

Adventurers
and travellers

The rise of travel writing came with a visit to southern Africa in the 18th and 19th centuries. People became immensely popular with

NATIONAL ENGLISH LITERARY MUSEUM

an agency of the
Department of Arts and Culture

ANNUAL REPORT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018



NATIONAL ENGLISH LITERARY MUSEUM

STREET ADDRESS

**25A WORCESTER STREET
GRAHAMSTOWN
6139**

POSTAL ADDRESS

**PRIVATE BAG 1019
GRAHAMSTOWN
6140**

TELEPHONE

046 622 7042

EASTERN STAR GALLERY

046 622 2582

SCHREINER HOUSE

048 881 5251

E-MAIL

info@nelm.org.za

RP 357/2018

ISBN 978-0-621-46741-3

Transformation

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MUSEUM

an agency of the
Department of Arts and Culture

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1 APRIL 2017 TO 31 MARCH 2018

REGISTERED NAME	The National English Literary Museum
PHYSICAL ADDRESS	25A Worcester Street Grahamstown 6139
POSTAL ADDRESS	Private Bag 1019 Grahamstown 6140
TELEPHONE NUMBER/S Eastern Star Gallery Schreiner House	046 622 7042 046 622 2174 048 881 5251
EMAIL ADDRESS	info@nelm.org.za
WEBSITE ADDRESS	www.nelm.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Standard Bank of South Africa

LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
DSRAC	Department of Sport, Recreation, Arts and Culture (Eastern Cape)
GBSA	Green Building Council of South Africa
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
NDPW	National Department of Public Works
NELM	National English Literary Museum
NLC	National Lotteries Commission
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management

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Os Lusíadas

The myth of the Cape

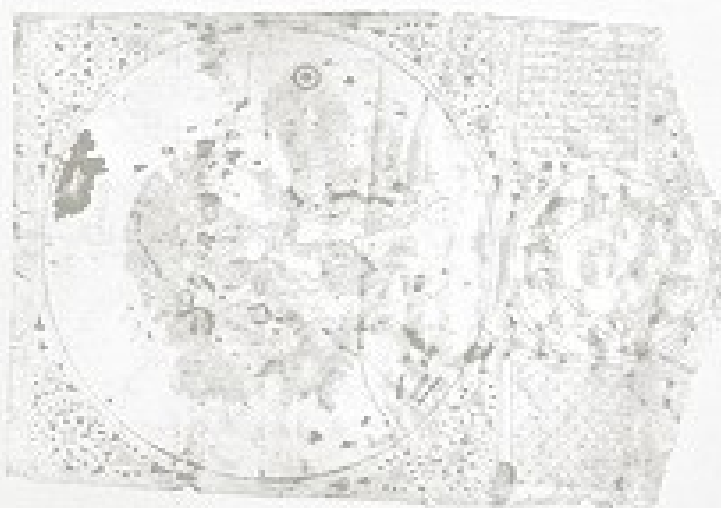
For early European travellers the journey to the Cape of Storms – Portuguese for the Cape of Storms – was immortalised in the epic poem *Os Lusíadas* by Luís Vaz de Camões, in which the Cape of Storms is embodied in the figure of the monstrous titan Adamastor.

PART A: GENERAL INFORMATION

Adamastor placed a curse upon the Portuguese invaders and upon all Europeans who might journey into these waters, a myth that relates to the truth that the sea route to India had been difficult to find and treacherous to navigate. Famous wrecks like that of the *Santiago* (1585) and the *Grosvenor* (1782) impressed the dangers of the journey upon European minds and contributed to legends of castaways and lost treasure. As a mythical European embodiment of the dangers of the Cape, whether its storms or its wilderness or its people, the figure of Adamastor has endured in South African literature.

20th century portrayals of Adamastor shifted from a focus on European fears of Africa to European oppression of Africa. The most significant change has been the shift of the gaze back onto the European invaders. In André Brink's *The First Life of Adamastor*, the Khoikhoi chief T'kama is imagined as an avatar of Adamastor witnessing the arrival of the Portuguese, in a scene which mythologises not South Africa but the Europeans themselves. Zoë Wicomb writes that, 'Adamastor must be recast right there in the place of his birth'.

In the 21st century Adamastor has all but disappeared from South African literature. Perhaps in post-apartheid South Africa Camões' vision of the Cape of Storms is no longer relevant to us, for when Adamastor does rear his head he does not feel entirely our own.



This world map by Albertinus de Virga, made between 1411 and 1413, places the Garden of Eden, symbolised by concentric circles, in southern Africa. The original map, which was owned by a Jewish family from Heidelberg in Germany, went missing with its owners in the 1930s. Bibliothèque Nationale de France.



1. FOREWORD BY THE CHAIRPERSON

The National English Literary Museum is proud to present its Annual Report for the 2017/2018 financial year.

The Minister of Arts and Culture appointed a new Council on 1 December 2017. Some of the members, including myself, served on the previous Council and I would like to acknowledge their familiarity with NELM and thank them for their willingness to continue on the Council. To the new members, I extend a warm welcome.

At the beginning of the financial year, the Council of NELM, represented by the Chairperson, enters into a shareholder's compact with the Minister of Arts and Culture. This represents an agreement between the Minister of Arts and Culture and the Council of NELM and is designed to ensure synergies and coherence in the programme of action of the Department of Arts and Culture and its entities.

Of considerable importance, is NELM's occupation of its new building. Despite challenges to final completion, the infrastructure is tailored to respond to issues of service delivery and the realization of a change in mandate to include the literatures of indigenous languages. It must be noted that full implementation of the latter will require a significant increase in budget allocation from DAC. In the coming year we will move ahead with this development and complete the process of changing the name of the museum.

The Council would like to acknowledge the support of the Department of Arts and Culture and most importantly, the considerable investment that they have made in NELM's future by providing it with a new museum building.

I would like to thank my fellow Council members and the members of the Audit Committee of NELM for their good work and commitment.



MS SANELE NHLABATSI

CHAIRPERSON OF THE COUNCIL OF THE NATIONAL ENGLISH LITERARY MUSEUM

20 AUGUST 2018

2. DIRECTOR'S OVERVIEW

NELM moved to its new premises at 25A Worcester Street in June 2016. The museum building was the first Public and Educational Building to achieve a 5-star rating from the Green Building Council of South Africa. The property is a showcase of sustainable construction and is the first of its kind in South Africa. Key objectives were cultural and educational significance, informative organisation and design, social upliftment and limited environmental impact. The finished product is a public cultural facility which symbolises South Africa as a free society.

The Department of Arts and Culture funded the R130 million building. Construction provided advancement on many levels in the socially and economically disadvantaged Eastern Cape. The project created 205 local job opportunities. There were 25 National Youth Service beneficiaries and nine Small, Medium and Micro-sized Enterprises were sub-contracted, creating 135 jobs.

Dealing with the practical challenges and building snags continues to be frustrating, although not unexpected. At the time of writing this report the exhibition construction has only just been completed and this has undoubtedly had a detrimental effect on the museum's performance in the past year. The preparation of the exhibition narrative was completed by NELM staff. Entitled 'Voices of the land', the exhibitions are about the literary representation of the South African landscape from early colonial times to the present day. Through literary imaginings the landscape is presented as a physical place with its long history of ownership conflicts, and as an aesthetic symbol of cultural identity.

Unfortunately some storage furniture for the museum's collections of large paper artefacts like posters and prints has not yet been delivered. This is the result of quality issues

General financial review

The income and expenditure of the museum, excluding special allocations, remains fairly constant. This is however less than the rate of inflation therefore, in real terms, represents a decrease. NELM has taken cognisance of National Treasury's cost-cutting measures and implemented rigorous financial control in order to achieve this. Salary increases are unfortunately substantially less than those bargained for by public service employees. This has inherent risk implications.

Spending trends

NELM's expenditure remains fairly consistent with personnel expenditure accounting for 66% of current expenditure (2017: 74%). The museum's move to new premises necessitated capital expenditure items that were not included in the building project but that were necessary for workplace operations. Spending on equipment, furniture and fittings increased by over 20% although the acquisition of heritage assets decreased substantially.

Ongoing challenges

The administrative staff at NELM are subject to considerable work pressure as a result of ever-evolving compliance measures. Despite improving supply chain management processes and systems during the last year, NELM does not have dedicated resources responsible for this function due to budget limitations. NELM is not in a position to consider retrenchments in other divisions to resource the administrative division at this time.

