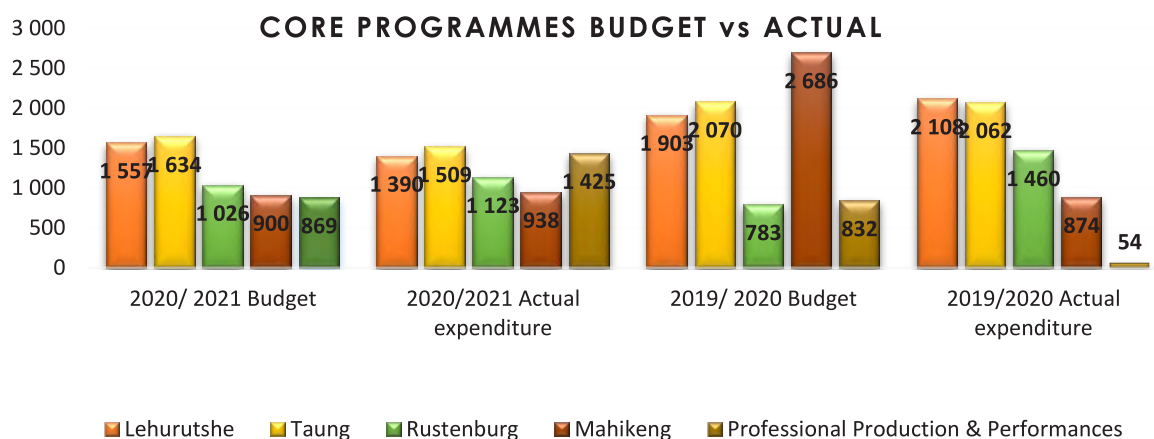
Financial Performance

I am delighted that during the audit of the 2020/2021 financial year the MACSF obtained a qualified audit opinion on the Annual Financial Statements, after many years of repeat disclaimers, and unqualified audit opinion (without findings) on Annual Performance Report, an improvement from a qualification from prior year.

Considering the Foundation's history of disclaimer of audit opinions, It is motivating to say the direction provided to the management team is starting to bear fruits. It is through the MACSF's staff dedication, that the Foundation delivered services to our stakeholders. It's encouraging to see that MACSF has begun to slowly return the giant that we know. I wish to echo the Accounting Authority's sentiments that while the audit outcome demonstrates significant improvement, a great deal of work lies ahead. Management has developed a Audit Action Plan to address the matters that were raised in the Final Management Report and the Audit Report. This plan will also pay particular attention to strengthening internal controls in order to ensure sound control environment.

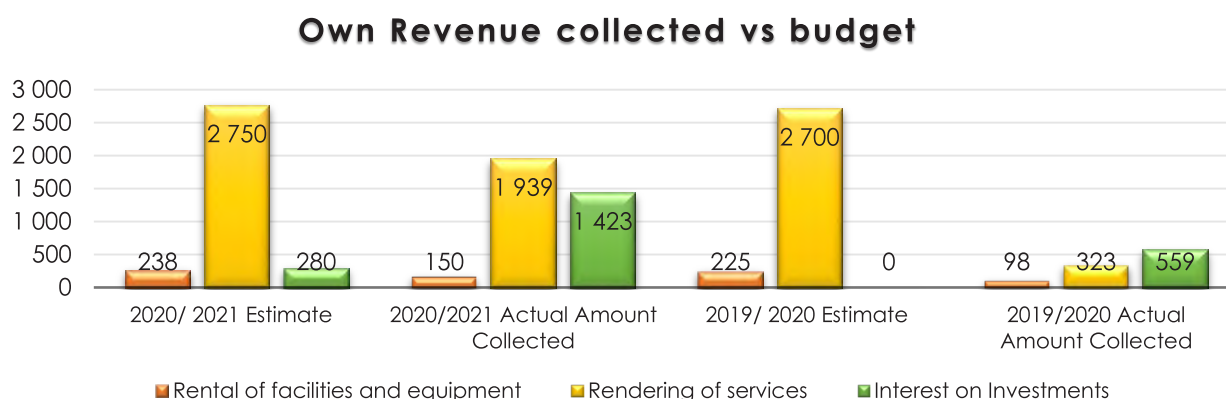
The MACSF financial performance is outlined in the Annual Financial Statements, which form part of this Annual Report. The leadership and management remain committed to fiscal stability by implementing cost containment measures while operating under a climate of resource constraints. During the 2020/2021 financial year, the MACSF received an operational grant of R101,174,000 and other grants totaling R17,226,210 from Department Arts, Culture, Sport and Recreation (DACSR), own revenue generated, and other revenue amounted R3,512,621. Total revenue increased by 15,89%. Expenditure increased by 12.02% due to an increase in productions, festive expo and funding to artist through North West Provincial Arts Cultural Council (PACC)





In line with the government guidelines, the MACSF management continue to intensify cost containment measures and to strengthen the control environment. Management continues to monitor and evaluate the quality of spending. Efforts were made to identify and quantify existing commitments to ensure alignment with the MACSF's income generating capabilities.

The biggest area of concern is revenue generation from its daily classes activities. The MACSF is exploring ways of maximising its capacity to collect money from customer's and also to attract new business through events and theatre bookings.



The COVID-19 pandemic also brought with it staggering challenges that impacted on service delivery and the activation of the strategic plan. However, the MACSF management team continued to find alternative ways to deliver services through these challenging times; delivering empowering programmes at youth care centres around the province on behalf of DACSR together with Department of Social Development. The first of such programmes was piloted at the Mahikeng Care centre.

Furthermore, the programme was extended to the Bojanala and the Dr Ruth Segomotsi Mompati districts, respectively. These programmes included mask making workshops for unemployed women, writing workshops, fitness workshops and Self-

defence classes and were intended at upskilling and enabling the community to survive amidst the COVID-19 pandemic.

Planning and Performance Reporting

During the 2020/2021 financial year the MACSF leadership and management paid particular attention on the matters raised by the Auditor-General resulting in the Foundation's annual performance report being free from any misstatement receiving an unqualified audit conclusion in the management report.

While pursuing its targets as set in the APP, management has constantly remained cognisant of the need to exercise fiscal discipline by instilling a culture of compliance, accountability, and performance.

Program me No.	Programme Name	Sub-progra mme	Sub-programme name	Total No. of Output Indicator	Achieved		Not Achieved	
					No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
1.	Administration	1	Marketing and Communications	2	2	100%	0	0%
		2	Human Resources	5	3	60%	2	40%
		3	Finance, Compliance and Reporting	2	1	50%	1	50%
		4	Internal Audit	1	1	100%	0	0%
2.	Performing Arts; Visual Arts & Culture		Performing Arts Visual Arts, Accredited Programmes	3	0	0%	3	100%
3.	Artistic Sport		Artistic Sports	4	2	50%	2	50%
Total				17	9	53%	08	47%

Summary of the Foundation performance

As the performance report against planned targets demonstrate, there was progress in achievement of targets for the financial year under review. The increase in achievement of targets was mainly due to in the implementation of the turnaround strategy and changes leadership, which managed to give direction and steered the entity in the right direction. Whilst the entity has seen an improved overall performance the Foundation encountered numerous challenges mainly due to untimely closure of our services due to COVID-19, the closure negatively affected those targets that relate contact sport and audience attendance. The leadership and management have however put measures in place to ensure that the performance for the 2021/2022 financial significantly improve, albeit in the time of COVID-19.

Risk Management and Compliance

Risk Management is a standing item at management meetings. During the year under review, the Risk Register was reviewed, the Risk Register is a living document and management uses it to track progress on mitigation of key risks, identification of and implement controls to deal with business unit risks, and the detection and mitigation of emerging risks as identified on a regular basis.

The Risk Register and the Fraud and Corruption Prevention Policy act as guiding documents for the organisation. The policy is important because non-compliance with supply chain prescripts is one of the risks contained in the Risk Register. Management will also ensure that there is particular focus on risks relating to business continuity and the COVID-19 pandemic.

Capacity constraints and challenges facing the public entity

The MACSF continues to face a serious challenge of achieving the alignment of the strategic plan with the structure, the budget, and the new business model (Turnaround Strategy). The new strategic plan and turn-around strategy aimed at addressing capacity constraints and challenges facing the Foundation and implementing high level management of the entity's spending trends, to also improve on supply chain management process through disaggregation of duties and the filling of critical posts. Furthermore, the Foundation resolved to improve controls in the governance structure – programme one (1), this included but was not limited to developing policies, hiring relevant personnel with expertise in high level positions. These decisions were endorsed by the entity's board and, have thus enabled the management team to strategically drive the vision and mandate of the entity, reviving existing programmes and carving innovative ways that make the entity's service offerings accessible to the patrons of the North West Province.

New or proposed key activities

It is in our plans to create artistic programmes such as a Marimba Bands, a Jazz Bands, Ceramics production, textile and manufacturing programmes; health and fitness programmes in communities and many more, such programmes will cater for those that want to participate via the EPWP programme. This initiative was set on creating job opportunities for young people, and this saw the Mmabana centers employ 53 of community members in the districts where MACSF has a footprint.

In line with the direction of the District Development Model, the Foundation aims to deliver programmes that speak to the integrated planning models which incorporates working with stakeholders such as the municipalities, private sector business in all the districts to eradicate social ills in our communities and create sustainable employment opportunities for young people

In conclusion I want to thank the Honourable MEC Ms Galebekwe Viginia Tlhapi and the Department of Arts, Culture, Sport and Recreation for their continued guidance and support, the Accounting Authority for unwavering commitment to the entity.

I also want to thank MACSF Management, the staff, partners and stakeholders of the Foundation for their devotion towards driving the turn-around. Lastly, the annual report reflects impartially on the performance information, operations and the financial affairs of the public Foundation for the financial year ended 31 March 2021.



Name: Mr. Itumeleng Mogorosi
Chief Executive Officer (Acting)
Mmabana Arts, Culture and Sports Foundation

Date: 29 / 10/2021

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 is consistent with the Annual Financial Statements audited by the Auditor General.

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

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

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

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

The Accounting Authority is responsible for establishing and implementing a system of internal control 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.

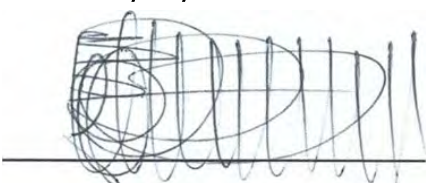
In our opinion, the Annual Report fairly reflects the Operations, the Performance Information, the Human Resources Information and the Financial affairs of the public entity for the Financial year ended 31 March 2021.

Yours faithfully,



Mr. Itumeleng Mogorosi
Chief Executive Officer (Acting)

Date: 29/10/ 2021



Mr. Christopher Seome
Accounting Authority

Date: 29/10/ 2021

6. STRATEGIC OVERVIEW

6.1 Vision

To lead in the development, industrialisation, performance and teaching of arts, culture and artistic sport to the people of the North West Province and South Africa.

6.2 Mission

The Mmabana Arts, Culture and Sports Foundation commits itself to the development, fostering, enhancement and promotion of the total spectrum of the Arts, Artistic Sport and supporting skills, expertise, technology and excellence in the North West Province and South Africa by:

- To be a professional Arts, Culture and Sport organization standing on these pillars: art Education, development, and training, performing and creating as well as identifying talent.
- Maintain and continue to establish a vibrant arts, artistic sport and culture in the North West Province, based on equality and reflective of our South African cultural diversity.
- To encourage all stakeholders, including all authorities and communities in the maintenance and further development of an arts and artistic sport infrastructure and where possible utilizing existing venues in all other regions of the Province.
- To develop itself as an art, culture and artistic sport body, in line with the Provincial, National and Cultural Policy.
- To be resource-sharing organisation committed to the creation of enlistment of the residents of the North West Province.
- To be a multi-disciplined organisation presenting multi-faceted art and artistic sport forms, programmes and services to the communities in all the regions of the North West Province.

6.3 Values

Accountability	Accessibility	Confidentiality
Competency	Effectiveness and efficiency	Integrity
Honesty	Professionalism	Respect
Timeous	Transparency	Openness

7. LEGISLATIVE AND OTHER MANDATES

7.1. Legislative Mandate

In terms of the Mmabana Arts, Culture, and Sport Foundation Act 07 of 2000 as amended, the Foundation is charged with the responsibility of developing the artistic and sporting talents of the people of the Province, to assist in the development, fostering and promotion of culture through development of individuals and groups of people interested in the arts, cultural and sporting activities.

The Foundation is a Schedule 3C Public Entity, recognized in terms of the Public Finance Management Act (PFMA) No.1 of 1999 (as amended), and is funded through a combination of sources, including a provincial government grant, independent funding institutions and project specific funds from donor communities. The institution conforms to the following legislations:

- The Constitution, 1996
- Labour Relations Act, 1995
- Employment Equity Act, 1998
- Basic Conditions of Employment Act, 1997
- Preferential Procurement Policy Framework, 2000
- Copyright Act, 1993
- South African Qualifications Authority Act, 1995
- Occupational Health & Safety Act, 1993
- National Arts Council Act, 1997
- National Film and Video Foundation Act, 1997
- National Archives and Records Service of South Africa Act, 1996
- Mmabana Arts, Culture and Sport Foundation Amendment Act No 5 of 2019
- Public Finance Management Act No 1 of 1999 and Regulations

7.2. Organisational Mandate

The mandate of Mmabana Arts, Culture, and Sport Foundation is to developing the artistic and sporting talents of the people of the Province, to assist in the development, fostering and promotion of culture through development of individuals and groups of people interested in the arts, cultural and sporting activities as per the provision of Mmabana Act 07 of 2000 as amended.

8. ORGANISATIONAL STRUCTURE (Executive Management)





PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the Performance Information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 76 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

Mmabana Arts, Culture, and Sport Foundation developed the five (05) year strategic plan which is in line with the revised Framework for Strategic Plans and Annual Performance Plans. The above was done post the MASCF Strategic Planning Lekgotla held on the 12 – 14 February 2020.

The above Strategic Planning Lekgotla set priorities that amongst others include:

- Ensuring provision of services in Dr Kenneth Kaunda District
- Expanding access through partnership with Community Arts Centres (CAC).
- Implementing programmes towards addressing social ills, thereby achieving Social Cohesion
- Re-modelling service offerings

2.1.1. COVID-19 Impact

- The outbreak of covid-19 resulted in the President of the Republic of South Africa, declaring a National State of Disaster in terms of the Disaster Management Act, 2002, and regulations were issued in order to give effect to the decision, resulting in an unprecedented lockdown.
- Academic and developmental programmes were as a result suspended and only critical services were allowed to continue, in line with various alert levels.
- This adversely impacted towards the achievement of programme 2 and programme 3 targets in the first and second quarter.
- The revised APP 2020/21 was subsequently reviewed, and an addendum was prepared, submitted, and approved by the Legislature based on the unforeseen Covid-19 circumstances, and reduction of budget in order for the Province to finance Covid-19 requirements.
- The entity considered and implemented some programmes through virtual platforms to comply with regulations, whilst ensuring that the creative industry is provided with support.
- Data sources and means of verification in the APP had to be reviewed as well, to align to the new normal.
- The creative sector was hit hard by the outbreak of Covid-19, this has deepened poverty and rendered artists and practitioners to be extremely vulnerable.
- The growing unemployment rate has direct impact on the Creative Sector, as existing jobs and work opportunities are reducing.
- MACSF budget has grown very minimal, not enabling extension of services to under serviced areas.

- The lack of proper coordination of the Arts and Culture sector affected stakeholder management as there is fragmentation, and engagements are not properly structured.

2.2. Organizational Environment

2.2.1. Internal Organizational Environment

- The operating internal environment presented several challenges which include leadership instability, organizational structure which does not support implementation of the strategy, inadequate resources (human, financial, machinery and equipment), poor infrastructure, deficiencies in internal controls, and lack of integrated Information and Communication Technology systems to automate business operations.

The table below summarises the internal environment:

Internal Analysis	Strength	Weakness	Opportunities	Threats
Governance	Accounting Authority appointed	Instability at the board level.	Appointment of permanent board members	- Dysfunctional institution - Noncompliance
Leadership	Consistency in management	Instability at CEO level.	Institutional vision set for the MTSF	- Lack of shared vision - No continuity
Culture	Diagnostic analysis of challenging areas are known	- No performance culture - No performance management system	- Inculcate a performance culture - Implementation of a performance management system	- Failure to deliver services - Moral decay
Policy Development	Entity has Policies in place	Policies not yet reviewed	Review and align policies to current juncture	- Non-aligned policies - Non-compliance to policies
Systems	Existing systems	- Silo systems (not integrated) - Inadequate automation	- Business automation - ICT system integration	ICT Investments in vain (infrastructure, systems, technology)

Internal Analysis	Strength	Weakness	Opportunities	Threats
4IR	Understanding of the 4IR	Lack of an ICT strategy for implementation of 4IR	Leveraging on the 4IR to improve service offerings	Obsolete systems not responsive to the economic demands
Internal Controls	Controls are being continually improved.	- Poor internal controls in SCM, Finance and ICT - Circumventing of existing controls	Develop a compliance framework	Regression in terms of Audit Outcome

- The total staff complement for the 2020/2021 financial year reached 170, and by year-end some of the personnel had left while two new staff members joined the Foundation during the 3rd Quarter of 2020/2021.
- The entity has a high vacancy rate in the core business, administration, and at key management posts, due to a number of factors, which include:
 - Lack of internal Human Resource Capacity
 - Low response to advert from suitable candidates
- Delayed recruitment the impact of Covid-19
- The Foundation is still experiencing serious challenges in relation to the ageing infrastructure, which requires maintenance, and there has been delays in implementation of projects.
- The Mahikeng Centre was opened later in the year (October 2020), and it carries the highest targets, due to its poor performance, the entire performance of the entity is affected negatively.

2.2.2. External Performance Environment

- The creative sector has its own challenges, which include, but are not limited to:
 - Policy uncertainty in some instances
 - Uncoordinated structures, thus creating efficiency challenges
 - Impact of Disaster Management Regulations issued as a result of Covid-19 outbreak.
- The prevalence of poverty, deepening inequality, and social-ills make the work on the Foundation very difficult as the expectations exceed the ability to respond to the needs.
- The shrinking economy, and subsequent budget reductions have dire consequences on the sector, as it translates into lesser opportunities being provided for development and support to the artists, and the practitioners.

2.3. Key policy developments and legislative changes

There are no major changes to the entity's policies or legislation that may have affected its operations during the period under review or future financial periods.

2.4. Progress towards achievement of institutional Impacts and Outcomes

- Impact statement - Develop Athletes, Artistic and Cultural practitioners who are self-sustainable.

Outcome	Outcome Indicator	Baseline	Five- year target
Good Governance	Compliance with applicable legislations and policies	Disclaimer Opinion	Clean Audit Outcome
	Efficient administrative support	None	Integrated and well-functioning organisation

Outcome Indicator	Five- year target	Progress
Compliance with applicable legislations and policies	Clean Audit Outcome	- The entity received a qualified audit opinion in the current financial year, this is a noteworthy improvement from the disclaimers received in prior years. The progress is due to continues intervention by the leadership and the implementation of the audit action plan. - Furthermore, the entity received an unqualified audit conclusion on the Audit of Performance Information (an improvement from a qualified conclusion in the prior year). - The entity will continue to improve the internal control environment to address deficiencies highlighted by the Auditor General. - Management is encouraged by the current year audit outcomes and the entity is on course to further improve the audit outcome to the strategic plan target
Efficient administrative support	Integrated and well-functioning organisation	- The entity conducted a diagnostic analysis, developed a new 5-year strategic plan, turn-around strategy, as well as an implementation with clear deliverables and timelines. Two vacancies of key personnel were filled during the current financial year (CFO, Senior Manager: Legal and Board Secretariat) - As at year end appointment letters for Director: Performing Arts and Internal Control Coordinator

Outcome Indicator	Five- year target	Progress
		were issued while the process of appointing the Regional Director: Bojanala was at the final stage - Further progress registered is as follows: - Recruitment of Manager: Facilities at an advanced stage, interviews conducted - Adverts issued for Finance & SCM Manager, ICT Manager, Internal posts (Internal Audit, SCM, Core posts in Centres) - Implementation of Performance Management System has commenced - Financial Delegations developed and implemented - Human Resource delegations developed and implemented - Implementation of SCM checklists have commenced - Policies are being reviewed, and where needed, new policies are developed - Standard operating procedures are being developed and implemented.

Outcome	Outcome Indicator	Baseline	Five- year target	Progress
Competent Artists ready for the Arts and Culture industry	A socially cohesive society that contributes within the arts and culture sector	1 140	38 481	1 738

Outcome	Outcome Indicator	Baseline	Five- year target	Progress
Trained athletes collectively contributing towards advancement of Sport in the North West Province	Athletes that participate in health and fitness programmes and competitions which promote social cohesion	New	285 486	3 528

2.4.1. SIGNIFICANT ACHIEVEMENTS

- Recruitment and Selection processes for Key Management Personnel, the following posts were filled:
 - Chief Financial Officer
 - Senior Manager: Legal and Board Secretariat
- The entity conducted a diagnostic analysis, developed a new 5-year strategic Plan, Turn-around strategy, as well as an implementation plan with clear deliverables and timelines.
- Financial Delegations developed and implemented
- Human Resource delegations developed and implemented
- Standard operating procedures are being developed and implemented
- Artists and Students benefitted from the PACC grant (projects, as well as bursary funding)
- Cultural music competitions held in the districts, as well as Provincial Competition
- Successful partnership with Sun City resort, which saw three major events held :
 - Traditional Dance Festival – Boma 26 December 2020
 - Gospel show, which was on One-Gospel, 27 December 2020
 - Motswako (the right to perform show), which was on DSTV 161, 20 March 2021
- Refurbishments of Mmabana Mahikeng, and Mmabana Taung in progress Projects attending roof defects.

2.4.2. AMENDMENTS TO THE STRATEGIC PLAN

- The Strategic Plan that was tabled, had to be amended due to the outbreak of covid-19. The areas that were amended include: Situation analysis, Targets, and the Technical Indicator Descriptions
- The Annual Report does indicate the amendments that were effected to the Strategic Plan, as well as the 2020/21 Annual Performance Plan. These were tabled and approved by the Portfolio Committee.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. PROGRAMME 1: ADMINISTRATION

Purpose: Provide strategy and leadership for the performance of all other Programmes and Sub-Programmes, systems and projects while ensuring compliance throughout the entity.

Sub-programmes

Marketing and Communications

Purpose: Works closely with other Units to ensure it understands the dynamics of the entity and the information it needs to communicate. Communicates with stakeholders to build and maintain relations.

Human Resource Management

Purpose: The purpose of this programme is to provide the entity's entire operations with the required safe and secure workplaces, the human resources which are well qualified on time and at the right place, while also ensuring that the critical OHS and Security measures are always observed by all.

Finance, Compliance and Reporting

Purpose: Maintain effective and efficient financial management including supply chain processes through adhering to the Public Finance Management Act, the Treasury Regulations and internal policies and controls.

Internal Audit

Purpose: Assist the Accounting Authority and management in adding value to the systems of internal control providing assurance on entity's control environment

Outcome

Good Governance

3.1.1. SUB-PROGRAMME 1: MARKETING AND COMMUNICATIONS

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Sub-Programme 1: Marketing and Communications									
Outcome	Outputs	Output Indicators		Audited Actual Achievement 2018/2019	Audited Actual Achievement 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for deviations
Good Governance	Development of Effective and Efficient Business Processes and Systems	1.1.	Quarterly newsletters	New	New	4	4	0	N/A
		1.2.	Corporate Identity Manual	New	New	1	1	0	N/A

Overall sub-programme performance

Sub-programme	Sub-programme name	Total No. of Output Indicator	Achieved		Not Achieved	
			No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
1.	Marketing and Communication	2	2	100%	0	0%

The entity introduced the newsletter to improve communication. This newsletter is an important tool that delivers important messages and information on the entities activities, services, partnerships, policies, and other pertinent news. The delivery of the newsletter is via email to limit the cost of print. The CI manual is developed to make a robust, and consistent brand presence for internal and external stakeholders. This will in turn influence how external stakeholders use the brand in its targeted marketplace.

3.1.2. SUB-PROGRAMME 2: HUMAN RESOURCES

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Sub-Programme 2: Human Resources									
Outcome	Outputs	Output Indicators	Audited Actual Achievement 2018/2019	Audited Actual Achievement 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Reasons for deviations	
Good Governance	Development of Effective and Efficient Business Processes and Systems	2.1 . Development of the Human Resource Plan.	New	New	1	1	0	N/A	
		2.2 Development of the Workplace Skills Plan.	New	New	1	0	-1	Lack of capacity in Human Resource Management (the position of the Manager: Skills Development and Training is vacant)	
		2.3 . Roll-Out of the Provincial Wellness Games	New	New	1	1	0	N/A	
		2.4 . Development of the New Organisational Structure	New	New	1	0	-1	Lack of capacity in Human Resource Management (there is no Organizational Development specialists in the entity)	
		2.5 . Implementation of the Performance Management System	New	New	1	1	0	N/A	

Overall sub-programme performance

			Achieved		Not Achieved	
Sub-programme	Sub-programme name	Total No. of Output Indicator	No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
2.	Human Resources	5	3	60%	2	40%

3.1.3. SUB-PROGRAMME 3: FINANCE, COMPLIANCE AND REPORTING

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Sub-Programme 3: Finance, Compliance and Reporting									
Outcome	Outputs	Output Indicators		Audited Actual Achievement 2018/2019	Audited Actual Achievement 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Variance	Reasons for deviations
Good Governance	Audited Annual Financial Statements	3.1	Approved Interim Financial Statements	New	New	4	3	-1	Audit findings are still being addressed to correct the opening balances for the preparation of the AFS.
		3.2	Development of the procurement plan	New	New	1	1	0	N/A

Overall sub-programme performance

			Achieved		Not Achieved	
Sub-programme	Sub-programme name	Total No. of Output Indicator	No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
3.	Finance, Compliance and Reporting	2	1	50%	1	50%

The entity was able to prepare the interim financial statements for three quarters which will contribute in improving audit opinion of the entity. Procurement plan enhanced service delivery and minimised the irregularities on supply chain management processes. Internal controls are being improved to ensure improvement in compliance.

3.1.4. SUB-PROGRAMME 4. INTERNAL AUDIT

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Sub-Programme 4: Internal Audit									
Outcome	Outputs	Output Indicators		Audited Actual Achievement 2019/2020	Audited Actual Achievement 2019/2020	Planned - Annual Target 2020/2021	Actual Achievement 2020/2021	Variance	Reasons for deviation
Good Governance	Provision of assurance on entity's control environment	4.1	Internal audit review on risk management, control, and governance processes	New	New	4	4	0	N/A

Overall sub-programme performance

Sub-programme	Sub-programme name	Total No. of KPI Output Indicator	Achieved		Not Achieved	
			No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
4.	Internal Audit and Risk	1	1	100%	0	0%

Internal audit conducted its audit in line with the Institute of Internal Auditors South Africa IIA(SA) standards as required. The Internal audit reports were presented to Management, Audit Committee and the Board as it is mandated by section 57 of the PFMA and National Treasury regulations. All targets were met as expected. The sub-programme's audit's main objective was to ensure that the sub-programme adds value to the entity's systems of internal controls, risk and financial management, and governance processes. The unspent allocation was mainly reserved to attend seminars, workshops and training that were identified on the Certified Public Accountant (CPA) schedule as sent by the IIA(SA). Due to Covid-19 lockdown, it was impractical to attend these personal development initiatives.

Overall programme performance

					Achieved		Not Achieved	
Program me No.	Programme Name	Sub-progr amme	Sub-programme name	Total No. of Output Indicator	No. of Output Indicator	% of Output Indicato r	No. of Output Indicator	% of Output Indicato r
1.	Administrati on	1	Marketing and Communication	2	2	100%	0	0%
		2	Human Resources	5	3	60%	2	40%
		3	Finance, Compliance and Reporting	2	1	50%	1	50%
		4	Internal Audit	1	1	100%	0	0%
Total				10	7	70%	03	3%

Strategy to overcome areas of under performance

Sub-programme	Areas of under-performance	Strategy to overcome areas of under performance
Human Resources	Development of the Workplace Skills Plan.	Review of the organizational structure to align to the personnel requirements, and filling of required positions
	Development of the New Organisational Structure	Review of the organizational structure to align to the personnel requirements, and filling of required positions
Finance, Compliance and Reporting	Approved Interim Financial Statements	Implementation of interim quarterly financial statements consistently in 2021/22

Linking performance with budgets

Programme 1	2020/21			2019/20		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the CEO	488	505	(17)	176	2 056	-1 880
Marketing & Communication	664	717	(53)	629	567	62
Finance & Administration	3 575	3 090	485	134	4 020	-3 886
Corporate Services	90 396	88 369	2 027	8 9879	81 478	8 401
Internal Audit	65	10	55	62	31	31
Total	95 188	92 690	2 497	90 880	88 152	2 728

3.2. PROGRAMME 2: PERFORMING ARTS; VISUAL ARTS & CULTURE

Purpose:

This is the core programme responsible for training and development in the Province in line with the Government priorities.

Outcome:

Competent artists ready for the Arts and Culture industry

PERFORMANCE AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Programme 2: Performing Arts, Visual Arts & Culture									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Competent artists ready for the Arts and Culture industry	Artists equipped with skills aligned to the market needs	2.1 Skilled artists capable of creating jobs, curating exhibitions and staging productions	New	New	4 835	112	-4 723	Due to suspension of all programmes in compliance with the National State of Disaster declaring lockdown	The targets were reduced due to the spread of Covid-19 and the subsequent implementation of the regulations in line with the Disaster Management Act, and the budget reduction for re-prioritization purposes.
	Platforms created to increase participation in provincial, national and international competitions and events	2.2 Artists who demonstrate excellent skills	New	New	2 125	0	-2 125	Due to suspension of all programmes in compliance with the National State of Disaster declaring	

Programme 2: Performing Arts, Visual Arts & Culture									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021 until date of re-tableing	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
								lockdown	
	Artists who met minimum requirements for competency in accredited and developmental programmes	2.3 Learners graduating through accredited and skills developmental programmes	New	New	40	0	-40	Due to suspension of all programmes in compliance with the National State of Disaster declaring lockdown	The targets were reduced due to the spread of Covid-19 and the subsequent implementation of the regulations in line with the Disaster Management Act, and the budget reduction for re-prioritization purposes.