Two matters that gave rise to NELM receiving a qualified audit in 2016/2017 have been resolved. A special grant from the DAC has enabled NELM to value its heritage assets and special efforts were made to compile asset registers of the furniture and equipment that came with the new building in 2016. The Auditor-General's claim against NELM for alleged unpaid audit fees on its part was settled by

Order of the Court in December 2018. National Treasury, also named as a respondent, offered a settlement and NELM's legal fees were also recouped. The Auditor-General has however, started proceedings against NELM again for subsequent audit fees.

Future plans

As a literary museum, NELM is concerned with the collection, preservation and promotion of South Africa's rich and diverse literary heritage. From its establishment until now, the mandate was literature written in English only.

In 2010 the Department of Arts and Culture indicated that it wished to explore widening the scope of the museum to include the literatures of the historically disadvantaged languages of South Africa. This was taken into account in the planning of the new premises, which provided for additional space for collections' storage. The proposed expansion of NELM's mandate requires additional staff – experts in the literatures of the indigenous languages.

I would like to thank the officials of the Department of Arts and Culture, the Council of NELM and the Audit Committee for their guidance and support.

All literature is part of cultural heritage and can enrich lives in many ways.



MS BEVERLEY THOMAS

DIRECTOR

20 AUGUST 2018

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

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

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

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

The Annual Report has been prepared in accordance with the *Annual Report Guide for Schedule 3A and 3C Public Entities* issued by National Treasury.

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

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

The Council of NELM is responsible for establishing and implementing a system of internal control 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 2018.

Yours faithfully



MR CHARL MALAN
CHIEF FINANCIAL OFFICER



MS BEVERLEY THOMAS
DIRECTOR



MS SANELE NHLABATSI
CHAIR OF COUNCIL
20 AUGUST 2018

4. STRATEGIC OVERVIEW

4.1 Vision

Our vision is to be a leading museum, dedicated to the collection, preservation and promotion of South Africa's rich and diverse literary heritage.

4.2 Mission

The National English Literary Museum will promote reading, storytelling and literary research by providing access to its diverse collections, exhibitions and public programmes.

4.3 Values

NELM is committed to the following values:

- Accessibility;
- Service excellence;
- Good governance and accountability;
- Transparency;
- Cultural diversity;
- Community focus;
- Ethical practice;
- Equity and redress of past imbalances;
- Professionalism; and
- Sustainability.

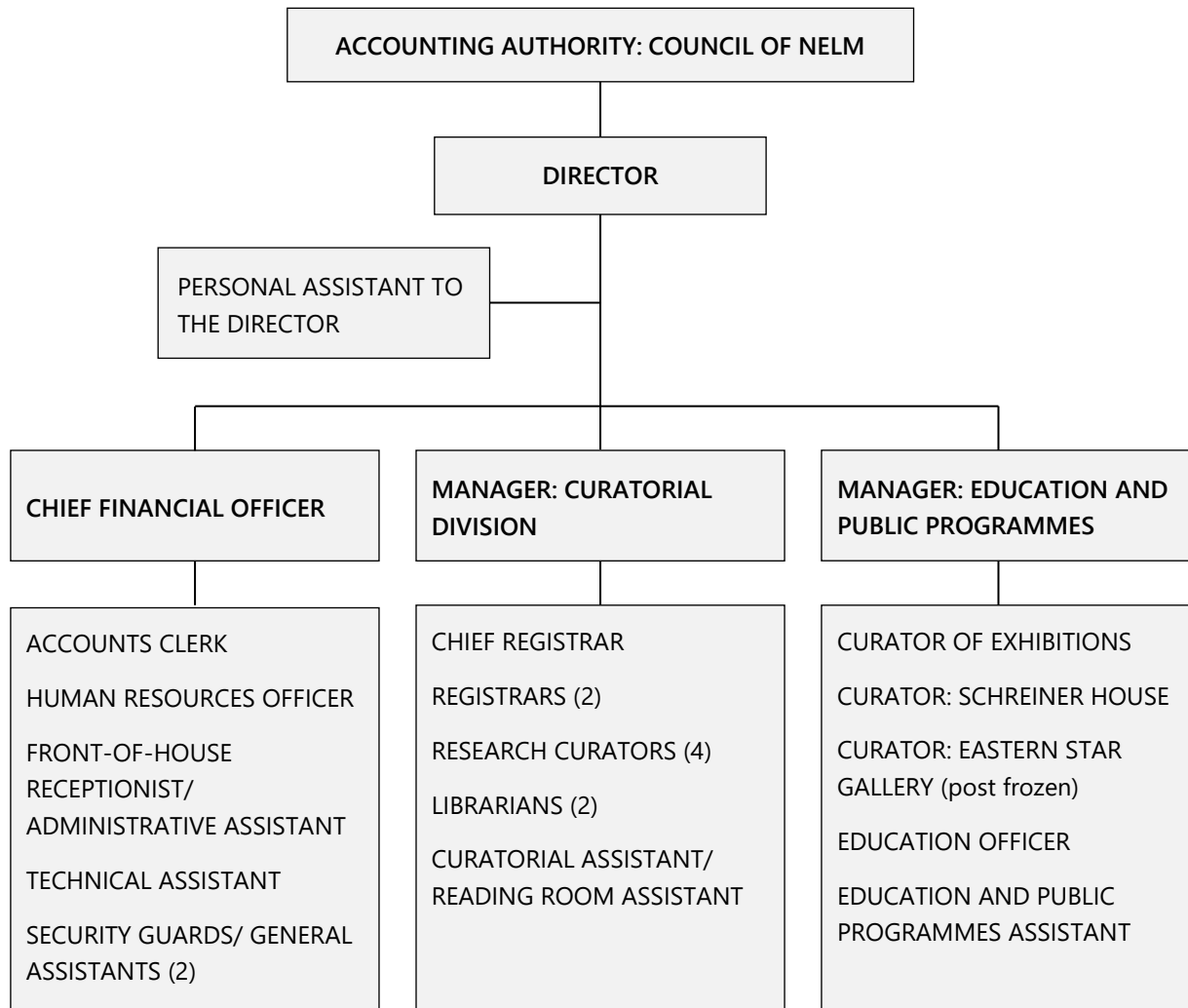
5. LEGISLATIVE AND OTHER MANDATES

NELM is governed by the Cultural Institutions Act, Act No. 119 of 1998, as amended by the Cultural Laws Second Amendment Act, Act No. 69 of 2001, and operates under the jurisdiction of a Council appointed by the Minister of Arts and Culture. NELM is listed as a schedule 3A national public entity in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended by Act No. 29 of 1999.

The operations of NELM are further governed by the following:

- National Heritage Resources Act, Act No. 25 of 1999;
- Public Audit Act, Act No. 25 of 2004;
- White Paper on Arts, Culture and Heritage, 1996.

6. ORGANISATIONAL STRUCTURE



A human resources officer was appointed against the vacant post of Curator: Eastern Star Gallery.

The other city

Black people went to the cities where they shed their rural lifestyle but simultaneously they changed their social relationships and developed new ones. They became literate and turned their experience into the grey beauty of literature, a literature that focuses on places and events and most particularly on political conflict.

PART B: PERFORMANCE INFORMATION

Peter Abrahams' autobiographical work *Tell Freedom* provides an early account of the urban/rural divide that emerged under segregation.

Journalist and author Noni Jabavu left South Africa in 1933 to be educated in Britain. She returned for her brother's funeral in 1955, and in *The Ochre People* she writes about the changes she sees after 22 years of absence. She paints a portrait of an elite, educated black family who face an uncertain social, political and cultural future. In the second part of the book she looks at township life and in this passage she describes a part of Johannesburg where homes have been made out of old, unused water tanks.

The narrator in Miriam Tlali's *Muriel at Metropolitan* comments on the differences between racial groups in urban South Africa.



Gerard Sekoye, 'In the Grandstand', Tatham Art Gallery



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa 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, if any, being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements' section of the Auditor's Report.

Refer to the Auditor's Report on pages 56 to 57, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service delivery environment

NELM is situated in Grahamstown, a small university city in the Eastern Cape with a population of about 120 000 people, inclusive of the surrounding areas.

The installation of the exhibitions, the *raison d'être* of the museum, which formed part of the building contract, have unfortunately not yet been completed and this has caused a disruption in services. The presence of workers in the exhibition area resulted in the area being closed to visitors at unpredictable times.