PERFORMANCE AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Programme 2: Performing Arts; Visual Arts & Culture								
Outcome	Outputs	Output Indicators	Audited Actual Achievement 2018/2019	Audited Actual Achievement 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Variance	Reasons for deviation
Competent artists ready for the Arts and	Artists equipped with skills aligned to	2.1 . Skilled artists capable of creating jobs,	New	New	1 729	750	-979	The initial targets for these indicators were planned pending completion of refurbishments of the

Programme 2: Performing Arts; Visual Arts & Culture									
Outcom e	Outputs	Output Indicators		Audited Actual Achieve ment 2018/20 19	Audited Actual Achieve ment 2019/20 20	Plann ed Annu al Target 2020/ 2021	Actual Achieve ment 2020/20 21	Varia nce	Reasons for deviation
Culture Industry	the market needs		curating exhibitions and staging productio ns						Mahikeng center, but due to the delays on the project, the activities were adversely affected.
	Platforms created to increase participation in provincial, national and international competitions and events	2.2	Artists who demonstra te excellent skills	New	New	1 802	988	-814	These obstacles where further coupled with the suspension of all programmes in compliance with the National State of Disaster as announced by the President of the Republic of South Africa. The motswako event that was planned for the 3 rd Quarter (30 December 2020) was cancelled in compliance with the announcement made by the President of the Republic of South Africa.
	Artists who met minimum requirements for competenc y in accredited and developmen tal programmes	2.3	Learners graduatin g through accredite d and skills developm ental programm es	New	40	40	0	-40	The registrations that were planned for March 2020 did not take place due to the announcement of the Covid-19 national lockdown and subsequent suspension of programmes

Notwithstanding the suspension of programmes in March 2020 to comply with the Declaration of National State of Disaster due to the Covid-19 Pandemic, which resulted in the under-achievement of the set targets in Output Indicator 1 and 2 for the Performing Arts; Visual Arts & Culture programme contributed towards the achievement on the entity's outcome, its mandate and some of the government and NDP priorities which is to unearth and develop talent, transfer skills and create jobs.

The beneficiaries from the activities and events implemented resulted in skills transfer during workshops and training programmes offered, unearthing of talent during an art exhibition staged and temporary job creation for the youth and women who participated in the programmes hosted during the year under review.

The new normal heralded a new era of delivering on digital and virtual programmes, as such it was imperative for Programme 2 to move with the norm by way of experimenting with a different way of delivering on the mandate. With this the entity ventured to social media platforms to engage stakeholders on a digital platform, events were streamed live as per the regulations and uploaded to the new MACSF YouTube channel to continue as video events that can continue to promote talent and creativity.

The easing of the lockdown regulations allowed the entity to open up the Mahikeng centre with a kaleidoscope of performances and workshops, following this, MACSF was able to host theatre productions and exhibitions that dealt with GBV during the 16 days activism against women and child abuse. These platforms provided work opportunities for young women and men, artists who are Mmabana Alumni and practicing artists in the province. Moreover, because video is a powerful medium in the new normal and it holds more importance in the delivery of services in this current time as such some of the programmes were entirely virtual and reached masses beyond the physical reach of the entity.

During the implementation of the above mentioned activities, youth and women were prioritised as they form the high percentage of our target market / intended beneficiaries. The challenges that we entity faced was the limitation in terms of the number of targets that we had intended to achieve because we had to comply with the Covid 19 regulations from time to time. The challenges regarding unavailability of a suitable and cost-effective ICT platform and 4IR skills limited the number of beneficiaries that we were able to reach during lockdown

Overall programme performance

Programme	Programme name	Total No. of Output Indicator	Achieved		Not Achieved	
			No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
2.	Performing Arts; Visual Arts & Culture	3	0	0%	3	100%

Strategy to overcome areas of under performance

Sub-programme	Areas of under-performance	Strategy to overcome areas of under performance
Performing Arts; Visual Arts & Culture	Skilled artists capable of creating jobs, curating exhibitions and staging productions	The Foundation is formulating new strategies to create platforms for Creatives to continue practicing their different art forms. Virtual
	Artists who demonstrate excellent skills	

Sub-programme	Areas of under-performance	Strategy to overcome areas of under performance
		Platforms will be utilised for programme delivery.
	Learners graduating through accredited and skills developmental programmes	Accredited and skills developmental programmes to be implemented in 2021/22 financial year

3.3.PROGRAMME 3: ARTISTIC SPORT

Purpose:

Improve physical fitness and mental well-being through training and development.

Outcome:

Trained Athletes collectively contributing towards the advancement of Sport in the North West Province

PERFORMANCE AGAINST THE ORIGINALLY TABLED ANNUAL PERFORMANCE PLAN

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Programme 3: Artistic Sport										
Outcome	Output	Output Indicator		Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021 <u>until date of re-tabling</u>	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Trained Athletes collectively contributing towards the advancement of Sport in the North West Province	Community and schools mass participation in health and fitness programmes to promote a healthy lifestyle	3.1	Participants who takes part in health and fitness programmes provincially	0	0	57 355	808	-56 547	Due to suspension of all programmes in compliance with the National State of Disaster declaring lockdown	The targets were reduced due to the spread of Covid-19 and the subsequent implementation of the regulations in line with the
	Self defence programmes for women and vulnerable people	3.2	Equipped people who can defend themselves	0	0	200	0	-200	Due to suspension of all programmes in compliance with the National State of Disaster declaring	Disaster Management Act, and the budget reduction for re-prioritization purposes.

									lockdown	
	Athletes who can compete on provincial, national and international platforms	3.3	Astute Athletes who can represent the province and country at organized competition structures	0	0	3 290	0	-3 290	Due to suspension of all programmes in compliance with the National State of Disaster declaring lockdown	The targets were reduced due to the spread of Covid-19 and the subsequent implementation of the regulations in line with the Disaster Management Act, and the budget reduction for re-prioritization purposes.
	E Sports programme that ensures the inclusion of international gaming participation	3.4	Competitors who participate in digital platforms	0	0	50	0	-50	Due to suspension of all programmes in compliance with the National State of Disaster declaring lockdown	

PERFORMANCE AGAINST THE RE-TABLED ANNUAL PERFORMANCE PLAN

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Programme 3: Artistic Sport									
Outcome	Output	Output Indicators		Audited Actual Achievement 2018/2019	Audited Actual Achievement 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Variance	Reasons for deviation
Trained Athletes collectively contributing towards the advancement of	Community and schools mass participation in health and fitness programmes to promote a healthy lifestyle	3.1.	Participants who takes part in health and fitness programmes provincially	New	New	2 601	3 328	727	The gradually relaxation of the - Covid 19 regulations resulted in the over achievement of the target

Programme 3: Artistic Sport									
Outcome	Output	Output Indicators		Audit ed Actual Achievement 2018/2019	Audit ed Actual Achievement 2019/2020	Planned- Annual Target 2020/2021	Actual Achievement 2020/2021	Variance	Reasons for deviation
Sport in the North West Province	Self defence programmes for women and vulnerable people	3.2	Equipped people who can defend themselves	New	New	50	200	150	The gradually relaxation of the Covid-19 regulations resulted in the over achievement of the target
	Athletes who can compete on provincial, national and international platforms	3.3	Astute Athletes who can represent the province and country at organized competition structures	New	New	380	0	-380	Due to suspension of all programmes in compliance with the National State of Disaster, as well as refurbishments at the Mahikeng Centre (project not completed on time)
	E Sports programme that ensures the inclusion of international gaming participation	3.4.	Competitors who participate in digital platforms	New	New	10	0	-10	

In the year under review, the Artistic Sport Programme delivered new initiatives under Output 1 and 2, initiatives that furthered the priorities of government in light of skills and health improvement as well as social cohesion and safe communities. The value of these initiatives amounted to targets being achieved and stakeholders being offered high quality programmes that contributed to the transformation of their lives and the overall improvement of service delivery albeit in the new normal.

Another growing pandemic that faces the country is the unemployability of youth, violence against women and children, as such the entity aimed at ensuring that the programmes offered, like self-defence classes, health and fitness programmes for pregnant women drove the prime concern of the designated groups and affected stakeholders in the province.

Overall programme performance

Programme	Programme name	Total No. of Output Indicator	Achieved		Not Achieved	
			No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
3.	Artistic Sports	4	2	50%	2	50%

Strategy to overcome areas of under performance

Sub-programme	Areas of under-performance	Strategy to overcome areas of under performance
Artistic Sports	Astute Athletes who can represent the province and country at organized competition structures	Virtual platforms will be considered for programme delivery. As regulations are eased, athletes and artists will be prepared to compete/perform provincially and internationally
	Competitors who can participate on digital platforms	The entity will setup a computer centre for delivery of the programme, and consider online platforms

Linking performance with budgets

CORE PROGRAMMES BUDGET	2020/2021			2019/2020		
	Budget	Actual Expenditure	Over/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Lehurutshe	1 557	1 390	167	1 903	2 108	(205)
Taung	1 634	1 509	125	2 070	2 062	8
Rustenburg	1 026	1 123	(96)	783	1 460	(677)
Mahikeng	900	938	(39)	2 686	874	1 812
Professional Production & Performances	869	1 425	(556)	832	54	778
Total	5 986	6 385	(399)	8 274	6 558	1 716

3.4. SUMMARY OF ENTITY'S PERFORMANCE:

The table below depicts the summary of the entity's achievement output indicators for all programmes:

Programme No.	Programme Name	Sub-programme	Sub-programme name	Total No. of Output Indicator	Achieved		Not Achieved	
					No. of Output Indicator	% of Output Indicator	No. of Output Indicator	% of Output Indicator
1.	Administration	1	Marketing and Communications	2	2	100%	0	0%
		2	Human Resources	5	3	60%	2	40%
		3	Finance, Compliance and Reporting	2	1	50%	1	50%
		4	Internal Audit	1	1	100%	0	0%
2.	Performing Arts; Visual Arts & Culture		Performing Arts Visual Arts, Accredited Programmes	3	0	0%	3	100%
3.	Artistic Sport		Artistic Sports	4	2	50%	2	50%
Total				17	9	53%	08	47%

4. REVENUE COLLECTION

Sources of revenue	2020/2021			2019/2020		
	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 and equipment	238	150	88	225	98	127
Rendering of services	2 750	1 939	811	2 700	323	2 377
Interest on Investments	280	1 423	(1 143)	-	559	(559)
Total	3 268	3 512	(244)	2 925	980	1 945

The entity did not manage to collect the revenue due to the COVID-19 outbreak as this has resulted in the learners not being able to register and attend academic programmes, these are main sources of revenue.



PART C: GOVERNANCE

1. INTRODUCTION

Good corporate governance embodies processes and systems that enhance organisational discipline, integrity, transparency, accountability, responsibility, fairness and sustainable economic, social and environmental performance. As the focal point and custodian of MACSF's corporate governance, the Foundation is committed to establishing and striving for exceptional governance practices underpinned by effective leadership. The governance practices of MACSF have been established in line with the Mmabana Arts, Culture and Sport Foundation Act 7 of 2000, as amended, the Public Finance Management Act no. 1 of 1999 as amended (PFMA)

2. PORTFOLIO COMMITTEES

The Portfolio Committee exercises oversight over the service delivery performance of public entities and, as such, reviews of the non-financial information contained in the annual reports of public entities and is concerned with service delivery and enhancing economic growth.

The entity appeared before the Portfolio Committee on Education, Arts, Culture, Sports and Recreation on the 24 June 2021 to table the Annual Report for the financial year 2019/2020 and to receive legislature report on our progress.

3. EXECUTIVE AUTHORITY

In terms of the PFMA, the MACSF has an Accounting Authority, which is its Board. The Accounting Authority reports to the MEC of Arts, Culture, Sports and Recreation, being the Executive Authority. The accountability and performance relationship between the Board and the MEC is regulated by the PFMA which imposes several reporting requirements and obligations including submission of strategic plans, annual performance plans, quarterly and annual Reports to the MEC as executive authority. The Executive Authority as a Political Head of the entity provides strategic leadership, monitoring and oversight, and the following reports were submitted to her office during the financial year 2020/2021 and they were submitted to the Legislature on behalf of the entity:

Document submitted	Submission Date
Strategic Plan for 2020/21 – 2024/2025	06 March 2020
Annual Performance Plan for the year 2020/21	06 March 2020
Addendum to the Strategic Plan for 2020/21 – 2024/2025	03 August 2020
Addendum to the Annual Performance Plan for the year 2020/21	03 August 2020
Annual Report 2019\2020	04 November 2020
Quarterly Financial and Non-financial reports on operational activities of the Entity for the financial year 2020/2021.	
Quarterly 1	03 August 2020
Quarterly 2	04 November 2020
Quarterly 3	18 February 2021

Document submitted	Submission Date
Quarterly 4	28 April 2021
Response to Resolutions of the House (Implementation of the Rule 207 of the Standing Rules as adopted in March 2019)	14 October 2020
1 st Draft Annual Performance Plan for the year 2021/22	30 October 2020

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The MACSF Board is the Accounting Authority as defined in Section 49 of the PFMA. The members of the Board have a collective responsibility to meet fiduciary duties outlined in Section 50 of the PFMA including the Treasury Regulations, and the principles of the King III and IV Code of Governance. The constitution and composition of the Board are governed by the Mmabana Act 7 of 2000 as amended and comply with all its requirements. In addition to the provisions on Board accountability within the above governance prescripts and as recorded in the Board Charter, the roles and responsibilities of the Board are as follows:

- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;
- Act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity;
- On request, disclose to the Executive Authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or the legislature; and
- seek, within the sphere of influence of that Accounting Authority, to prevent any prejudice to the financial interests of the state.
- A member of an Accounting Authority or, if the Accounting Authority is not a Board or other body, the individual who is the Accounting Authority, may not—
 - act in a way that is inconsistent with the responsibilities assigned to an accounting authority in terms of this Act; or
 - use the position or privileges of, or confidential information obtained as, Accounting Authority or a member of an Accounting Authority, for personal gain or to improperly benefit another person. (3) A member of an accounting authority must—
 - disclose to the Accounting Authority any direct or indirect personal or private business interest that that member or any spouse, partner or close family member may have in any matter before the Accounting Authority; and
 - withdraw from the proceedings of the Accounting Authority when that matter is considered, unless the Accounting Authority decides that the member's direct or indirect interest in the matter is trivial or irrelevant.

Board Charter

A Board charter defines the Mmabana Board's oversight responsibilities. This is to be read in conjunction with the Mmabana Act, the PFMA, Treasury Regulations and the Board subcommittees' Terms of Reference.

The existing Board Charter became a governance document to be used by the Boards in future.

In accordance with the charter, the following are expected from the Board: -

- Board and its Sub-Committee Quarterly meetings.
- Appearance before the Provincial Legislature Committees to report on oversight over the Entity.
- Meetings with the Executive Authority.
- Establishment of the sub-committees: -
 - To assist in the oversight of operations in the entity, namely, the Audit and Risk Committee, which is responsible for oversight on governance, internal control, risk management, internal audit and financial management.
 - The Human Resource and Remuneration Committee would be responsible for ICT and Human Resources functions.
 - The Artistic Committee which is responsible for oversight on all artistic and indoor sport activities (core-business) and the Fundraising Committee which is responsible for stakeholder management and fundraising.
- Meetings with the Office of the Auditor General in discussing and obtaining understanding of the agreed scope for external audit to be conducted in the entity, took place with ACEO in attendance.
- Stakeholder relations and project support.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Name	No. of Meetings attended
Mr. Eric Stoch	Acting Board Chairperson	04 October 2019	17 March 2021	BA. Degree, BA. Honours: Industrial Sociology, Advanced Diploma in Labour Law, Certificate in Contract Documentation, Certificate in Estimating and Tendering, Certificate in Project Management, Diploma in	Computer literacy, Labour Law, Project Management, Corporate trainer, Disaster and Risk Reduction Practitioner, Part time lecturer. Researcher and writer has published over 30, papers and presentations	Managing Director: HIT Parade Foundation, Founder Member – NW Incident Command Team, Founder Member-National Fire Protection Association.	None	2

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Name	No. of Meetings attended
				Geo-Informatics: Remote Sensing, Certificate in Water Law, Certificate in Environmental law, Quality Standards, Occupational Health and Safety & Environmental Auditors Course				
Mr. Thami Kubheka	Board Member	08 April 2019	17 March 2021	Certificate in Financial Management (UJ – Part-time), Certificate in Accountancy – Equivalent to a Degree (University of KwaZulu Natal (Distance Learning), National Diploma Accounting (Wits Technikon) Completed his articles with KPMG.	Computer systems: Accounting, Payroll, Auditing and Financial Statements, Financial Management, Strategy. Finance and Governance	Director and CEO (Khathide Consulting), Bolivia Technologies (Pty) Ltd	Audit and Risk	2
Ms. Refilwe Tlhabanyane	Board Member	08 April 2019	17 March 2021	Master's Degree in Business Administration (Milpark Business School), Bachelor of Commerce Degree in Marketing Management (MANCOSA), Diploma in Publishing & Diploma in Multimedia and Animation (Damelin Computer College), Diploma in Digital Publishing (Damelin Computer College)	Strategy Design, Strategy Implementation, Business Analytics, Communication & Negotiation, 4IR, IT and Exponential Tech, AI and Programming, Digital Transformation, Market Development, Integrated Marketing and Communications, Research & Product Development, Project Management. Mastering Strategy Design (GIBS), Trade and Investment Promotion (GDP Global), Advanced Management Development	BASA (FSC) Committee (ABSA -SME)	Audit and Risk	1

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Name	No. of Meetings attended
					Programme (NWU)			
Mr. Vuyo Mbulawa	Interim Board Member	04 October 2019	17 March 2021	Master of Business Administration (Management College of South Africa), Diploma in Management Studies (Management College of South Africa), Diploma in General Nursing, Psychiatry, Community Health Nursing and Accoucheur (Excelsius Nursing College in collaboration with Potchefstroom University).	Finance Management, Human Resource management, Strategic Management, Governance, Operations Management, Marketing Management, Corporate strategy., Health Management	-	-	1
Ms. Bontle Mafethe	Interim Board Member	04 October 2019	17 March 2021	Matric (Kebonang Secondary School), Human Resources Management (Taletso College)	Theatre Practitioner, Documentary Film Making, Radio Presenter,	-	-	2
Ms. Lilian Wolmarans	Interim Board Member	04 October 2019	17 March 2021	Diploma in Education (Secondary) – Tlhabane College Advanced Certificate in Education- Management & Administration – UNISA Certificate Introduction to Basic Human Resource Management	Finance Management, Human Resource Management, Leadership and strategic visionary. Fitness Instructor, Aerobics Instructor, Jima Dance Instructor, Cycling Club Coordinator, Indigenous Games facilitator.	-	-	2
Mr. Itumeleng Mogorosi	Ex-Officio (Acting)	11 December 2019	-	Master of Business Administration (MBA)- (NWU), Post Graduates Diploma in	Finance Management, Human Resource management, Labour	-	Executive Director	2

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Name	No. of Meetings attended
				management (NWU), National Diploma: Information Technology (Vaal Triangle Technicon), Executive Development Programme, (NWU) AMDP (SAMDI), Project Management (Regenesys School of Public Management), Net Framework – 2.0 Development (Microsoft) Introduction to Monitoring and Evaluation (PALAMA), ITIL (APMG International), Wamkelekile Induction: New SMS (PALAMA), Matric – Tshedimosetso Secondary School	Relations, Strategic Management, Governance and Leadership, Marketing and Communications Management, Legal Services Management, Information Technology, Records and Knowledge Management, Strategic Planning, Policy, Monitoring, Evaluation, and Research Management, Media and Communications, Legal Services, investigator.			
Mr Christopher Seome	Accounting Authority	23 March 2021	-	BProc – University of North (Limpopo) LLB University of North (Limpopo). Admitted as an attorney of the High Court SA	Legal Expertise	-	Member of the Legal Practice Council of SA as a non-practising attorney	3

Composition of the Interim Board (01 April 2020 to 17 March 2021)

The interim Board was dissolved by the Member of the Executive Council, Ms. GV Tlhapu, on 17 March 2021. Subsequently, the appointment of the Accounting Authority was effected from 23 March 2021 to 30 August 2021 or earlier on the appointment of the new Board

Composition of the Committees

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk	1	2	Mr. Thami Kubheka Ms. Refilwe Tlhabanyane

Remuneration of board members

Remuneration is determined and payable per attendance of members to Board, Sub-Committee meetings and other meetings i.e., Provincial Legislature and Mother Department. Tariffs used are standard amounts approved by the MEC i.e., R2 300 for chairperson and R2 000 for ordinary members. Travelling tariffs used are the ones determined by the Department of Transport. Public Servants employees are not remunerated for seating allowance only reimbursed for travel expenses.

Name	Remuneration	Other re- imbursements	Total
Eric Stoch (Acting Board Chairperson)	R34, 500	R7, 742	R42, 242
Thami Kubheka	R12,000	R4, 798	R16, 798
Refilwe Tlhabanyane	R14,000	-	R14, 000
Vuyo Mbulawa	-	-	-
Lilian Wolmarans	-	-	-
Bontle Mafethe	R30,000	-	R30, 000
TOTAL	R90, 500	R12, 540	R103, 040

5. RISK MANAGEMENT

The MACSF Board is accountable for the process of risk management, which is reviewed regularly for effectiveness. The entity has a risk Management policy which sets out the risk management objectives and requirements for the Foundation, its Programmes and its business units. Management and staff are expected to conduct systematic and structured risk management in accordance with this policy. The strategic aim of this risk management strategy is to enable the MACSF to meet its requirements relating to risk management, and to demonstrate adherence to good (corporate) governance. Effective risk management and good governance practices within the Foundation will culminate into improved service delivery and the assurance that the set goals and objectives will be achieved.

The Foundation recognises that risk management is a valuable management tool which improves and assists management in minimizing any negative impacts and optimizing opportunities emanating from its operating environment. The risk management framework (Policy, Strategy, and Implementation plan) was discussed and recommended by Audit and Risk Committee for approval by the chairperson of the Board (Acting) during 2020/21 financial year. Risk Registers were developed by management and reviewed by the risk management unit. This process included as part of the formal risk assessment was conducted in the financial year. The Risk Management Implementation was monitored by the Audit and Risk Committee.

Mmabana Arts culture and Sport Foundation has developed a risk management framework that aims to support the entity to improve and sustain its performance by enhancing the risk management systems to protect against adverse outcomes and to optimise opportunities

The Risk Assessment was conducted and aligned to Annual Performance Plan of the MACSF. The Action Plans to address the audit findings of the Auditor-General South Africa were monitored monthly through the Directorate: Internal Audit and Risk Management and reported to the Audit and Risk Committee.

The Audit and Risk Committee met on 7th July 2020 and advised the public entity on risk management and independently monitors the effectiveness of the system of risk management.

6. INTERNAL CONTROL UNIT

The entity did not have an internal control unit however the internal audit unit was entrusted with oversight on effectiveness of internal controls. The unit reviewed the effectiveness of internal controls and assurance providers in place and noted the following:

- The risk management policy is in place, however further improvements is required;
- Significant Internal control weaknesses in Information Communication and Technology and supply chain management processes which led to, fruitless and wasteful expenditure, irregular expenditure, were identified and are being addressed by management. Information Technology manager position has been advertised which will assist to address the challenges in the ICT.
- As a result of the above mentioned internal control weaknesses there were material adjustments in the financial statements and material non-compliances that management corrected which led to the organisation receiving an improved audit opinion from its external auditors.
- At year-end the entity was in a process on appointing the internal control coordinator, to monitor management's implementation of controls to ensure that control weaknesses are addressed.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The internal Audit function evaluates the adequacy and effectiveness of the internal controls and recommendations for improvement, which encompasses the following:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations and contracts.

Key activities and objectives of the Internal Audit

Internal Audit must review the effectiveness and efficiency of financial and risk management internal control. The adequacy of the entity's internal control system as reviewed by Internal Audit.

- Management has improved in the turnaround time for submission of documents and or information, management comments and action plans to internal audit work during the year.
- The capacity in terms of human resource should be prioritized to ensure that competent, skilled and qualified officials are designated to implement corrective actions or plans by Management to address AG and internal audit function.

Summary of audit work done

The Effectiveness of Internal Control

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

One-year internal audit plan: 2020/2021

AUDITABLE AREAS	2020/2021	
	Budgeted hrs	Timeframe
Procurement Audit 1 and Irregular Expenditure review	155	Apr'20
2019/2020 Draft AFS	109	May'20
Procurement Audit 2 and Irregular Expenditure review	155	June'20
Transfer Payment and Conditional Grant Systems	120	July'20
Revenue Audit	160	Aug'20
Asset Management	160	Sept'20
Bank management systems (Reconciliations) and Payroll Certification and Reconciliations (Employee Costs)	120	Oct'20
Procurement Audit 3	120	Nov'20
Asset Management	120	Dec'20
Risk Management review	155	Jan'21
Procurement Audit 4 and Petty Cash transactions	155	Feb'21
2020/2021 Interim AFS	155	Mar'21
Asset management	155	Mar'21
Journals processed for year-end procedures	120	Apr'21
Review of the 2020/2021 AFS	155	Apr'21

AUDITABLE AREAS	2020/2021	
	Budgeted hrs	Timeframe
Status of implementation of AGSA Audit Action Plans	155	Apr'21

Internal audit reporting as at 31 March 2021 on the 2020/2021 internal audit plan

In line with the approved 2019/2020 internal audit plan and 2019/2020 Annual Performance plan:

Internal audit reports issued to Management in Q1:

- Internal audit report on review of the Employee Costs.
- For the period 01 April 2020 to May 2020, internal audit function did not perform audit reviews due to the Level 5 lockdown period.

Internal audit reports issued to Management in Q2:

- Internal audit report on 2019/2020 Annual Financial Statements for AG purposes.
- Internal audit report on Supply Chain Management – Procurement 1
- Internal audit report on Supply Chain Management – Procurement 2

Internal audit reports issued to Management in Q3:

- Follow-up Internal audit report on the Conditional Grants.
- Follow-up Internal audit report on the AccPac and VIP reconciliations.
- Internal audit report on Supply Chain Management – Procurement 3.

Internal audit reports issued to Management during Q4 (Jan and Feb 2020)

- Internal audit report on Risk management.
- Internal audit report on Supply Chain Management – Procurement 4.
- Follow-up internal audit on AG findings 2018/2019 and 2019/2020 findings.

Key activities and objectives of the audit committee.

The Audit Committee has responsibility for ensuring the proper management of capital and the investment portfolio; ensuring the integrity of the financial reporting process, the risk management system, internal reporting and controls, management of strategic and major financial and operational risks and the external audit process based on sound principles of accountability, transparency and responsibility in accordance with the Public Finance Management Act (PFMA).

Attendance of audit committee meetings by audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr. Thami Kubheka	Certificate in Financial Management(UJ – Part-time), Certificate in Accountancy – Equivalent to a Degree (University of KwaZulu Natal (Distance Learning), National Diploma Accounting (Wits Technikon) Completed his articles with KPMG.	Internal	None	06 April 2019	17 March 2021	1
Ms. Refilwe Tlhabanyane	Master's Degree in Business Administration (Milpark Business School), Bachelor of Commerce Degree in Marketing Management (MANCOSA), Diploma in Publishing & Diploma in Multimedia and Animation (Damelin Computer College), Diploma in Digital Publishing (Damelin Computer College)	Internal	None	06 April 2019	17 March 2021	1

8. COMPLIANCE WITH LAWS AND REGULATIONS

- The entity adheres to its own policies for Financial Management, Supply Chain Management, Human Resource Management and Information Technology and all the applicable laws and regulations governing the entity.
- Revised financial and human resource delegations that have been approved by the Accounting Authority.
- Adherence to the Public Finance Management Act Checklist by the entity.
- Regular quarterly and monthly reporting to the Department of Arts, Culture, Sports and Recreation (ACSR), Provincial Treasury and the Provincial Legislature on the entity's operational activities.
- Adherence to the transfer payment agreement between the entity and the mother department (ACSR).

9. FRAUD AND CORRUPTION

MACSF has an approved and implemented Fraud and Corruption Prevention Policy. In line with the policy, fraud and corruption is actively monitored and reported on in a regular basis.

Zero tolerance of fraud and corruption

Corruption in South Africa is perceived to be worsening. Perceived high levels of fraud and corruption could jeopardise South Africa's standing among potential investors and negatively affect business confidence. MACSF has a zero-tolerance stance against fraud, corruption and irregular conduct.

A number of policies and interventions are in place to mitigate the risk of fraud and corruption, including the following:

- whistle-blowing policy
- subscribes to the National Anti-Corruption (NAC) Hot-Line housed at the Office of Public Service Commission (OPSC)
- prevention of fraud and corruption policy
- delegation of authority

All the cases received via the NAC Hot-Line, the entity will investigate and provide feedback to the OPSC at prescribed or regular intervals accordingly on the progress of investigations as required. If there are cases reported to the Entity anonymously by employees and members of public, these will be investigated accordingly. Once the investigations are concluded, some cases are referred for disciplinary process whilst others that are of a criminal nature, are handed over to the SAPS.

10. MINIMISING CONFLICT OF INTEREST

Annually, declarations of interest forms are distributed to Board Members and MACSF staff to facilitate recording of any interest that might impact on the MACSF. Furthermore, in every management or Board and Committee meetings, a declaration of interest form on agenda items are completed and signed. Where there is an interest declared, the member would be requested to recuse himself/herself when the item is discussed.

11. CODE OF CONDUCT

The entity has an approved Code of Conduct. The purpose of the Code is to promote exemplary conduct by assisting both employer and employees to know and understand the minimum standards of conduct and the expected behaviour required of employees of the MACSF. This code is directly linked to the MACSF Values and Ethics which acts as a guideline to employees on what is expected of them from an ethical point of view, both in their individual conduct and in their relationships with others.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

At the MACSF, occupational health and safety (OHS) issues are a priority. To this effect, A Safety and Health Committee is in place in all regional centres of the entity and its primary mandate is to deal with occupational, health & safety issues in the workplace. Members of this OHS Committee are representative of all workplaces within the MACSF. An Internal audit review has been conducted on the status of the entity's occupational health and safety compliance.