Events, off-site education programmes and services at NELM's satellite museums were unaffected.

NELM competes with the much more visible Albany Museum (a provincial museum) but as a national museum, NELM aims to deliver services all over the country in both rural and urban environments. NELM's reach in the Eastern Cape is increasing steadily by taking museum education programmes to schools in smaller towns.

Poor Grade 12 results point to the need for support to educators and learners in literature, especially set-works in grades 11 and 12. NELM's public programmes aim to support teaching and learning across a range of subjects and a love of reading from an early age.

Museums contribute to the educational and social needs of communities and to economic development, especially in small towns where they are often the prime tourist attraction. NELM's satellite museum in Cradock, Schreiner House, attracts both domestic and foreign tourists and the curator is active in tourism structures in the town and district. Participation and co-operation in tourism structures is essential and NELM has had more success in Cradock than in Grahamstown.

2.2. Organisational environment

The administrative staff at NELM are subject to considerable work pressure as a result of ever-evolving compliance measures. NELM sacrificed a post in the Education and Public Programmes Division to fund the appointment of a human resources officer but still has no supply chain unit. NELM will not consider retrenchments in other divisions to resource the administrative division at this time.

2.3. Key policy developments and legislative changes

There have been no significant changes to NELM's legislative and other mandates.

3. STRATEGIC OUTCOME ORIENTED GOALS

NELM is pleased to report that the relocation to the new building is complete. We are addressing the DAC's wish to widen the scope of the museum to include the literatures of the historically disadvantaged languages of South Africa.

3.1 To develop the institution within the framework of sound corporate governance.

Goal statement

NELM is embarking on a new phase in its recently completed, purpose-built museum and is transforming its operations to take best advantage of these facilities. We will continue to nurture relationships that add value to the museum's programmes and increase their impact across society.

3.2 To be a pre-eminent source of expertise in South African literary heritage.

Goal statement

NELM collects, preserves, documents and researches South African literary heritage. NELM must ensure that it practises the highest level of care in managing its collections and urgently addresses the issue of digitisation for preservation as well as access. Collaboration with similar literary and heritage institutions will enhance this goal.

3.3 To promote the understanding and enjoyment of South African literature.

Goal statement

The richness and diversity of South African literature is an ideal medium for building a national identity and social cohesion. NELM makes its collections accessible through exhibitions, education programmes and public events. NELM will work towards making more people, especially children, aware of this national asset and encouraging reading for pleasure and writing as a means of creative expression.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Links to national outcomes

Outcome 14 Nation building and social cohesion.

Sub-outcome 1 Fostering Constitutional values.

Programme purpose Administrative and support services.

Business unit Administrative division.

Strategic goal To manage the institution within the framework of sound corporate governance.

Strategic objective 1 To ensure compliance in terms of the Cultural Institutions Act, the Public Finance Management Act and applicable National Treasury Regulations, and other legislation.

Key performance area Governance.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of Council/ Executive Committee meetings	5	4	5	Three month delay from appointment of new Council to first meeting
Number of sub-committee meetings	-	2	-	
Number of Audit Committee meetings	4	4	4	-
Percentage of Auditor-General's findings resolved	100% of matters within our control resolved	100%	100% of findings within our control resolved	-
Submission of compliance documents	Submission of Quarterly Reports, Annual Financial Statements/ Report, Annual Performance Plan and other compliance documents.	Submission of 6 compliance documents	9	(includes draft submissions)
Name change and rebranding of museum	-	Submission of name change proposals to DAC	Task Team constituted	Process was restarted due to flawed beginning

The Department of Arts and Culture host a number of forums to assist entities in aligning their programmes to that of the Department. The following were attended:

DAC Heritage Sector Forum, Pretoria, 14 June 2017, attended by Director.

CEO's Forum, 11 August 2017, Pretoria, attended by Director.

National Treasury Public entities CFO forum, Pretoria, 16 November 2017 attended by CFO.

DAC Strategic Planning Session, Johannesburg, 16-17 November 2017 attended by Director.

DAC CFO Forum, Grahamstown, 28 November 2017, attended by CFO.

DAC Briefing on BRICS and Centenary of Mandela Celebratory Activities Framework, Pretoria, 13 February 2018, attended by the Director and Manager: Education and Public Programmes.

DAC CEO Forum, Pretoria, 2 March 2018, attended by the Director.

DAC Workshop on GRAP103 with the Accounting Standards Board, Pretoria, 7 March 2018, attended by the CFO.

Strategic objective 2 To ensure a safe environment for museum visitors and staff.

Key performance area Health and safety.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Health and safety monitoring	Monthly H&S inspections and meetings; recommendations resolved or implemented.	Monthly H&S inspections and meetings; recommendations resolved or implemented.	12 H&S inspections and meetings; recommendations resolved or implemented.	-

Strategic objective 3 To develop skills and capacity in museological and support functions.

Key performance area Human resource development.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of learning/ professional development opportunities taken up by staff	No baseline	10	18 (list as follows)	Free learning opportunities
Number of interns hosted	No baseline	1	1	-

Victor Clarke, South African Museums Association Eastern Cape Region. 34th Annual General Meeting and Conference 'Museums Must Rise', Uitenhage, 29-31 May 2017.

Thomas Jeffery, South African Museums Association Eastern Cape Region. 34th Annual General Meeting and Conference 'Museums Must Rise', Uitenhage, 29-31 May 2017.

Beverley Thomas, ICOM Annual Meetings 2017 Workshop. Museum Definition, Prospects and Potentials, 8 June 2017.

Marika Beyers, Colloquium: Fixions: On (Still) Rediscovering the Ordinary, hosted by the ISEA, Rhodes University, 14-15 July 2017.

Beth Wyrill, Six Mountains on her Back: (Re)reading African Feminisms Colloquium, hosted by Finding Africa and the Rhodes Departments of English and Fine Art, 21-22 July 2017.

Victor Clarke, St John's Ambulance Level 3 First Aid, 14-18 August 2017.

Michael Peters, St John's Ambulance Level 3 First Aid, 14-18 August 2017.

Roz Waldick, St John's Ambulance Level 3 First Aid, 14-18 August 2017.

Lenin Shabalala, SAMA Eastern Cape Textiles Conservation Workshop presented by Annemarie Carelsen, 28-29 August 2017.

Mariss Stevens, SAMA Eastern Cape Textiles Conservation Workshop presented by Annemarie Carelsen, 28-29 August 2017.

Beth Wyrill, SAMA Eastern Cape Textiles Conservation Workshop presented by Annemarie Carelsen, 28-29 August 2017.

Crystal Warren, English Academy of Southern Africa 2017 International Conference, 'Decolonial Turns, Postcolonial Shifts and Cultural Connections', Cape Town, 6-8 September 2017.

Beth Wyrill, English Academy of Southern Africa 2017 International Conference, 'Decolonial Turns, Postcolonial Shifts and Cultural Connections', Cape Town, 6-8 September 2017.

Mariss Stevens, UKZN Special Collections Preservation Conservation Conference, 'Preservation Conservation of South Africa's Documentary/Heritage Collections', Durban, 26-28 September 2017.

Crystal Warren, Imagined Futures: Speculative Freedoms and Alternative African Futures Post-Graduate Colloquium, Rhodes University, 29 September 2017.

Beth Wyrill, Imagined Futures: Speculative Freedoms and Alternative African Futures Post-Graduate Colloquium, Rhodes University, 29 September 2017.

Beverley Thomas, 2017 Annual ICTOP (International Committee for Training of Personnel) Conference 'Curators and Communities: Training for Collaboration', Windhoek, 11-13 October 2017.

Thomas Jeffery, 81st SAMA National Conference 2017 'Museums and Contested Histories: Saying the Unspeakable in Museums', Bellville, 23-26 November 2017.

Five staff members are pursuing further academic study. Lynne Grant and Mthet Sukula completed the Programme in Archival Studies at Unisa in the 2017 academic year. Tom Jeffery, Zongezile Matshoba and Beth Wyrill are reading for PhD degrees.

Strategic objective 4 To build relationships with organisations with similar aims and objectives to NELM.