13. COMPANY/BOARD SECRETARY

The Board Secretary plays two pivotal roles in providing secretarial and advisory services to the Board and its Committees. Furthermore, the Board Secretary is a liaison official between Management and the Board and between the Board and the Shareholders, thus giving effect to the governance protocol. In term of King IV, the Board Secretary should assist the nomination committee and ensure that the appointment of Directors is properly carried out, provide a central source guidance and advice to the Board on matters of good governance and of change in the legislation.

14. SOCIAL RESPONSIBILITY

The entity has designed plans for more impact contribution going forward. Some of these include, training of rural people, especially women and youth on available business or economic activities.

15. AUDIT AND RISK COMMITTEE REPORT

The MACSF had an audit committee in place and the committee met once a year during the current year under review. The Chief financial officer, Chief executive officer and internal audit are standing invitees for the meeting.

The role of the Audit and Risk Committee

The Audit and Risk Committee has adopted appropriate terms of reference as its charter. The charter is updated regularly and complies with the principles of good governance and with the requirements of the PFMA. The Audit and Risk Committee is accountable to the Board and has an oversight function amongst others for:

- Financial management;
- IT governance;
- Risk management and internal audit;
- Compliance with laws, regulations and good ethics
- Reporting practices; and
- External audit.

Sadly the committee was dissolved in March 2021. The Accounting Authority was appointed and assumed all responsibilities of the Board. Management presented the 4th Quarterly report to the Accounting Authority and was approved and submitted. The Accounting Authority also approved the 2020/21 Annual Financial Statements for submission to Auditor General together with the Accounting Policies.

Name of Member	Number of Meetings
Mr Thami Kubheka (Chairperson - Interim)	01
Ms Refilwe Tlhabanyane	01

Risk Management

Risk Management is a standing item at management and Board meetings. During the year under review, the Risk Register was reviewed in 22 July 2020, and was facilitated by the Risk Co-ordinator. The Risk Register is a living document and management uses it to track progress on mitigation of key risks, identification of and implement controls to deal with business unit risks, and the detection and mitigation of emerging risks as identified on a regular basis and tabled at the Management and Board Committee meetings.

The Risk Register and the Fraud and Corruption Prevention Policy act as guiding documents for the organisation. The policy is important because Fraud and Corruption is one of the risks contained in the Risk Register. This area of the business will be strengthened during the 2020/21 financial year. The MACSF will also ensure that there is particular focus on risks relating to business continuity and the Covid-19 pandemic.

The entity is satisfied that the entity has an on-ongoing risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations and is considered effective. This has been in place for the year under review

and up to the date of approval of the Annual Financial Statements and Performance Report.

The effectiveness of Internal Control

The entity did not have an internal control unit however the internal audit unit was entrusted with oversight on effectiveness of internal controls. The unit reviewed the effectiveness of internal controls and assurance providers in place and noted the following:

In line with the PFMA, the internal audit coverage plan was informed by the risk management process. The coverage plan included the following reviews:

Internal audit reports issued to Management in Q1:

- Internal audit report on review of the Employee Costs.
- For the period 01 April 2020 to May 2020, internal audit function did not perform audit reviews due to the Level 5 lockdown period.

Internal audit reports issued to Management in Q2:

- Internal audit report on 2019/2020 Annual Financial Statements for AG purposes.
- Internal audit report on Supply Chain Management – Procurement 1
- Internal audit report on Supply Chain Management – Procurement 2

Internal audit reports issued to Management in Q3:

- Follow-up Internal audit report on the Conditional Grants.
- Follow-up Internal audit report on the AccPac and VIP reconciliations.
- Internal audit report on Supply Chain Management – Procurement 3.

Internal audit reports issued to Management during Q4 (Jan and Feb 2020)

- Internal audit report on Risk management.
- Internal audit report on Supply Chain Management – Procurement 4.

In-Year Management and Monthly /Quarterly Report

MACSF has submitted Quarterly Reports approved by Accounting Authority to the Executive Authority as required by the PFMA. The ARC had engaged management to provide clarity on completeness and quality of the Quarterly Reports during quarterly meetings.

Evaluation of Annual Financial Statement

The Audit and Risk Committee has:

- reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General and the internal audit;
- reviewed changes in accounting policies and practices; and
- reviewed the entities compliance with legal and regulatory provisions;

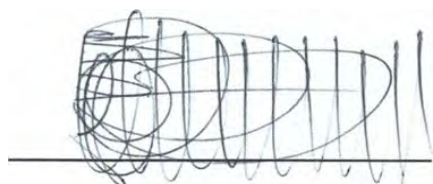
Internal Audit

The ARC is reasonably satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the MACSF and its audits.

Auditor's Report

The ARC has met and discussed with the Auditor General South Africa (AGSA) their report, to ensure that there are no unresolved issues. The ARC will review the Foundation's implementation plan for audit issues raised in the AGSA management report, continuous monitoring will be exercised to ensure that all matters raised are adequately addressed.

The ARC concurs and accepts the conclusions of the AGSA regarding the Annual Financial Statements and Performance Report are of the opinion that the Annual Financial Statements and Performance Report be accepted and read together with the report of the AGSA



Accounting Authority

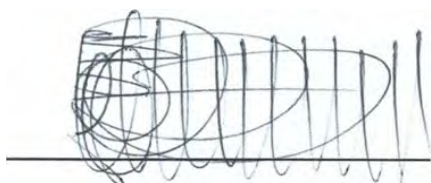
Mmabana Arts, Culture and Sport Foundation

DATE: 29/10/ 2021

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Circle relevant answer	Comments
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	Not applicable for the entity.
Developing and implementing a preferential procurement policy	Yes	The entity utilises its SMC policy which incorporates the requirements of the Preferential Procurement Regulations of 2017.
Determining qualification criteria for the sale of state-owned enterprises	No	Not applicable for the entity.
Developing criteria for entering into partnerships with the private sector	No	Not applicable for the entity.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	Not applicable for the entity.

APPROVED BY:



Christopher Seome (Mr)

Accounting Authority

Public Entity: Mmabana Arts, Culture and Sports Foundation



PART D: HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

The Corporate Services Division of the entity consists of the following sub-units:

- Human Resources, which includes:
 - ✓ Skills Development and Training,
 - ✓ Recruitment and Selection,
 - ✓ Labour Relations,
 - ✓ HR Administration (Employee Benefits and Records Management),
 - ✓ Employee Wellness (EAP),
 - ✓ Occupational Health, Safety and Environment Management,
- Information Communication Technology,
- Facilities and Logistics Management,
- Security Management, and
- Auxiliary Functions (Housekeeping, Landscaping and Maintenance).

With the entity being a public entity classified under schedule 3C of the Public Finance Management Act (PFMA), the Corporate Services Division (HR) and its sub-units play major and critical strategic role in supporting the entity, especially in areas of strategy, policy and procedure formulation, implementation and monitoring, and the enforcement of corporate governance and the broader regulatory requirements and compliance matters.

The examples include areas of Employment Equity Planning and Reporting (EEP&R), Skills Development Planning and Reporting and all matters of Occupational Health, Safety, Environment and Occupational Injuries and Diseases Act (COIDA), and the newly added responsibilities of driving compliance with the covid-19 regulations.

The Corporate Services and HR priorities and focus areas for the year under review included aspects of improved governance, Institutional Turnaround, Change Management, and Institutional Culture Reform while not neglecting the day-to-day responsibilities as already stated above.

However, it would have been amiss of the division not to ensure sufficient and strategic focus towards the operational space of the business, and to continue to play the key and critical role as a “business enabler”.

Therefore, HR priorities among others, included matters of operational efficiencies through ensuring continued optimal resourcing of the operations of the entity within the available means, while ensuring optimal return on investment (ROI).

The above initiatives included ensuring that the available human resources (people) are optimally deployed to efficiently respond to the operational dictates, especially focusing on the core business.

In terms of challenges which are faced by the division, the division continues to be extremely under-resourced both in terms of people and budget wise.

As indicated earlier in this submission, there are many challenges that faced and continue to face the division and the broader entity. Among these we can list the following:

- Shortage of Skilled Staff within the division,
- Skills shortages in the entity in general, especially the core business,
- Having to deal with multitude of legacy issues, such as:
 - ✓ Irregular and compromised resourcing approaches and processes,
 - ✓ Poor records and document management systems,
- Organisational Transformation, Change Management and Réalignement,
- Structured Cultural Interventions and Staff Climate Surveys,
- The Development and Implementation of Operationally Responsive Resourcing (people) and Contracting Strategies,
- Job Family Clustering for Optimal Resource Utilisation and Job Security,
- Organisational Professionalization and People Branding, and
- Work/Social Balance, Total Employee Engagement and Wellness.

Together with all of the above, the division shall retain and respect its role as an overall respected, trusted and valuable business enabler and advisor.

LABOUR RELATIONS

The entity experienced a reasonably stable Labour Relations environment during the period under review with no incidents of industrial action and or work stoppages. However, there are still several unresolved legacy disputes, grievances and misconduct cases which are receiving the necessary attention in the current period.

To facilitate the speedy and timeous resolution of these outstanding matters, some knowledge gap has been identified among different levels of management and supervision. The gap closure initiatives will include, but not limited to the following:

- Leadership Development Training: All executives, corporate and unit managers, supervisors and team leaders will receive customised, registered and accredited training at different levels,
- Discipline and Grievance Handling: All executives, corporate and unit managers, supervisors and team leaders will receive customised, registered and accredited training at different levels,
- Shop Steward Training: All the shop stewards/elected union representatives will be exposed to relevant registered and accredited training, specifically focused on:
 - Duties and Responsibilities of Union Representatives,
 - Policy and Procedure Understanding,

- Dealing with Grievances and Misconduct matters of members,
- Disputes Handling, and
- The Role of Management in the Employment Relationship.

OCCUPATIONAL HEALTH AND SAFETY

The period under review brought with it a completely new dimension with regards issues of Occupational Health and Safety in the workplace. The advent of the noble coronavirus and the subsequent lockdown which was introduced by the Honourable President commencing from the 27th of March 2020 meant that all organisations, families, groupings, and individuals had to immediately review the legacy health and safety measures.

To this end, the entity:

- Introduce tough measures to ensure the protection of the health and safety of employees, students, patrons, and other stakeholders, while also ensuring compliance with the State of Disaster Act and the Lockdown Regulations.
- Has had to alter the Roles and Responsibilities of the Health and Safety Representatives to include matters of COVID-19 Regulation's compliance.
- The elected Health and Safety Representatives will be receiving intensive training in this regard.
- The entities Occupational Health and Safety Policy has also been reviewed to specifically include matters of Communicable Diseases in the workplace.
- Compliance to the Commission of Occupational Diseases and Injuries has been restored and the entity is now on sound footing.

THE WORK ENVIRONMENT

Regional Center

Owing to lack of regular maintenance and repairs, as reported previously, the entities' infrastructure is largely none-compliant with the requirements, legislation and regulations of occupational health and safety.

This is an area of grave concern as the current situation leaves our employees, students, patrons and other stakeholders at a huge risk of injury while in the entity's premises. There is also a risk of the operations of the entity being shut down by the Department of Employment and Labour, and the Local Municipalities on grounds of none-compliance.

This is posing an even bigger risk because should any of our centres be shut down, we will not be permitted to re-open until all aspects of compliance are fully addressed to the satisfaction of all the relevant authorities. The costs involved will definitely be astronomical.

Head Office

Sadly, we have to once more report that the entity's Head Office operations are still without a stable home since the torching and vandalization of the Head Office Building during the community protests which engulfed the province in April of 2018.

The current interim measures are not ideal for the following reasons:

- The space allocated at the Provincial Archives and Libraries Building is not sufficient to accommodate all the head office officials,
- The security and confidentiality of critical documents and assets remain compromised due to lack of space and suitable records management facilities,
- The coordination of critical operations is also compromised due to some officials having to work from home sometimes, and
- Internal controls, such as attendance management become difficult when some officials have no workplace to report to.

ORGANISATIONAL TURNAROUND AND PERFORMANCE MANAGEMENT

We are pleased to report that work aimed at addressing these aspects has gained momentum since the last quarter of the period under review after the appointment of the current Acting Chief Executive Officer.

The review of the current Organisational Structure in alignment to the New Five-Year Strategy and Operational Requirements is already underway with all the research, benchmarking processes and proposals having been prepared and submitted.

The filling of all the critical vacant positions at both head office and regions has commenced and nearing completion. This will ensure that areas of governance such as the segregation of functions are realised, and the most needed capacity is built and sustained.

2. CORPORATE SERVICES (HUMAN RESOURCE) OVERSIGHT STATISTICS

Personnel Cost by programme/ activity/ objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total P exp. (R'000)	No. of employees	Average Annual personnel cost per employee (R'000)
Personnel Cost	115 411	72 453	62,78	170	426

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average Annual personnel cost per employee (R'000)
Top Management	2 754	3,80	2	1377
Senior Management	4 909	6,78	4	1227
Professional qualified	13 425	18,53	20	671
Skilled	14 403	19,88	27	533
Semi-skilled	32 372	44,68	93	348
Unskilled	4 590	6,33	24	191
TOTAL	72 453	100	170	426

NB: The above figures include Five (8) Terminations for the year and the employees currently employed on short/fixed-term contracts.

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	0	0	0

NB: The entity's Performance Management policy does not provide for the payment of Performance Incentives.

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
Training Costs	0	0	0	5	0

NB: The training received was provided and paid for by Provincial Treasury.

Employment and vacancies

Programme/activity/objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Employment and vacancies	177	309	170	139	45%

NB: The abnormally high number of vacancies is as a result of the positions of the Dr Kenneth Kaunda district structure not being operational

Actual Employment v/s vacancies

Programme/activity/objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Top Management	1	2	2	0	0%
Senior Management	4	11	4	7	64%
Professional qualified	20	32	20	12	38%
Skilled	29	139	27	112	81%
Semi-skilled	96	35	93	-58	0%
Unskilled	27	90	24	66	73%
TOTAL	177	309	170	139	45%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	1	0	2
Senior Management	4	0	0	4
Professional qualified	20	0	1	19
Skilled	29	0	2	27
Semi-skilled	96	0	4	92

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Unskilled	27	0	1	26
Total	177	1	8	170

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	3	37%
Resignation	1	13 %
Dismissal	1	13%
Retirement	3	37%
Ill health	0	0.0%
Expiry of contract	0	0.0%
Other	0	0.0%
Total	8	100%

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

The entity did not fill posts, except for a few management posts and this did not impact on the employment equipment status of the entity.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	0	0
Senior Management	3	0	0	0	0	0	0	0
Professional qualified	10	1	0	0	0	0	0	0
Skilled	14	1	0	0	0	0	0	0
Semi-skilled	43	4	0	0	0	0	0	0
Unskilled	10	0	0	0	0	0	0	0
TOTAL	82	6	0	0	0	0	0	0

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0
Professional qualified	8	0	0	0	1	0	0	0
Skilled	13	0	0	0	0	0	0	0
Semi-skilled	16	0	0	0	0	0	0	0
Unskilled	49	1	0	0	0	0	0	0
TOTAL	87	1	0	0	1	0	0	0

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	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	4	0
TOTAL	0	0	4	0

A group of performers in a dark setting, possibly a stage or rehearsal space. In the foreground, a man is clapping his hands, looking upwards. To his right, a woman is playing a large, light-colored drum with a stick. In the background, several other performers are visible, some looking towards the camera and others looking away. The lighting is warm and focused on the performers.