Key performance area Partnerships.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of partnered events	5	3; of which 1 IsiXhosa and 1 Afrikaans	8 (list as follows)	More opportunities through strengthened relationship with DSRAC

16 May 2017	Schools Setwork Festival, in collaboration with DoBE and DSRAC (Sarah Baartman District).
9 June 2017	DSRAC (Sarah Baartman District) <i>Film Festival</i> .
15 June 2017	Department of Social Development, <i>World Elder Abuse Awareness Day</i> .
1 July 2017	DSRAC Sarah Baartman District, 100 Years of OR Tambo, 100 Years of Mendi, 40 Years of Steve Biko Exhibition.
27 July 2017	DBE and SKWF, Schools Prescribed Literature Festival, Cradock (Chris Hani District).
6 September 2017	NELM and DoBE, Storytelling Celebrations.
16 November 2017	DSRAC Language and Literature Summit at the Steve Biko Centre, Ginsberg, King William's Town.
1 February 2018	World Read Aloud Day, jointly hosted with DSRAC Sarah Baartman District, DoE Sarah Baartman District and the Makana Libraries.

Strategic objective 5 To build the public profile and image of NELM.

Key performance area Marketing and communication.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of popular media items	34	18	22 (selection follows)	Positive impact of new building.
Number of promotional exhibitions	8	4	5	-

Popular media items

28 April 2017	Grocott's Mail, 'Poets welcome dub legend Dr LKJ'.
28 April 2017	Grocott's Mail, 'In the steps of the Cradock Four'.
5 May 2017	Grocott's Mail, 'Bundu-bashing Discovery'.
12 May 2017	Grocott's Mail, 'Pro Carmine raises record amount for reading club'.
23 May 2017	Sawubona Blog, 'Grahamstown Gems – A Guide to the City of Saints'.
25 May 2017	Green Business Guide, 'National English Literary Museum first to achieve 5-Star Green Star rating'.
25 May 2017	Solid Green, National English Literary Museum acquires 5-Star Green Star SA PEB v1 As Built Rating.
26 May 2017	Grocott's Mail, 'School Networks Come Alive'.
29 May 2017	Engineering News, 'National English Literary Museum obtains green building rating'.
9 June 2017	Grocott's Mail, What's On, 'Collective Amnesia Poetry Book Launch'.
15 June 2017	Grocott's Mail, 'Nelm hosts local Talent'.
27 June 2017	Inhabitat, 'South Africa's first Green Star museum is an eco-friendly literary treasure'.
27 July 2017	The Herald, 'Green award for literary museum'.

July 2017 2017 *Earthworks Online Magazine*, 'NELM: 5 Star Sanctuary'.

Aug/Sept 2017 *Earthworks*, issue 39, 'Literary Masterpiece: A New Chapter for NELM' (cover story).

17 August 2017 Litnet, 'Fotoblad: Schreiner Karoo Skrywersfees 2017'.

6 September 2017 Grocotts Mail, 'Learners leap into Spring'.

6 September 2017 Grocotts Mail Online, 'Storytelling auditions at Nelm tomorrow'.

February 2018 Country Life, 'Bringing Our Story Home'.

Promotional exhibitions

9 June 2017 NELM Promo Material, DSRAC (Sarah Baartman District) Film Festival.

1 July 2017 Wordfest 2017 at the National Arts Festival.

28 October 2017 First Annual Zakes Mda Book Fair, Sterkspruit Community Art Centre.

16 November 2017 DSRAC Language and Literature Summit, Steve Biko Centre, King William's Town.

1 December 2017 Eastern Cape Film Festival, East London.

Linking performance with budget

	2016/17	2017/18		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
ADMINISTRATIVE DIVISION				
Current expenditure	4,525	4,506	4,548	4,691
Capital expenditure	255	509	100	96
Percentage of budget	43%	38%	30%	43%

4.2 Programme 2 • Business development

Links to national outcomes

Outcome 14 Nation building and social cohesion.

Sub-outcome 2 Equal opportunities, inclusion and redress.

Sub-outcome 3 Promoting social cohesion across society through increased interaction across race and class.

Programme purpose Collections development, preservation, documentation and research.

Business unit Curatorial division.

Strategic goal To be a pre-eminent source of expertise in South African literary heritage.

Strategic objective 6 To collect, document and ensure the long-term preservation of literary heritage artefacts.

Key performance area Collections management.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of new acquisitions	802	800	615	Refocus on cataloguing to reduce backlog
Number of records created	6 398	4 500	7 776	
Implementation of GRAP 103	No baseline	Assignment of R values to all heritage assets	Project completed and valuations included in AFS	-
Collections management policy	No baseline	Revision of collections management policy	Draft policy presented to council	(referred to L&C committee)

Highlights of new acquisitions

Theatrical material relating to Sibikwa Arts Centre, First Physical Theatre Company, Rhodes University Drama Department, Gary Gordon, and Peter Krummeck, including playscripts, posters, programmes, photographs and audio visual material.

Archival material from novelists Jenny Hobbs and Justin Cartwright, including manuscripts, correspondence, photographs, notes and research material.

Peter Krummeck's writings and theatre material were donated to NELM at the end of 2017 by his sister, Judith Krummeck. The collection of manuscripts and theatre material is wide-ranging and reflects Krummeck's many talents. He was a writer and an artist and a well-known theatre personality.

The collection is accessioned in six groups:

- 2017.196 Playscripts, manuscripts and theatre programmes, correspondence, etc.
- 2017.197 Photographs
- 2017.198 Theatre posters and Krummeck's large format art work
- 2017.199 Framed items, being theatre awards
- 2017.200 Artefacts, including a trunk and some signed textile items

2017.201 Audio visual recording of *Bonhoeffer*.

The largest section is 2017.196, which contains nearly 400 catalogue records. The material was catalogued under the following categories:

- Scripts of plays written by Krummeck, including a large number of religious plays and drama sketches. There are also scripts of plays directed by him.
- Television scripts
- Radio scripts
- Novels
- His memoir
- Other prose writings
- Theatre programmes
- Krummeck's theatre designs for sets and costumes
- Administrative documents and correspondence
- Portfolios of his performances and art work.

Jenny Hobbs (aka Blossom) is a novelist and columnist and is perhaps best known for her first novel *Thoughts in a Makeshift Mortuary*, which tells the searing tale of a mixed race couple murdered by the security branch during a raid in Botswana. On a much lighter note, she is also well known as Blossom (by women and men of a certain age) who wrote a hilarious back page column in *Darling* magazine during the 1970s. The column was written in South African English. She reviewed books for many years and has also written for radio and worked on TV book programmes as organiser, scriptwriter, presenter and interviewer. She was part of the team that created the first Franschhoek Literary Festival in 2007.

Hobbs donated a set of her papers and her audio visual collection to NELM. The papers consist of notes and research material for eight of her novels, material from her Blossom column, a radio play, signed copies of her books, research material, and her stories published in various journals and anthologies. The audio visual material (2017.190) contains a wealth of interviews with and by Hobbs, as well as recordings of literary programmes. The format is VHS.

The material relating to her novels does not include manuscripts, but rather detailed plot outlines for each book, a few drafts and a great deal of research material in the form of handwritten notes and a large number of press clippings. The papers were all in very neat order, which made it easy to catalogue the collection.

The novels are:

<i>Thoughts in a Makeshift Mortuary</i>	first published by Michael Joseph, 1989
<i>The Sweet-Smelling Jasmine</i>	published by Michael Joseph, 1993
<i>Video Dreams</i>	young adult novel, published by Puffin, 1995
<i>The Telling of Angus Quin</i>	published by Jonathan Ball, 1997
<i>Kitchen Boy</i>	published by Umuzi, 2011
<i>The Miracle of Crocodile Flats</i>	published by Umuzi, 2012
<i>Napoleon Bones</i>	published by Umuzi, 2013
<i>True Blue Superglue</i>	published by Umuzi, 2015.

The subjects covered in the novels range widely and cover South African politics and interracial relationships, trance states, the Johannesburg financial world, the Second World War, visitations by the Virgin Mary, a crime-thriller featuring a police dog, and feminist issues.

The material relating to the Blossom column includes extensive notes on the character of Blossom, lists of South African English words and articles on the subject, fan letters, correspondence with lexicographer Jean Branford and – importantly, as a piece of South Africana – a complete set of the columns published on the back page of *Darling* magazine, 7 March 1973 to 16 September 1979. Until December 1974 the column was called 'Backchat by Blossom Broadbeam'. From January 1975 the column was simply titled 'Blossom'.