PART E: FINANICAL INFORMATION



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West Provincial Legislature on the Mmabana Arts, Culture and Sports Foundation

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Mmabana Arts, Culture and Sports Foundation set out on pages 84 to 134, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Mmabana Arts, Culture and Sports Foundation as at 31 March 2021, 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 qualified opinion

Property, plant and equipment

3. The entity did not assess the remaining useful lives and residual values or assess for indicators of impairment, as required by GRAP 17, Property, plant and equipment and GRAP 21, Impairment of non-cash generating assets. In addition, the depreciation was incorrectly calculated and there were inconsistencies in the application of useful lives. I was unable to determine the impact of this misstatement as it was impracticable to do so.
4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of accounting records, as the entity did not assign unique identification codes for all movable assets. In addition, the entity did not provide sufficient appropriate audit evidence for the restatement of the corresponding figure. I was unable to confirm the property, plant and equipment by alternative means.

5. Consequently, I was unable to confirm whether any further adjustments to property, plant, and equipment of R37 295 402 (2020: R36 742 360) as disclosed in note 6 to the financial statements, or the depreciation and amortisation expense of R2 309 171 (2020: R1 789 808) as presented in the statement of financial performance and prior period error disclosure as disclosed in note 20 to the financial statements, were necessary.

Net cash flows from operating and investing activities

6. During 2020, The entity did not correctly prepare and disclose the net cash flows from operating and investing activities as required by GRAP 2, Cash flow statements. This was due to the entity not taking into account cash and non-cash items in the determination of cash flow from operating activities and multiple errors in determining cash flows from investing activities. I was unable to determine the full extent of the errors on the net cash flows from operating and investing activities as it was impracticable to do so. My audit opinion on the financial statements for the period ended 31 March 2020 was modified accordingly. Consequently, my opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
8. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material impairments – trade receivables

11. As disclosed in note 3 to the financial statements, material impairment allowances of R4 543 962 was incurred as a result of the write-off of irrecoverable trade debtors.

Restatement of corresponding figures

12. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2021.

Irregular expenditure

13. As disclosed in note 23 to the financial statements, the entity incurred irregular expenditure of R3 186 473, as it did not follow a proper procurement processes.

Responsibilities of the accounting authority for the financial statements

14. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

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

16. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity

enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 2: Performance arts, visual arts and culture arts	35-39

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 2: Performance arts, visual arts and culture arts

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on pages 21 to 45 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity's with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, current assets and liabilities identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure of R3 186 473 disclosed in note 23 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the disclosed irregular expenditure was caused by not obtaining three quotations.

Other information

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes 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. After I receive and read this information, and if I conclude that there is a material misstatement, 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to

the significant internal control deficiencies that resulted in the basis for qualified opinion and the findings on compliance with legislation included in this report.

34. The accounting authority did not adequately monitor the implementation of action plan. The action plan to address prior year audit findings was not fully implemented as instances of repeat audit findings were identified. Decisive actions were not taken to address risks relating to the achievement of complete and accurate financial reporting and related internal controls.
35. Management did not implement adequate preventative controls to ensure reliable and accurate financial reporting. The financial statements contained numerous misstatements that were identified during the audit process, of which some were corrected. In addition, management failed to implement a system to monitor compliance with legislation. The controls over the entity's supply chain management measures remain inadequate to prevent non-compliance and the increasing irregular expenditure.
36. Appropriate risk management activities were not implemented to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were conducted and that a risk strategy to address these risks were developed and monitored. Despite having the required governance structures in place, the entity did not succeed in addressing the control deficiencies, which led to material misstatements identified in the financial statements and compliance with laws and regulations.

Other reports

37. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on compliance with legislation.

Investigations

38. A committee of enquiry within the Department of Culture, Arts and Traditional Affairs has been appointed to perform an investigation at the request of the executive authority. The investigation was initiated in 2019 based on allegations of irregularities relating to fruitless and wasteful expenditure incurred when hosting the 100-day celebration and the salary increases that were effected without appropriate approval.

39. The investigation was completed in July 2020 and recommendations were not yet implemented. The matter is pending at the High Court at the date of this report.

Auditor General

Rustenburg

30 September 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the 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 entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Mmabana Arts, Culture and Sports Foundation 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and 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.

1. ANNUAL FINANCIAL STATEMENTS

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	The entity is a PFMA (Public Finance Management Act) Schedule 3C Entity and derives its mandate from the Constitution of the Republic of South Africa 1996 (Act No. 108 of 1996) Schedule 3 Part 3
Nature of business and principal activities	Arts, Culture and Sports Foundation
Members	Christopher Seome (Accounting Authority) Itumeleng Mogorosi - Ex-Officio (Acting Chief Executive Officer)
Business address	103 Sekame Road Mmabatho 2735
Postal address	Private Bag X33 Mmabatho 2735
Controlling entity	North West Department of Arts, Culture, Sports and Recreation
Bankers	Standard Bank ABSA
Auditors	Auditor General South Africa

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Index

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

	Page
Accounting Authority's Responsibilities and Approval	3
Accounting Authority's Report	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
Accounting Policies	10 - 27
Notes to the Annual Financial Statements	28 - 51

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Responsibilities and Approval

The 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 were 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.

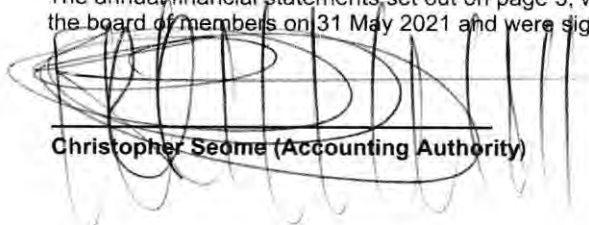
The members have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the North West Department of Arts, Culture Sports and Recreation for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the North West Department of Arts, Culture Sports and Recreation has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are 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 5.

The annual financial statements, set out on page 5, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2021 and were signed on its behalf by:



Christopher Seome (Accounting Authority)

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Report

The members of the Accounting Authority submit their report for the year ended 31 March 2021.

1. Incorporation

The entity is a PFMA Schedule 3C entity and derives its mandate from the Constitution of the Republic of South Africa 1996 Schedule 3 Part 3.

The entity is established in terms of Mmabana Arts, Culture and Sports Foundation Act No. 7 of 2000. The Act outlines an integrated interactive system for the purposes of developing the artistic and sporting talents of the people of the North West Province; to assist in the development, fostering and promotion of culture through development of individuals and groups of people interested in the arts, cultural and sporting activities.

2. Review of activities

Main business and operations

The entity is engaged in arts, culture and sports and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus (deficit) of R 34 653 971 and that the entity's total assets exceed its liabilities by R 42 538 237.

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.

4. Subsequent events

The Accounting Authority is not aware of any circumstances arising since the end of the financial year that requires disclosure in the financial statements.

5. Accounting Authority

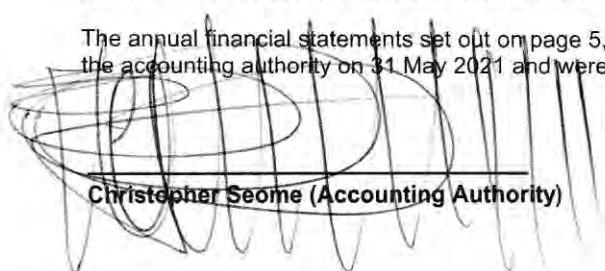
The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Eric Stoch (Interim Board Chairperson)	South African	Dissolved 17 March 2021
Thami Kubheka	South African	Dissolved 17 March 2021
Refilwe Tlhabanyane	South African	Dissolved 17 March 2021
Vuyo Mbulawa	South African	Dissolved 17 March 2021
Lilian Wolmarans	South African	Dissolved 17 March 2021
Bontle Mafethe	South African	Dissolved 17 March 2021
Christopher Seome (Accounting Authority)	South African	Appointed 23 March 2021
Itumeleng Mogorosi - Ex-Officio (Acting Chief Executive Officer)	South African	

6. Auditors

Auditor General South Africa will continue in office for the next financial period.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2021 and were signed on its behalf by:


Christopher Seome (Accounting Authority)

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	11 862	4 337
Receivables from non-exchange transactions	4	25 000	30 000
Cash and cash equivalents	5	19 600 208	11 547 647
		19 637 070	11 581 984
Non-Current Assets			
Property, plant and equipment	6	37 295 402	36 742 360
Heritage assets	7	4 834 484	4 834 484
		42 129 886	41 576 844
Total Assets		61 766 956	53 158 828
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	15 859 576	14 270 923
Unspent conditional grants and receipts	9	3 369 143	3 369 143
		19 228 719	17 640 066
Total Liabilities		19 228 719	17 640 066
Net Assets		42 538 237	35 518 762
Reserves			
Revaluation reserve	10	7 884 266	7 884 266
Accumulated surplus		34 653 971	27 634 496
Total Net Assets		42 538 237	35 518 762

* See Note 20

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services		1 939 204	323 396
Rental of facilities and equipment		150 050	97 870
Interest received - investment		1 423 367	558 914
Total revenue from exchange transactions		3 512 621	980 180
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	11	118 400 210	99 778 000
Project income - Conditions met		-	4 436 000
Total revenue from non-exchange transactions		118 400 210	104 214 000
Total revenue	12	121 912 831	105 194 180
Expenditure			
Employee related costs	13	(72 453 420)	(74 064 187)
Remuneration of board members		(103 041)	(553 547)
Depreciation and amortisation		(2 309 171)	(1 789 808)
Finance costs	14	(10 374)	(526 136)
Repairs and Maintenance		(1 715 224)	(1 666 329)
General Expenses	15	(38 819 808)	(24 426 350)
Total expenditure		(115 411 038)	(103 026 357)
Operating surplus		6 501 793	2 167 823
Surplus for the year		6 501 793	2 167 823

* See Note 20

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	7 884 266	27 087 625	34 971 891
Adjustments			
Correction of errors	-	(1 620 952)	(1 620 952)
Balance at 01 April 2019 as previously reported	7 884 266	25 466 673	33 350 939
Changes in net assets			
Surplus for the year	-	2 167 823	2 167 823
Total changes	-	2 167 823	2 167 823
Restated* Balance at 01 April 2020	7 884 266	27 634 496	35 518 762
Changes in net assets			
Realisation of revaluation reserve from prior years	-	517 682	517 682
Net income (losses) recognised directly in net assets	-	517 682	517 682
Surplus for the year	-	6 501 793	6 501 793
Total recognised income and expenses for the year	-	7 019 475	7 019 475
Total changes	-	7 019 475	7 019 475
Balance at 31 March 2021	7 884 266	34 653 971	42 538 237
Note(s)	10		

* See Note 20

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		2 081 641	1 015 283
Interest income		1 423 367	558 914
Project income		-	4 436 000
Grants & subsidies		118 400 210	98 758 923
		<u>121 905 218</u>	<u>104 769 120</u>
Payments			
Employee costs		(70 740 240)	(73 146 596)
Suppliers		(40 239 829)	(27 918 616)
Finance costs		(10 374)	(526 136)
		<u>(110 990 443)</u>	<u>(101 591 348)</u>
Net cash flows from operating activities	17	<u>10 914 775</u>	<u>3 177 772</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2 862 212)	(4 106 599)
Purchases of heritage assets	7	-	(1 000 000)
Net cash flows from investing activities		<u>(2 862 212)</u>	<u>(5 106 599)</u>
Net increase/(decrease) in cash and cash equivalents		8 052 563	(1 928 827)
Cash and cash equivalents at the beginning of the year		11 547 647	13 476 474
Cash and cash equivalents at the end of the year	5	<u>19 600 210</u>	<u>11 547 647</u>

* See Note 20

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	--------------------	-------------	--------------	--	---	-----------

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rendering of services	2 750 000	-	2 750 000	1 939 204	(810 796)	24
Rental of facilities and equipment	238 000	-	238 000	150 050	(87 950)	
Interest received - investment	280 000	-	280 000	1 423 367	1 143 367	26
Total revenue from exchange transactions	3 268 000	-	3 268 000	3 512 621	244 621	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	101 174 000	-	101 174 000	101 174 000	-	24
Taung cultural calabash	3 625 000	(3 625 000)	-	-	-	
Mmabana renovation	5 000 000	-	5 000 000	5 000 000	-	24
Suncity Expo	-	5 000 000	5 000 000	5 000 000	-	24
Fleet	-	2 000 000	2 000 000	2 000 000	-	24
Covid 19 relief fund	-	1 134 210	1 134 210	1 134 210	-	24
North West Province Arts Council	4 092 000	-	4 092 000	4 092 000	-	24
Total revenue from non-exchange transactions	113 891 000	4 509 210	118 400 210	118 400 210	-	
Total revenue	117 159 000	4 509 210	121 668 210	121 912 831	244 621	

Expenditure

Compensation of employees	(83 626 000)	-	(83 626 000)	(72 453 420)	11 172 580	24
Remuneration of board members	-	-	-	(103 041)	(103 041)	26
Depreciation and amortisation	-	-	-	(2 309 171)	(2 309 171)	26
Finance costs	-	-	-	(10 374)	(10 374)	26
Repairs and maintenance	-	-	-	(1 715 224)	(1 715 224)	26
General Expenses	(26 996 000)	(2 509 000)	(29 505 000)	(38 819 808)	(9 314 808)	24
Total expenditure	(110 622 000)	(2 509 000)	(113 131 000)	(115 411 038)	(2 280 038)	
Surplus before taxation	6 537 000	2 000 210	8 537 210	6 501 793	(2 035 417)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	6 537 000	2 000 210	8 537 210	6 501 793	(2 035 417)	

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

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 (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

All monetary information and figures presented in these financial statements are stated in the South African Rand, rounding to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Going concern assumption

These 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.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

The impairment for trade receivables is calculated first on individually significant debtors, and then applied on a portfolio basis to the remaining debtors, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio.

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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as inflation and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment, and other assets

The entity's management determines the estimated useful lives and related depreciation / amortisation charges for property, plant and equipment, and other assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the entity.

Finance lease or operating lease

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.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.3 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	50 Years
Furniture and fixtures	Straight line	5 - 25 Years
Motor vehicles	Straight line	7 Years
Computer equipment	Straight line	5 to 7 Years
Other equipment	Straight line	5 to 9 Years
Sundry Assets	Straight line	5 to 9 Years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate, unless expectations differ from the previous estimates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Heritage assets

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

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Heritage assets (continued)

Illustrations of the range of assets that can be regarded as classes of heritage assets include the following:

- (a) works of art, antiquities and exhibits such as preserved biological and mineral specimens or technological artifacts;
- (b) collections of insects, butterflies and fossils;
- (c) collections of rare books, manuscripts, records, photographic positives and negatives and other reference material held by libraries to be preserved for their historical and cultural value;
- (d) objects of scientific or technological interest;
- (e) historical monuments, such as graves and burial grounds;
- (f) archaeological and paleontology sites;
- (g) conservation areas, such as national parks;
- (h) historical buildings that have a significant historical association;
- (i) movable objects, such as military insignia, medals, coins, stamp collections or objects of decorative or fine art; and
- (j) recreational parks used for leisure to be preserved for the benefit of present and future generations.

Characteristics often displayed by heritage assets include the following:

- (a) their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in monetary terms;
- (b) ethical, legal and/or statutory obligations may impose prohibitions or severe stipulations on disposal by sale;
- (c) they are often irreplaceable;
- (d) their value may increase over time even if their physical condition deteriorates;
- (e) they have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical significance; and
- (f) they are protected, kept unencumbered, cared for and preserved.

The entity classifies heritage assets as follows:

- (a) historical monuments

Class of heritage assets means a grouping of heritage assets 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.

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 construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

Recognition

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

If the entity holds assets that might be regarded as heritage assets but which, on initial recognition, do not meet the recognition criteria of a heritage asset because it cannot be reliably measured, information on such an asset is disclosed in Note 6.

Initial measurement

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

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

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

The useful lives of items of heritage assets have been assessed as follows:

Item	Average useful life
Historical monuments	Indefinite

Transfers

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

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The entity derecognises heritage asset 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 derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest in another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.6 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance lease.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Impairment of cash-generating assets

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

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.8 Employee benefits (continued)

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

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

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.

1.9 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.9 Provisions and contingencies (continued)

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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.10 Revenue from exchange transactions

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

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

Measurement

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.10 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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.

Measurement

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.12 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior year period have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior year periods.

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.14 Irregular expenditure (continued)

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

1.15 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.16 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions 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 are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.17 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.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The entity has early adopted the amendment for the first time when the Minister sets the effective date for the amendment.

The impact of the standard is set out in note Changes in Accounting Policy

Management read and assessed the standard to be not applicable.

Segment reporting - GRAP 18.

Separate financial statements - GRAP 34

Consolidated financial statements - GRAP 35

Investments in associate and joint venture - GRAP 36

Joint arrangement - GRAP 37

Disclosure of interest in other entities - GRAP 38

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The entity expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

3. Receivables from exchange transactions

Trade receivables	11 862	4 337
-------------------	--------	-------

Reconciliation of receivables from exchange transactions

Trade receivables	4 543 962	4 546 222
Less impairment allowances	(4 543 962)	(4 543 962)
Other receivables	11 861	2 077
	11 861	4 337

No trade and other receivables were pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Trade and other receivables past due but not impaired

Trade and other receivables which are more than 30 days outstanding are considered past due. All receivables are individually assessed for impairment.

The entity has assessed these balances for recoverability and believes that they are still of good credit quality.

The ageing of amounts past due but not impaired is as follows:

30 days	-	2 260
60 days	-	-
90 days	-	-
More than 90 days	-	-

Trade and other receivables impaired

As of 31 March 2021, trade and other receivables of R 4 543 962 (31 March 2020: R 4 546 222) were impaired and provided for.

The amount of the provision was R (4 543 962) as of 31 March 2021 [31 March 2020: R (4 543 962)].

The ageing of these loans is as follows:

30 days	-	645
60 days	-	1 615
90 days	-	-
More than 90 days	4 543 962	4 541 702

Reconciliation of allowance for impairment of trade and other receivables

Opening balance	4 543 962	4 543 962
-----------------	-----------	-----------

4. Receivables from non-exchange transactions

Staff loans	25 000	30 000
-------------	--------	--------

Receivables from non-exchange transactions constitute loans made to staff members.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
5. Cash and cash equivalents (continued)		
Cash on hand	4 330	4 339
Bank balances	16 033 954	452 240
Short term deposits	3 561 924	11 091 068
	19 600 208	11 547 647

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
STANDARD BANK - Cheque - 030877164	14 972 737	381 122	1 316 671	14 966 249	374 633	1 315 921
STANDARD BANK - Savings - 032015836	1 067 706	77 607	1 135 617	1 067 706	77 607	1 135 617
STANDARD BANK - Call account -238644774	2 997 837	10 550 451	10 512 212	2 997 837	10 550 451	10 512 212
ABSA BANK - Investment - 2063007279	564 087	540 618	508 376	564 087	540 618	508 376
Petty Cash	4 330	4 339	4 348	4 330	4 339	4 348
Total	19 606 697	11 554 137	13 477 224	19 600 209	11 547 648	13 476 474

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	138 000	-	138 000	138 000	-	138 000
Buildings	38 938 500	(6 873 874)	32 064 626	38 540 000	(6 103 074)	32 436 926
Furniture and fixtures	2 765 806	(1 900 569)	865 237	1 875 316	(1 684 911)	190 405
Motor vehicles	2 002 368	(1 332 216)	670 152	1 220 524	(1 220 524)	-
Computer equipment	1 843 751	(1 149 272)	694 479	1 664 073	(879 978)	784 095
Sundry assets	145 772	(144 318)	1 454	143 972	(143 955)	17
Other equipment	8 447 835	(5 586 381)	2 861 454	7 840 647	(4 647 730)	3 192 917
Total	54 282 032	(16 986 630)	37 295 402	51 422 532	(14 680 172)	36 742 360

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Depreciation	Total
Land	138 000	-	-	138 000
Buildings	32 436 926	398 500	(770 800)	32 064 626
Furniture and fixtures	190 405	893 293	(218 461)	865 237
Motor vehicles	-	781 843	(111 691)	670 152
Computer equipment	784 095	179 678	(269 294)	694 479
Sundry assets	17	1 800	(363)	1 454
Other equipment	3 192 917	607 188	(938 651)	2 861 454
	36 742 360	2 862 302	(2 309 260)	37 295 402

Reconciliation of property, plant and equipment - March 2020

	Opening balance	Additions	Depreciation	Total
Land	138 000	-	-	138 000
Buildings	33 207 726	-	(770 800)	32 436 926
Furniture and fixtures	210 250	50 224	(70 069)	190 405
Computer equipment	212 485	782 584	(210 974)	784 095
Sundry assets	20	-	(3)	17
Other equipment	428 104	3 502 775	(737 962)	3 192 917
	34 196 585	4 335 583	(1 789 808)	36 742 360

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

6. Property, plant and equipment (continued)

Pledged as security

Property, plant and equipment were not pledged as security:

Repairs and Maintenance relating to Property plant and equipment is as follows:

Land	212 124	115 305
Building	1 443 336	1 396 067
Motor Vehicles	1 490	38 467
Machinery and Equipment	55 340	114 299
Other Equipment	280	209
Furniture and Fittings	2 654	1 983
	1 715 224	1 666 330

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

7. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	4 834 484	-	4 834 484	4 834 484	-	4 834 484

Reconciliation of heritage assets March 2021

	Opening balance	Total
Historical monuments	4 834 484	4 834 484

Reconciliation of heritage assets- March 2020

	Opening balance	Additions	Transfers received	Transfers	Total
Historical monuments (WIP)	3 834 484	1 000 000	-	(4 834 484)	-
Historical monuments	-	-	4 834 484	-	4 834 484
	3 834 484	1 000 000	4 834 484	(4 834 484)	4 834 484

Age and/or condition of heritage assets

Historical monuments comprise a women's monument statue situated in the Zeerust area. Construction began in the 2016/2017 financial year. The monument was completed in the 2019/2020 financial year.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
8. Payables from exchange transactions		
Trade payables	4 218 831	2 070 173
Provision for bonus	888 315	897 406
Accrued leave pay	7 848 906	6 028 594
Other creditors	2 903 524	5 274 750
	15 859 576	14 270 923
9. Unspent conditional grants and receipts		
Unspent conditional grants and receipts		
Unspent grants	3 369 143	3 369 143
Movement during the year		
Balance at the beginning of the year	3 369 143	7 805 143
Income recognition during the year	-	(4 436 000)
	3 369 143	3 369 143
Reconciliation of unspent conditional grants and receipts:		
Calabash		
Balance unspent at the beginning of the year	-	3 436 000
Conditions met and transferred to revenue	-	(3 436 000)
	-	-
National lottery board		
Balance unspent at the beginning of the year	3 001 638	4 001 638
Conditions met and transferred to revenue	-	(1 000 000)
	3 001 638	3 001 638
Building development project - Dutch		
Balance unspent at the beginning of the year	367 505	367 505

Calabash

The grant was used for the hosting of the Taung Cultural Calabash.
(Agreement signed on 16 September 2019, no required completion date noted).

Under the agreement, the money paid to Mmabana must be used for a specific purpose.
The Department of Arts, Culture, Sports and Recreation has the right to withhold or reclaim the funds from the entity if the money is not used in the manner agreed. Unspent funds no longer required are to be paid back to the department.

National Lotteries Board

The grant was used for the erection of the women monument statue.
(Agreement signed on 11 February 2014, no required completion date noted).

Under the agreement, the money paid to Mmabana must be used for a specific purpose.
The National Lottery Distribution Trust Fund (NLDTF) has the right to withhold or reclaim the funds from the entity if the money is not used in the manner agreed. Unspent funds no longer required are to be paid back to the NLDTF.

Building Development Project – Dutch.

Under the agreement, the money paid to Mmabana must be used for a specific purpose.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

10. Revaluation reserve

Opening balance	7 884 266	7 256 750
Change during the year	-	627 516
	7 884 266	7 884 266

11. Government grants and subsidies

Grants received

Department of Arts, Culture, Sports and Recreation	118 400 210	99 778 000
--	-------------	------------

Grants received from the Department of Arts, Culture, Sports and Recreation comprise the following:

Operational grants

Operational grant	101 174 000	95 899 000
-------------------	-------------	------------

Restricted grants

NWPACC	4 092 000	3 879 000
Refurbishment	5 000 000	-
Artists COVID-19 Relief Funds	1 134 210	-
White fleet replacement	2 000 000	-
Arts, Culture and Sport Expo	5 000 000	-
	17 226 210	3 879 000

12. Revenue

Rendering of services	1 939 204	323 396
Rental income	150 050	97 870
Interest received - investment	1 423 367	558 914
Government grants & subsidies	118 400 210	99 778 000
Project income - conditions met	-	4 436 000
	121 912 831	105 194 180

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

Rendering of services	1 939 204	323 396
Rental income	150 050	97 870
Interest received - investment	1 423 367	558 914
	3 512 621	980 180

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

Transfer revenue

Government grants & subsidies	118 400 210	99 778 000
Conditional grant - conditions met	-	4 436 000
	118 400 210	104 214 000

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
13. Employee related costs		
Basic	46 950 556	48 047 225
Medical aid - company contributions	3 714 993	3 473 003
Unemployment Insurance Fund	293 168	298 114
Compensation for Occupational Injuries and Diseases contributions	245 183	241 794
Skills Development Levy	506 349	542 546
Leave pay provision charge	1 820 313	1 143 805
Group life contribution	3 217 406	3 964 427
Pension fund contribution	5 324 623	5 573 940
Overtime payments	-	4 350
13th Cheques	3 539 436	3 651 578
Acting allowances	227 027	616 933
Vehicle allowance	396 020	399 893
Housing benefits and allowances	4 785 328	4 952 231
Other allowances	1 433 018	996 098
Termination benefits	-	158 250
	72 453 420	74 064 187
14. Finance costs		
Interest paid	10 374	526 136
15. General expenses		
Accommodation	705 646	1 112 130
Advertising	790 967	192 422
Auditors remuneration	3 598 971	2 971 713
Bank charges	81 983	98 312
Cleaning	574 256	259 617
Rentals	675 153	1 873 700
Computer expenses	825 331	302 794
Consulting and professional fees	3 947 397	272 974
Consumables	471 656	677 460
Trophies and prize money	500	58 170
Food, refreshments and meetings	844 227	309 883
Productions, artistic and costumes	10 975 976	3 616 460
Subsistence and travel	129 342	124 782
Car hire	280 676	547 361
Insurance	-	757 480
Motor vehicle expenses	120 658	239 634
Productions	196 512	-
Printing and stationery	1 093 427	574 290
Protective clothing	-	25 770
Security cost	7 234 044	4 873 881
Subscriptions	198 734	189 066
Staff training	-	188 000
Travel expenses	562 869	767 783
Utilities	1 656 263	1 429 526
Communications	2 707 596	2 841 526
Assets expensed	-	67 084
Affiliation, registration and examination fee	25 414	54 532
Covid 19 Relief	1 122 210	-
	38 819 808	24 426 350
16. Auditors' remuneration		
Fees	3 598 971	2 971 713

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
17. Cash generated from operations		
Surplus	6 501 793	2 167 823
Adjustments for:		
Depreciation and amortisation	2 309 171	1 789 808
Realisation of revaluation reserve through depreciation	517 683	-
Changes in working capital:		
Receivables from exchange transactions	(7 525)	594 017
Other receivables from non-exchange transactions	5 000	(30 000)
Payables from exchange transactions	1 588 653	(324 799)
Unspent conditional grants and receipts	-	(1 019 077)
	10 914 775	3 177 772

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

18. Related parties

Mmabana Arts, Culture and Sports Foundation is 100% controlled by the government as represented by the North West Department of Arts, Culture, Sports and Recreation. Mmabana Arts, Culture and Sports Foundation is a Schedule 3A public entity in terms of the Public Finance Management Act. During the financial year, Mmabana Arts, Culture and Sports Foundation received grant income of R 118 400 210 (2020: R 103 214 000). No amounts were due from the Department as at 31 March 2021. Related party relationships exist. However, all purchasing and selling transactions were concluded at arm's length. Mmabana Arts, Culture and Sports Foundation transacted with the following entities within the ambit of the national sphere of government.

Relationships

Members	Refer to Accounting Authority's Responsibilities and Approval
Controlling entity	North West Department of Arts, Culture, Sports and Recreation

Klein Marico ,Noyons,Donkervleit Recreation centres ,Mmabana Arts,Cultural & Sports Foundation,North West Development Corporation,Provincial Heritage Resource Agency,NWPACC,All provincial Departments.