Then there is the script of Hobbs' radio play *Blow the Candle Out* accompanied by extensive hand-written research notes on Medieval England and press cuttings on leprosy.

The remainder of the collection of the Hobbs papers includes three files of press cuttings on religion and on South African history and politics – collected as research material. She also donated a set of journals and short story anthologies that contain published versions of her short stories.

A second, substantial collection of manuscript material was received from **Justin Cartwright** in the year under review. Justin Cartwright was born in 1945 and educated in South Africa, the United States and the United Kingdom. He is the son of A.P. Cartwright – editor of *Rand Daily Mail*, biographer of Sir Percy FitzPatrick and author of works on South African history. He has spent his adult life in the United Kingdom working in advertising, directing documentaries, television commercials and a film (the British sex farce *Rosie Dixon – Night Nurse*).

This batch of material has been accessioned under four numbers:

- 2017.182 Audiovisual material: slides, video recordings (documentaries *The Lion of Swaziland: King Sobhuza II* and *Omnibus: Mayibuye iAfrica: Let Africa Come Home*) and DVDs
- 2017.183 Photographic material, including photographs of the family which include Cartwright as a child and young adult; school photographs; photographs of Cartwright, his wife, sons and their families; Cartwright with cheerleaders for the novel *Leading the Cheers* and photographs of trips to Africa
- 2017.184 Framed items, including photographs of Cartwright's father attending the signing of the Japanese surrender on USS *Missouri* at the end of World War II; a photograph of Nadine Gordimer and Cartwright's Bachelor degree certificate
- 2017.185 Typescripts, research material, press clippings and correspondence for the novels *Freedom for the Wolves*, *Look at It this Way*, *Masai Dreaming*, *Interior* and *White Lightning*; the autobiography *Not Yet Home* and various unpublished works, including the play 'The Lord Protector', untitled plays on liberalism and democracy and a play which includes Sol T. Plaatje and Robert Baden-Powell; the short story 'The Song of the Nuns of Chester' and a treatment and script for the film version of the novel *The Song Before It Is Sung*.

There are eight folders of press clipping articles, interviews and reviews by Cartwright as well as a folder containing reviews of his novel *Interior*.

Literary correspondence comprises letters between Cartwright and newspaper and magazine editors and publishers, agents and the BBC, as well as fan mail, letters from his parents, and an exchange of letters with Nadine Gordimer concerning the attack on her in her home in 2006. The general correspondence pertains to his UK naturalisation, employment and political broadcasts.

Cartwright has received critical acclaim for many of his novels; his awards include the 2005 Hawthornden Prize and the 2005 *Sunday Times* Award (for *The Promise of Happiness*) and the

Whitbread Award, 1998 (for *Leading the Cheers*). He has been shortlisted for the 1995 Booker Prize for *In Every Face I Meet*.

Strategic objective 7 To contribute to the body of knowledge on South African literary and cultural heritage.

Key performance area Knowledge production.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of research projects	11 new research projects commenced. 12 research projects completed.	4 research projects completed	4	
Number of articles published	4	4	4	
Number of conference papers or public lectures presented	8	4	10	Response to public demand for lectures on new building
Number of new library resources	106	100	104	

Research projects completed

Mariss Stevens. Case study of preventive conservation practices at NELM.

Crystal Warren. Folktales for Children.

Crystal Warren. South Africa and Zimbabwe 2016, bibliography and introduction.

Beth Wyrill. Guy Butler's Literary Project.

Articles published

Marika Beyers. 'My Online Writing Group' in *The Fertile Ground of Misfortune: Teaching Practices in Creative Writing*, edited by Stacy Hardy and Robert Berold. Grahamstown: ISEA, 2017.

Crystal Warren. 'South Africa and Zimbabwe 2016'. Bibliography and introduction, published in *The Journal of Commonwealth Literature*, Volume 52, issue 4, December 2017.

Thomas Jeffery. 'Future-Proofing South Africa's Cultural Museums: Climate Change, Heritage Discourse and Cultural Landscapes', published in the *South African Museums Association Bulletin* Volume 39, 2017.

Zongezile Matshoba. 'Grahamstown Poetry Landscape – a view to that of the Eastern Cape', published in *Free State Grahamstown Poetry Exchange* compiled by Charmaine Kolwane Mrwebi. Thaba Nchu: Charmza Literary, 2016.

Conference papers/lectures

Beth Wyrill. 'Guy Butler as the founder of NELM'. Eastern Cape Historical Organisations 13 May 2017.

Beverley Thomas. 'The first green museum in South Africa'. Eastern Cape Historical Organisations 13 May 2017.

Crystal Warren. 'The literary museum as a keeper of South African heritage'. Eastern Cape Historical Organisations 13 May 2017.

Zongezile Matshoba. 'The literary museum as a community facility'. Eastern Cape Historical Organisations 13 May 2017.

Thomas Jeffery. 'Towards an Ecological Model for Heritage Practice'. SAMA EC 'Museums Must Rise' Conference, Uitenhage, 29-31 May 2017.

Beverley Thomas and Crystal Warren. 'The First Green Museum in South Africa'. Schreiner Karoo Writers Festival, Cradock, 28 July 2017.

Beth Wyrill. 'Guy Butler as the Founder of NELM'. Schreiner Karoo Writers Festival, Cradock, 29 July 2017.

Beth Wyrill. 'Guy Butler and NELM's Literary Project: A Contested Heritage'. English Academy of Southern Africa 2017 International Conference, 'Decolonial Turns, Postcolonial Shifts and Cultural Connections', Cape Town, 6-8 September 2017.

Mariss Stevens. 'Shifting Perspectives on Folktales for Children'. English Academy of Southern Africa 2017 International Conference, 'Decolonial Turns, Postcolonial Shifts and Cultural Connections', Cape Town, 6-8 September 2017.

Mariss Stevens. 'A case study of preventive conservation practices at the National English Literary Museum'. UKZN Special Collections Preservation Conservation Conference, 'Preservation Conservation of South Africa's Documentary/Heritage Collections', Durban, 26-28 September 2017.

Linking performance with budget

	2016/17	2017/18		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
CURATORIAL DIVISION				
Current expenditure	3,700	6,035	8,964	4,344
Capital expenditure	103	102	103	101
Percentage of budget	35%	46%	57%	40%

4.3 Programme 3 • Public engagement

Links to national outcomes

Outcome 14	Nation building and social cohesion.
Sub-outcome 2	Equal opportunities, inclusion and redress.
Sub-outcome 3	Promoting social cohesion across society through increased interaction across race and class.
Outcome 1	Quality basic education.
Sub-outcome 6	Partnerships for a strong education system.
Programme purpose	Exhibitions, educational services and events.
Business unit	Education and public programmes division.
Strategic goal	To promote the understanding and enjoyment of South African literature.
Strategic objective 8	To present engaging exhibitions based on NELM's collections and associated knowledge.
Key performance area	Exhibitions.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of temporary exhibitions installed	2	2	2	-
Number of travelling exhibitions				
Outgoing	5	4	7 (selection follows)	Additional opportunities
Incoming	-	1	-	Exhibition spaces in new building not completed
Number of visitors to the museum	3 396	3 000	2 123	In November 2017 a verifiable system to account for the number of visitors was introduced. Numbers recorded prior to that are not verifiable and have been excluded.
Number of visitors to off-site travelling exhibitions	2 610	750	365	

Temporary exhibitions

Year 2017/2018 'Voices of Protest', still in situ.

28 June 2017 'Our voices are left with our bodies: The Mendi', at NELM before travelling.

Travelling exhibitions

1 July 2017 'Our voices are left with our bodies: The Mendi', Wordfest 2017 at the National Arts Festival.

28 October 2017 'A brief history: Black South African Literature in English' at the First Annual Zakes Mda Book Fair, Sterkspruit Community Art Centre.

1 December 2017 'Adaptations: Books into Films, Plays and Radio Drama' (electronic exhibition), EC Film Festival, East London.

Strategic objective 9 To present educational and public programmes that promote the discovery, understanding and enjoyment of South African literary and cultural heritage.

Key performance area Education and public programmes.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2016/17	PLANNED TARGET 2017/18	ACTUAL PERFORMANCE 2017/18	COMMENTS ON DEVIATIONS
Number of educational materials developed	4	6	6	-
Number of educational programmes presented	143	160	85	On-site programmes not fully operational; permanent exhibitions not yet completed
Number of participants in education programmes	7 798	8 000	3 157	
Number of museum events	28	30	32 (selection follows)	-
Number of participants at museum events	2 840	1 250	1 904	Audience development

Educational materials developed

Elder Abuse Awareness

Storytelling Celebrations

Heritage Carnival

Bhala njengeNzululwazi – a Scifest 2018 Innovation Lesson

Science and Technology as an Inspiration for Creative Writing

Nawe unako ukufunda IsiXhosa – a Lesson for non-isiXhosa Beginners

Museum events

4 April 2017	<i>More Poems, Boet – From All Over the Place</i> poetry book launch by Quinten Hogge.
6 April 2017	Book launch of Jason Donald's <i>Dalila</i> .
18 April 2017	<i>Voices in Harmony in Concert</i> at NELM (fundraising for a Joza-based literacy project).
25 April 2017	<i>The Wartime Diary of W.D. Terry: A SAfrican at Cambridge</i> book launch.
16 May 2017	Schools' Prescribed Literature Festival.
23 May 2017	<i>ISEA 1964-2014</i> book launch.
14 June 2017	Koleka Putuma, <i>Collective Amnesia</i> poetry book launch.
15 June 2017	World Elder Abuse Awareness Day.
23 June 2017	UN's Public Service Day.
26 July 2017	SKWF Youth Programme featuring Prescribed Networks Festival.
2 August 2017	Harry Owen's book Launch, <i>The Cull</i> .
31 August 2017	Douglas Skinner book launch, <i>Liminal</i> .
6 September 2017	NELM and DoBE, <i>Storytelling Celebrations</i> .
7 September 2017	RU Afrikaans Dept., Chanette Paul book launch, <i>Paaiboelie</i> .
12 September 2017	NELM, 40 th Anniversary of Steve Biko.
13 September 2017	NELM, <i>Can Themba's Memorial – The Suit Revisited</i> .
13 September 2017	RU Afrikaans Dept., book launches of <i>God, gay, genade</i> by Retha Benadé and <i>Réénboog Roulette</i> by Sanet Vijoer.
21 September 2017	RU Afrikaans Dept., book launch of <i>Alles het niet kom wôd</i> by Nathan Trantraal.
23 September 2017	NELM'S <i>Heritage Carnival</i> .
27 September 2017	Book launch of <i>The Illustrated Dictionary of SA Plant Names</i> by Eugene Moll.
12 October 2017	<i>Aerial 2017</i> book launch.
23 October 2017	<i>Salt</i> book launch by Louella Sullivan
26 October 2017	Susan Blackbeard, <i>Kat River Conversations</i> book launch.
2 November 2017	Eve Clayton, <i>Thwala</i> book launch.
3 November 2017	Lunga Izata, <i>The Story is about Me</i> book launch.
17 November 2017	Prof Monty Roodt, <i>Dead Man's Land</i> book launch.
5 December 2017	Dan and Jill Wylie, book launches: <i>Raven Games</i> and <i>Barefoot and PawPrint</i> .
1 February 2018	World Read Aloud Day.

Linking performance with budget

EDUCATION AND PUBLIC PROGRAMMES DIVISION	2016/17	2017/18		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
Current expenditure	2,408	2,128	2,028	1,868
Capital expenditure	-	6	7	7
Percentage of budget	22%	16%	13%	17%

5. REVENUE COLLECTION

SOURCES OF REVENUE	2016/17			2017/18		
	ESTIMATE R'000	ACTUAL COLLECTED R'000	OVER/(UNDER) COLLECTION R'000	ESTIMATE R'000	ACTUAL COLLECTED R'000	OVER/(UNDER) COLLECTION R'000
Department of Arts and Culture	11,535	9,535	(2,000) ¹	15,272	15,272	-
Inxuba Yethemba Municipality	162	144	(18)	151	101	(50)
National Lotteries Commission Schreiner House development	-	750	750	-	-	-
Department of Arts and Culture Schreiner House development	-	-	-		1,000 ²	1,000
Self-generated income	198	246	90	128	285	157
Donations	45	21	(24)	35	31	(4)
Interest and dividends	150	98	(16)	100	204	104
TOTAL	12,090	10,872	(1,218)	15,686	16,893	1,207

6. CAPITAL INVESTMENT

CAPITAL EXPENDITURE	2016/17			2017/18		
	ESTIMATE R'000	ACTUAL INVESTMENT R'000	OVER/(UNDER) INVESTMENT R'000	ESTIMATE R'000	ACTUAL INVESTMENT R'000	OVER/(UNDER) INVESTMENT R'000
Heritage assets: buildings	10	-	(10)	435	57	(378)
Heritage assets: collections	73	81	8	83	75	(8)
Electronic and computer equipment	50	65	15	60	32	(28)
Furniture, fittings, tools and equipment	17	190	173	21	28	7
Library resources	18	22	2	18	12	(6)
TOTAL	168	358	190	617	204	(413)

¹ The amount of R2 million was erroneously reflected in the estimate for 2016/17 instead of 2017/18.

² Awarding of this grant for capital expenditure was communicated after the publication of NELM's 2017/18 Annual Performance Plan.



PART C: GOVERNANCE

Making Memory

1. INTRODUCTION

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

Parliament, the Executive Authority (the Minister of Arts and Culture) and the Accounting Authority (the Council of NELM) are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

NELM was not called to the Portfolio Committee on Arts and Culture during the year under review.

3. EXECUTIVE AUTHORITY

The Cultural Institutions Act places museums under the control of a Council appointed by the Minister of Arts and Culture.

The Annual Report for 2016/2017 was submitted to the Department of Arts and Culture and tabled in Parliament by the Minister on 15 September 2017.

The Chairperson of NELM's Council concluded a Shareholder's Compact with the Minister of Arts and Culture for the 2017/2018 financial year on 19 May 2017.

The Council of NELM submitted quarterly reports to the Minister of Arts and Culture in the months following the end of each quarter.

The Annual Performance Plan for 2017/2018 was submitted to the Department of Arts and Culture and tabled in Parliament by the Minister on 17 March 2017.

4. THE ACCOUNTING AUTHORITY

The Council of NELM is the Accounting Authority. The functions of a Council, as described in the Cultural Institutions Act, are:

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

The Council fosters a culture and set of values and operates within terms of reference that determine the manner in which it governs the museum, i.e. the systems and structures that it uses to define policy, to provide leadership, to manage, coordinate, and monitor procedures and resources, and to develop long-term strategy and direction for the organisation.

4.1 Composition of the Council

The tables below disclose relevant information on the members of Council.

DESIGNATION	NAME	DATE OF APPOINTMENT	EXPIRATION OF TERM OF OFFICE	MEETINGS SCHEDULED	MEETINGS ATTENDED
Chair	Mr G. Dlanjwa	1 December 2014	30 November 2017	3	3
Deputy Chair	Ms S. Nhlabatsi	1 December 2014	30 November 2017	3	3
Member	Ms E. Dido	1 December 2014	30 November 2017	3	3
Member	Mr D. Maahlamela	1 December 2014	30 November 2017	3	2
Member	Ms M. Rall	1 December 2014 (second term)	30 November 2017	3	1
Member	Dr U. Roopnarain	1 December 2014	30 November 2017	3	1
Member	Ms J. Williams	1 December 2014	30 November 2017	3	2
Director (ex officio)	Ms B.A. Thomas	n/a	n/a	3	3
Chair	Ms S. Nhlabatsi	1 December 2017 (second term)	30 November 2020	2	1
Deputy Chair	Mr T. Lungile	1 December 2017	30 November 2020	2	2
Member	Ms E. Dido	1 December 2017 (second term)	30 November 2020	2	2
Member	Mr M.S. Dithlake	1 December 2017	30 November 2020	2	1
Member	Dr W. Langeveldt	1 December 2017	30 November 2020	2	2
Member	Mr P.R. Mnisi	1 December 2017	30 November 2020	2	1
Member	Mr B. Mgijima	1 December 2017	30 November 2020	2	2
Member	Ms M. Rall	1 December 2017 (third term)	30 November 2020	2	1
Director (ex officio)	Ms B.A. Thomas	n/a		2	2