Related party transactions with accounting authority and executive management are disclosed in Note 19 and 20.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

18. Related parties (continued)

Remuneration of board members

Management class: Board members

31 March 2021

Name

Eric Stoch(Board chairperson)
Christopher Seome (Acting Accounting Authority)
Refilwe Tlhabanyane
Bontle Mafethe
Thami Kubheka

Board sitting fees	Reimbursive travel claims	Total
34 500	7 742	42 242
-	-	-
14 000	-	14 000
30 000	-	30 000
12 000	4 798	16 798
90 500	12 540	103 040

31 March 2020

Name

Eric Stoch(Board chairperson)
Thami Khubheki
Refilwe Tlhabanyane
Motlapele Morule
Lufuno Nematswerani
Vuyo Mbulawa
Lilian Wolmarans
Bontle Mafethe
Themba TC Dlamini
Dr Aaron Tshidzumba
L Modise

Board sitting fees	Reimbursive travel claims	Total
101 551	64 615	166 166
56 000	48 734	104 734
53 390	17 347	70 737
46 000	7 216	53 216
16 000	14 746	30 746
2 730	-	2 730
6 000	9 629	15 629
28 000	9 235	37 235
28 038	7 478	35 516
26 000	3 959	29 959
4 000	2 879	6 879
367 709	185 838	553 547

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

19. Remuneration of executive management

Executive

31 March 2021

	Annual remuneration	Contributions to group life, Medical aid Pension, Funds, SDL and UIF	Housing allowance, vehicle allowance, other allowances and gratuities	Acting allowance	Total
Mr LN Molema-Regional Director (Taung)	674 768	228 492	191 157	-	1 094 417
Mr ME Pule -Regional Director (Lehurutshe/Thlabane)	674 768	89 479	326 914	-	1 091 161
Ms KS Mbali-Regional Director (Mafikeng)	674 768	131 754	284 636	-	1 091 158
Mr P Malatsi- Chief Financial Officer	373 429	7 014	238 697	-	619 140
MR S.T Nkese-Senior Manager Corporate Services	908 226	5 644	180 595	-	1 094 465
DR J.M Ntsoane-Chief Executive Officer	1 603 766	62 336	158 845	-	1 824 947
Mr C Seome (Legal and Board Secretariat)	324 408	6 210	207 324	-	537 942
Mr I Mogorosi (Acting Chief Executive Officer)	82 654	497	-	227 027	310 178
	5 316 787	531 426	1 588 168	227 027	7 663 408

March 2020

	Annual remuneration	Contributions to group life, Medical aid Pension, Funds, SDL and UIF	Housing allowance, vehicle allowance, other allowances and gratuities	Acting allowance	Total
Mr LN Molema-Regional Director (Taung)	620 036	212 498	248 000	-	1 080 534
Mr ME Pule -Regional Director (Lehurutshe/Thlabane)	620 036	81 217	-	-	701 253
Ms KS Mbali-Regional Director (Mafikeng)	620 036	81 217	410 921	-	1 112 174
Mrs K. Nikani -Acting Chief Financial Officer	512 277	248 010	135 804	75 328	971 419
MR S.T Nkese-Senior Manager Corporate Services	851 608	-	256 073	69 536	1 177 217
DR J.M Ntsoane-Chief Executive Officer	1 562 024	18 692	158 250	-	1 738 966
T Konopi-(Acting Director-Performing Arts)	516 837	105 889	62 020	-	684 746
N Jobeta Acting Director: Performing Arts	47 756	-	-	-	47 756
Mr I Mogorosi (Acting Chief Executive Officer)	-	53 270	-	-	53 270
	5 350 610	800 793	1 271 068	144 864	7 567 335

20. Prior period errors

Receivables from exchange transactions

There were two National Lottery Commission funded projects, namely LG creatives and TT Moll. When the entity was audited for the 2015 financial year, Auditor General evaluated all expenditure incurred on the projects and raised an issue that the spending on the projects was not made in accordance with the service level agreement. A receivable was raised in our books as an attempt to recover the monies spend from service providers, the total invoices that resulted in raising the receivable amounted to R 1 335 684. There was also a balance of R 560 that could not be accounted for. As such, in the 2019/2020 financial period, a request was approved by the board to write off these balances. Receivables were therefore decreased accordingly.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

20. Prior period errors (continued)

Trade receivables were decreased by R 672 981 to agree the trade receivables balance to the aged debtors' listing, while impairments to trade creditors were decreased by R 1 674 673 to agree the balance to impairment assessments.

The debtors listing in the prior year included debtors with credit balances of R 154 399, therefore, receivables from exchange transactions were increased by R 154 399, consequently, payables from exchange transactions were increased by the same amount, thereby ensuring that receivables were not understated by the debtors with credit balances.

Cash and cash equivalents

Interest earned and capitalised on the ABSA account was understated by R 255 in the 2019/2020 financial year. The balance was increased accordingly.

Property, plant and equipment

In the 2019/2020 financial period, during the audit there were issues identified regarding cost of PPE in the asset register not agreeing to cost of PPE in both the AFS and trial balance, the issue also affected accumulated depreciation. The net difference identified amounted to R 4 974 773.

Payables from exchange transactions

The provision for bonuses to employees were increased by R 35 864 in the 2019/2020 financial year to account for the related expenditure incurred.

An accrual of R 58 980 was raised to account for the recognition of office equipment that was procured and capitalised.

An accrual of R 49 876 was raised to account for the recognition of board remuneration expenditure incurred.

The accrued leave balance was decreased by R 6 880 971 in order to agree the the balance to compensated leave absences accrued to employees.

Transactions to account for the settlement of payables arising from expenditure incurred relating COIDA assessments from prior years were overstated by R 1 320 784. The overstatement has therefore been reversed.

Expenditure overstated in prior years by R 359 651 as a result of accruals raised to account for expenses incurred, but were not cleared in subsequent periods. The accruals relating to the expenditures were subsequently settled.

Payables were increased as a result of the reclassification of balances arising from overpayments to employee related third parties. Corresponding expenditure was increased. These balances comprised of overpayments for: Pay As You Earn taxes of R 628 592.04; Pension fund contributions of R 68 483; Medical aid payments of R 59 129; Group life contributions of R 108 374; and Garnishing orders of R 200.

The debtors listing in the prior year included debtors with credit balances of R 154 399, therefore, receivables from exchange transactions were increased by R 154 399, consequently, payables from exchange transactions were increased by the same amount, thereby ensuring that receivables were not understated by the debtors with credit balances.

Unspent conditional grants and receipts

Restricted grants amounting to R 3 898 077 were erroneously classified as conditional grants. As such, the unspent portion of this revenue was recognised as payables. This unspent portion has been cleared and recognised as revenue earned in prior years. As such, unspent conditional grants and receipts were decreased.

Interest received - investment

Interest earned and capitalised on the ABSA account was understated by R 255 in the 2019/2020 financial year. Income was increased accordingly.

Government grants & subsidies

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

20. Prior period errors (continued)

A restricted grant amounting to R 3 879 000 which was allocated from the Provincial Arts and Culture Council was erroneously classified as a conditional grant. As such, the unspent portion of this revenue was recognised as payables. This unspent portion has been cleared and recognised as revenue earned in the 2019/2020 financial year. As such, revenue from grants were increased.

Employee related costs

Employee costs in the 2019/2020 financial year were increased by R 35 864 as a result of the adjustment to the provision for bonuses to employees.

During the 2019/2020 financial year, the estimate for expenditure relating to the COIDA assessment amounting to R 241 794 was recognised under general expenses. This expenditure was therefore reclassified from general expenses to employee costs to correct this error.

Employee related costs were increased in recognition of expenditure previously unrecognised. This expenditure had previously been recognised as part of payables arising from employee related third parties. Expenditure amounted to R 864 778.

Employee related costs were decreased by R 1 747 877 in order to correct the leave provision expenditure recognised, so as to account for the appropriate movement in the accrued leave liability.

Depreciation and amortisation

During the 2019/2020 financial period an error was identified in the asset register. The depreciation calculation was not apportioning assets purchased during the year as they were not ready for use for a full period. As a result the entire population was revisited and a recalculation was done to correct the error and restated the prior to be R 1 789 808.

General Expenses

Expenditure overstated in prior years by R 359 651 has been decreased. The overstatement was as a result of accruals raised to account for expenses incurred in preceding years, but were not cleared in the subsequent period.

During the 2019/2020 financial year, the estimate for expenditure relating to the COIDA assessment amounting to R 241 794 was recognised under general expenses. This expenditure was therefore reclassified from general expenses to employee costs to correct this error.

General expenses were decreased by R 175 828 as a result of a reclassification of minor assets which had been recognised as expenses. These assets were capitalised to the relevant property, plant and equipment classes.

Related Parties

Klein Marico, Noyons, Donkervleit Recreation centres, Mmabana Arts, Cultural & Sports Foundation, North West Development Corporation, Provincial Heritage Resource Agency, NWPACC, All provincial Departments were not reported in the prior year. The disclosure has been subsequently corrected.

Commitments

Commitments to the amount of R 91 619 was not disclosed in the prior year. The disclosure has been subsequently corrected

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

20. Prior period errors (continued)

Statement of Financial Position

	Balance as previously reported	Prior period error	Restated balance
Current Assets			
Receivables from exchange transactions	493 289	(488 952)	4 337
Cash and cash equivalents	11 547 392	256	11 547 648
Non-Current Assets			
Property, plant and equipment	41 717 133	(4 974 773)	36 742 360
Current Liabilities			
Payables from exchange transactions	(19 026 863)	4 755 941	(14 270 922)
Unspent conditional grants and receipts	(7 267 220)	3 898 077	(3 369 143)
Net Assets			
Accumulated surplus	(27 087 625)	1 620 952	(25 466 673)
Revaluation reserve	(7 884 266)	1	(7 884 265)
	(7 508 160)	4 811 502	(2 696 658)

Statement of Financial Performance

	Balance as previously reported	Prior period error	Restated balance
Revenue from exchange transactions			
Interest received - investment	(558 659)	(256)	(558 915)
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	(95 899 000)	(3 879 000)	(99 778 000)
Expenditure			
Employee related costs	74 669 629	(605 442)	74 064 187
Depreciation and amortisation	1 389 119	400 689	1 789 808
General Expenses	25 153 844	(727 493)	24 426 351
	4 754 933	(4 811 502)	(56 569)

21. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by a finance department under policies approved by the accounting authority.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

21. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity finance department maintains flexibility in funding by maintaining availability under committed credit lines. The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The entity's risk to liquidity is the risk that funds are not available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. The entity manages cashflows, budgets and monthly management accounts.

The table below analyses the entity's financial liabilities and into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2021	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Payables from exchange transactions	15 859 577	-	-	-
Unspent conditional grants and receipts	3 369 143	-	-	-
	19 228 720	-	-	-

At 31 March 2020	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Payables from exchange transactions	14 270 922	-	-	-
Unspent conditional grants and receipts	3 369 143	-	-	-
	17 640 065	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Credit risk is mitigated by the fact that the entity only deposits cash surpluses with major banks of high credit standing. The maximum exposure to credit risk at the reporting date is the bank balances as disclosed in the Statement of Financial Position.

Credit risk is mitigated through management's assessment of the credit quality of debtors, taking into account their financial position, payment history and the perception of the payment profile.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	31 March 2021	31 March 2020
Trade and other receivables before impairment	4 543 962	4 543 962
Staff loans	25 000	30 000
Other receivables	11 861	2 077
Cash and cash equivalents	19 600 208	11 547 647

The balance of Cash and cash equivalents includes actual cash on hand of R 4330 on 31 March 2021, and R 4 339 on 31 March 2020

Market risk

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

21. Risk management (continued)

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from short term deposits. Short term deposits issued at variable rates expose the entity to cash flow interest rate risk. On the other hand, short term deposits issued at fixed rates expose the entity to fair value interest rate risk. During March 2021 and 31 March 2020, the entity's deposits and bank balances at fixed rate were denominated in the Rand.

Bank

STANDARD BANK - Cheque - 030877164 (Ba2)
STANDARD BANK - Savings -032015836 (Ba2)
STANDARD BANK - Call account -238644774 (Ba2)
ABSA BANK - Investment - 2063007279 (Ba2)

31 March 2021	31 March 2020
14 966 249	374 633
1 067 706	77 607
2 997 837	10 550 451
564 087	540 618
19 595 879	11 543 309

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
22. Fruitless and wasteful expenditure		
Opening balance as previously reported	2 887 619	2 411 134
Prior period error corrections	-	-
Opening balance as restated	2 887 619	2 411 134
Add: Fruitless and wasteful expenditure - current	10 385	735 506
Wasteful expenditure erroneously reported in the prior year	-	(259 021)
Closing balance	2 898 004	2 887 619

Details of current year's fruitless and wasteful expenditure

Interest on overdue accounts	Officials have been issued with letters of intention to take disciplinary action and recover financial losses	10 385	44 083
Penalties - Late SARS payment	Officials have been issued with letters of intention to take disciplinary action and recover financial losses	-	432 402
		10 385	476 485

Analysis of expenditure awaiting write-off per age classification

There was no expenditure awaiting write-off as the investigation is still underway.

Details

Interest on overdue accounts in the current financial year relates to interest charged on Telkom, Eskom, Local Municipalities accounts due to late payments made on these accounts. The investigation by the supply chain management unit revealed that this interest is due to late submission of invoice by the concerned parties and internal control deficiencies on receipt of invoices and goods/services.

Wasteful expenditure erroneously reported in the prior year

Fruitless and wasteful expenditure for the 2019/2020 year amounted to R476,485, as supported in the related register. However, the amounts disclosed on the financial statements were erroneously overstated by R259,021. As such, fruitless and wasteful expenditure disclosed in the prior year amounted to R735,506. This amount has therefore been decreased by R259,021 to correct this error.

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
23. Irregular expenditure		
Opening balance as previously reported	121 542 114	115 020 935
Prior period error corrections	-	-
Opening balance as restated	121 542 114	115 020 935
Add: Irregular expenditure - current	2 028 039	6 521 179
Add: Irregular expenditure - identified in the current year relating to prior year	1 158 434	-
Closing balance	124 728 587	121 542 114

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

23. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Three written quotations not obtained and motivation for deviation not sufficient	Officials have been issued with letters of intention to take disciplinary action	112 974	429 153
Supply Chain management Processes not followed for procurement	Officials have been issued with letters of intention to take disciplinary action	2 806 519	5 669 247
Incorrect awarding of BBEEE points	Officials have been issued with letters of intention to take disciplinary action	33 235	-
Supplier not tax compliant	Officials have been issued with letters of intention to take disciplinary action	230 140	129 480
Other non compliance with SCM Regulations		3 604	35 145
Limitation on supporting vouchers	Officials have been issued with letters of intention to take disciplinary action	-	258 153
		3 186 472	6 521 178

24. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

Rendering of services

Under-collection is due to covid 19 outbreak and subsequent implementation of lockdown regulations. This resulted in the suspension of programs.

Rental of facilities and equipment

Under-collection of rental of facilities and equipment is due to covid 19 outbreak and subsequent implementation of lockdown regulations. The entity had not opened for services. Over-collection other income from rentals is due to an increase in staff rentals which was not anticipated. Rentals were increased with effect from 1st April 2020.

Interest received - Investment

Over-collection was as a result of investment of grants on receipt.

Compensation of employees

Mmabana Arts, Culture and Sports Foundation

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

24. Budget differences (continued)

Vacant funded post contributed to the underspending. It was anticipated that these vacant positions would be filled by the end of the financial.

General Expenses

The overspending is as result of reclassification of expenditure on grants which was previously recognized as project income. The grants have been reclassified from conditional grants to restrictions.

Included under general expenses is expenditure resulting from the reclassification which amounts to R 17 214 210 with the related grant receipt of an amount of R 17 226 210, therefore an underspending of R 12 000.

General expenditure before taking into account the reclassification amounts to R 21 344 961 which reflects in underspending.

Depreciation and amortisation

Depreciation was budgeted under general expenses. Depreciation is a non cash transaction in the budget and accounted for in the actual expenditure through use of assets.

Repairs and maintenance

Repairs and maintenance was budgeted under general expenses. The budget was limited across different line items, however maintenance of facilities and equipment are still implemented to ensure facilities are kept in optimal condition within available resources.

25. Commitments

Authorised capital expenditure

Approved and Contracted for

• Approved and Contracted	2 677 156	91 619
---------------------------	-----------	--------

Total capital commitments

Approved and Contracted for	2 677 156	91 619
-----------------------------	-----------	--------

26. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus (deficit) of R 34 653 971 and that the entity's total assets exceed liabilities by R 42 538 237.

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.