4.2 Council members' profiles

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
Mr G. Dlanjwa	Chair	BProc LLB (Unisa) Certificate in Corporate Law (Unisa) Attorney of the High Court of South Africa Expertise in legal services	-	-
Ms S. Nhlabatsi	Deputy Chair Chair	MBA International Business (University of the District of Columbia, Washington D.C.) BCom Management and Economics (University of Swaziland) Registered Practitioner: Management of Risk Registered Practitioner: Portfolio, Programme, and Project Management Registered Practitioner: Projects in Controlled Environments Over 20 years' experience in the development sector and private sector strategy, finance, organisational reform, and resource management	UNISA Graduate School of Business Leadership Board	UNISA SBL Research Committee UNISA SBL Research Ethics Committee UNISA SBL Centre for Business Leadership (Executive Leadership Short Learning Courses)
Ms E. Dido	Member	Diplomas: General Nursing, Midwife, Psychiatric Nurse BA(Cur) degrees (Unisa): Nursing Administration, Nursing Education & Community Health Nursing Science Expertise in ethos and professional practice and clinical governance Published author	Board director as co-founder of Cape Town Radio 021 (PTY) Ltd	Task team: co-writer of television series Sara se Geheim
Mr D. Maahlamela	Member	MA in Creative Writing Expertise in literature criticism, leadership, audit & risk management, public management & governance, fundraising,	-	Director of Centre for Creative Arts, UKZN (Board ex officio) University of KwaZulu-Natal

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
		strategic planning, research, and event management		School of Arts Management
Ms M. Rall	Member	MPhil Language and Literacy Studies Diploma in Adult Education BA Languages Doctoral candidate, focus of thesis is representation in museums Research interests are museum and heritage studies Published in the <i>International Journal of the Inclusive Museum</i> , <i>The International Journal of Learning</i> and the <i>South African Museums Association Bulletin</i>	Executive committee member: International Council of Museums-South Africa	University of Cape Town committees in capacity of Director of the Centre for Extra-Mural Studies Member: Friends of Iziko South African Museum Committee Member: South African Museums Association
Dr U. Roopnarain	Member	PhD Political Science LLM Human Rights Law	Member: KZN Tourism Authority	Member: KZN Tourism Authority HR and Compensation Committee
Ms J. Williams	Member	MA Sociology (Unisa) MA Political Science (Columbia) Drs/MDiv (Theology Union/UvA) Expertise in strategy, OD, gender mainstreaming and ethics	Trustee National Empowerment Fund Chair and non-executive director: Comanco	-
Ms B.A. Thomas	Director (ex officio)	Hons BA History of Art, research paper on Afrikaans language monuments – their function as a mobilising factor in Afrikaner national consciousness (Unisa) Post Grad Prof Dip Museology, research paper on The New Group (Stellenbosch) B Fine Art Theory of Art and Photographic Arts (Rhodes)	Chair of executive committee: International Council of Museums-South Africa Member: Rhodes University Senate	Member: Council South African Museums Association

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
		More than 30 years' experience in museum practice and management		
Ms S. Nhlabatsi	Chair	<p>MBA International Business (University of the District of Columbia, Washington D.C.)</p> <p>BCom Management and Economics (University of Swaziland)</p> <p>Doctoral candidate in Business Administration (Unisa)</p> <p>Registered Practitioner: Management of Risk</p> <p>Registered Practitioner: Portfolio, Programme, and Project Management</p> <p>Registered Practitioner: Projects in Controlled Environments</p> <p>Over 20 years' experience in the development sector and private sector strategy, finance, organisational reform, and resource management</p>	UNISA Graduate School of Business Leadership Board	<p>UNISA SBL Research Committee</p> <p>UNISA SBL Research Ethics Committee</p> <p>UNISA SBL Centre for Business Leadership (Executive Leadership Short Learning Courses)</p>
Mr T. Lungile	Deputy Chair	<p>MA Museums and Heritage Studies (Emory and Georgia State Universities)</p> <p>Higher Diploma in Education (University of Western Cape)</p> <p>BA History and Political Science (Western Cape)</p> <p>Certificate in Management Practice</p> <p>Over 20 years' experience in the heritage sector, including education and training in the sector</p>	-	-
Ms E. Dido	Member	<p>Diplomas: General Nursing, Midwife, Psychiatric Nurse</p> <p>BA(Cur) degrees (Unisa): Nursing Administration,</p>	Board director as co-founder of Cape Town Radio 021 (PTY) Ltd	Task team: co-writer of television series Sara se Geheim

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
		Nursing Education & Community Health Nursing Science Expertise in ethos and professional practice and clinical governance Published author		
Mr M.S. Dithlake	Member	Hons BCom Accounting (Natal) BCom Accounting (Potchefstroom) Accounting and Executive Development Programme (UNISA School of Business) International expertise in leadership, business development and operations. Served on several finance committees	-	-
Dr W. Langeveldt	Member	DPhil Instructional Design and Technology (Iowa) MA Counsellor Education and Student Development (Iowa) BEd Counselling and Career Guidance (Unisa) BA Psychology and Afrikaans en Nederlands (Unisa) Extensive knowledge in the field of human rights and education Author of numerous academic publications on indigenous culture and language, especially the Khoe-San	Patron of the National Land Founder member and Patron of the National Land Khoe-San African Movement and extensive involvement in other First Nations, culture and language movements and committees	-
Mr P.R. Mnisi	Member	B Laws/LLB Commercial Law, Courts Practice and Administrative Laws (North) Post Grad Cert in Compliance Management (Johannesburg) Extensive executive experience and experience	Master Builders South Africa (Executive Director) Construction Education and Training Authority (non-	Chairman: Risk and Ethics Committee, Mpumalanga Department of Health Member: Audit and Risk

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
		in the legal profession and the public sector	executive) National Home Builders Registration Council (non-executive)	Committee: Gauteng Provincial Legislature
Mr B. Mgijima	Member	BA History and English Post Grad Dip Museums and Heritage Studies (UWC) B Public Administration (Hons) in Public and Development Management (Stellenbosch) MPhil Future Studies (Stellenbosch) Masters candidate in Public Administration (Stellenbosch) Expertise in museum governance and management, tourism and heritage management, scenario and long-term planning, and public and development management	-	Chairperson: Centre for Comic and Book Arts at the University of Stellenbosch Member: Institutional Transformation Committee of Stellenbosch University Member: Panel of Experts of the National Heritage Council
Ms M. Rall	Member	MPhil Language and Literacy Studies Diploma in Adult Education BA Languages Doctoral candidate, focus of thesis is representation in museums Research interests are museum and heritage studies Published in the <i>International Journal of the Inclusive Museum</i> , <i>The International Journal of Learning</i> and the <i>South African Museums Association Bulletin</i>	Executive committee member: International Council of Museums-South Africa	University of Cape Town committees in capacity of Director of the Centre for Extra-Mural Studies Member: Friends of Iziko South African Museum Committee Member: South African Museums Association
Ms B.A. Thomas	Director (ex officio)	Hons BA History of Art, research paper on Afrikaans language monuments –	Chair of executive committee: International	Member: Council South African Museums

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	OTHER BOARD MEMBERSHIPS	OTHER COMMITTEES OR TASK TEAMS
		<p>their function as a mobilising factor in Afrikaner national consciousness (Unisa)</p> <p>Post Grad Prof Dip Museology, research paper on The New Group (Stellenbosch)</p> <p>B Fine Art Theory of Art and Photographic Arts (Rhodes)</p> <p>More than 30 years' experience in museum practice and management</p>	<p>Council of Museums-South Africa</p> <p>Member of Rhodes University Senate</p>	Association

4.2 Remuneration of Council members

Council members are remunerated at the rate prescribed by National Treasury. Members are entitled to claim for out-of-pocket expenses in attending meetings, e.g. use of private vehicles and airport parking.

NAME	REMUNERATION R	OTHER RE-IMBURSEMENTS R	TOTAL R
Mr G. Dlanjwa	4,353	-	4,353
Ms S. Nhlabatsi	5,467	1,081	6,548
Ms E. Dido	5,948	-	5,948
Mr D. Maahlamela	2,328	-	2,328
Ms M. Rall	2,392	3,68	2,760
Dr U. Roopnarain	1,164	-	1,164
Ms J. Williams	2,328	-	2,328
Mr T. Lungile	- ³	-	-
Mr M.S. Dithlake	1,228	-	1,228
Dr W. Langeveldt	2,456	-	2,456
Mr P.R. Mnisi	1,228	8,85	2,113
Mr B. Mgijima	2,456	-	2,456

5. RISK MANAGEMENT

The Council of NELM approved a Risk Management Policy in 2011. The purpose of this policy is to articulate NELM's risk management philosophy. NELM recognises that risk management is a systematic and formalised process to identify, assess, manage and monitor risks and therefore adopts a

³ Mr Lungile is an employee of an entity that precludes his receiving remuneration.

comprehensive approach to the management of risk. The Audit Committee serves the dual function of a Risk Management Committee. A risk assessment was undertaken by management, in consultation with the Audit Committee, to prepare the Annual Performance Plan for 2017/2018. A progress report on risk mitigation forms part of the Quarterly Report submitted to the Executive Authority.

6. INTERNAL AUDIT AND AUDIT COMMITTEE

The internal audit activity evaluates and contributes to the improvement of risk management, control and governance systems. The objective is to ensure that:

- risks are appropriately identified and managed;
- significant financial, managerial and operating information is accurate, reliable and timely;
- employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations; and
- resources are acquired economically, used efficiently and adequately protected.

The focus of internal control reviews during the year under review was on human resources and the payroll, banking, supply chain management, audit outcomes, performance management and the safekeeping of documents.

The internal audit function at NELM is outsourced.

6.1. Audit and Risk Management Committee

The Audit Committee is an independent committee responsible for oversight of reporting processes and systems of internal control. It also assists the Council of NELM to review risk management processes and the effectiveness of risk management activities.

The table below discloses relevant information on the audit committee members.

DESIGNATION	NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION	MEETINGS SCHEDULED	MEETINGS ATTENDED
Chair	Mr H. Harnett	6 May 2015	-	4	4
Member	Mr S. Mabaso	24 March 2017	-	4	4
Council representative	Ms S. Nhlabatsi	6 May 2015	30 November 2017	4	3
Director	Ms B.A. Thomas	6 May 2015	-	4	3
Member	Prof. P.S. Walters	6 May 2015	28 February 2017	4	3

6.2 Members' profiles

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	CONNECTION TO ENTITY	OTHER COMMITTEES OR TASK TEAMS
Mr H. Harnett	Chair	Bachelor of Accounting (Rhodes) CA (SA) Senior Lecturer (Taxation) Rhodes University (6 years) 12 years' audit and accounting experience in the private sector	External	-
Mr S. Mabaso	Member	B Accounting (Witwatersrand) Higher Diploma in Accountancy (Witwatersrand) CA (South Africa) Senior Lecturer Rhodes University)	External	Member: Advancement of Black Accounting Students Association Member: Independent Regulatory Board for Auditors (IRBA)
Ms S. Nhlabatsi	Member	MBA International Business (University of the District of Columbia, Washington D.C.) BCom Management and Economics (University of Swaziland) Doctoral candidate in Business Administration (Unisa) Registered Practitioner: Management of Risk Registered Practitioner: Portfolio, Programme, and Project Management Registered Practitioner: Projects in Controlled Environments Over 20 years' experience in the development sector and private sector strategy, finance, organisational reform, and resource management	Council member	UNISA SBL Research Committee UNISA SBL Research Ethics Committee UNISA SBL Centre for Business Leadership (Executive Leadership Short Learning Courses)

NAME	DESIGNATION	QUALIFICATIONS AND AREA OF EXPERTISE	CONNECTION TO ENTITY	OTHER COMMITTEES OR TASK TEAMS
Ms B.A. Thomas	Member	Hons BA History of Art, research paper on Afrikaans language monuments – their function as a mobilising factor in Afrikaner national consciousness (Unisa) Post Grad Prof Dip Museology, research paper on The New Group (Stellenbosch) B Fine Art Theory of Art and Photographic Arts (Rhodes) More than 30 years' experience in museum practice and management	Director	Chairperson: South African National Committee of the International Council of Museums Member: Council South African Museums Association
Prof. P.S. Walters	Member	PhD English (Rhodes) HA Molteno Professor, Department of English, Rhodes University (retired) Former Council member of the National English Literary Museum Service as member and chairperson of various community organisations, notably ILITHA Arts Education Project and GADRA Education	External	-

6.3 Remuneration of Audit Committee members

Members of the Audit Committee are remunerated at the rate prescribed by National Treasury. Members are entitled to claim for out-of-pocket expenses in attending meetings, e.g. use of private vehicles and airport parking.

NAME	REMUNERATION R	OTHER RE-IMBURSEMENTS R	TOTAL R
Mr H. Harnett	15,729	-	15,729
Ms S. Nhlabatsi	7,049	-	7,049
Mr S. Mabaso	9,542	-	9,542
Ms B.A. Thomas	-	-	-
Prof. P.S. Walters	7,189	-	7,189

7. COMPLIANCE WITH LAWS AND REGULATIONS

NELM's policies are periodically reviewed in terms of compliance. However, a number of compliance measures remain a challenge because of NELM's relatively small size and limited capacity. NELM cannot consider retrenchments in other divisions to resource the administrative division at this time.

8. FRAUD AND CORRUPTION

The Council of NELM approved a Fraud Prevention and Anti-Corruption Strategy, inclusive of policy, control strategies and procedures for investigations, in 2011. The staff of NELM have been made aware of this policy and the Department of Arts and Culture's Anti-Fraud and Corruption Campaign.

Fraud and corruption is a standing item on staff meeting agendas and the toll-free hotline for reporting suspected fraud and corruption is displayed on the staff notice board.

9. MINIMISING CONFLICT OF INTEREST

Council members of NELM are required to declare conflicts of interest at every meeting. All employees are required to disclose to the Council of NELM particulars of any registrable interests.

10. CODE OF CONDUCT

NELM is a member of the International Council of Museums and subscribes to its Code of Ethics.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

NELM established a Health and Safety Committee in 2010. The Committee meets once a month and undertakes inspections of the premises on a regular basis. Healthy and safety issues are reported to NELM management for action.

The Council of NELM adopted an Environmental Policy in 2011. The primary objective of this policy is to ensure that the museum makes use of resources, from paper to electricity, in a manner that minimises and ultimately eradicates unnecessary waste.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

12.1 Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from sections 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act, Act No. 1 of 1999, and Treasury Regulation 27.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

12.2 The effectiveness of internal control

Our review of the findings of the internal audit work, based on the risk assessments conducted at NELM, revealed certain weaknesses, which were then raised with management.

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

- Human resources and payroll
- Bank accounts
- Department of Arts and Culture subsidy
- Procurement testing
- Provision for doubtful debts
- Provision for post-retirement medical benefits
- Audit committee meetings
- Performance information
- Expenditure testing
- IT system and safeguarding of assets
- Effectiveness of operations
- Review of audit outcomes.

12.3 In-year management and quarterly reports

NELM has submitted quarterly reports to the Minister of Arts and Culture.

12.4 Evaluation of Annual Financial Statements

We have reviewed and discussed the audited Annual Financial Statements included in the Annual Report with the Council – NELM's accounting authority, reviewed changes in accounting policies and practices, and reviewed and endorsed adjustments resulting from the audit.

12.5 Auditor's Report

We have reviewed NELM's implementation plan for audit issues raised in the prior year and we are satisfied that the matters within the museum's control have been adequately resolved. Most notably, the valuation of NELM's heritage assets was satisfactorily completed.

Irregular expenditure was once again identified during the audit. The Audit Committee is confident that no fruitless and wasteful expenditure occurred and that this finding is the result of administrative

errors in the supply chain process because of limited capacity. We will task internal audit with monitoring progress on the implementation of remedial measures.

Except for the matter below, the Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Auditor-General's fee

In terms of section 23(6) of the Public Audit Act, Act No. 25 of 2004, NELM is only liable for an audit fee not exceeding 1% of NELM'S total expenditure. The excess must be defrayed from the National Treasury's vote. NELM has paid the 1% every year.

The Auditor-General's 2016 claim against NELM for alleged unpaid audit fees on its part was settled by Order of the Court in December 2017. National Treasury, also named as a respondent, offered a settlement and NELM's legal fees were also recouped. The Auditor-General has however, started proceedings against NELM again for subsequent audit fees.

NELM has raised outstanding audit fees as a contingent liability as the outcome of the action cannot be anticipated and what amount, if any, NELM will be obliged to pay. In light of a directive regarding section 23(6) of the Public Audit Act issued by the Acting Accountant-General in 2016, communicating an agreement with the Auditor-General that audit fees exceeding 1% of small institutions' total expenditure must be undertaken on a pro-bono basis, we don't consider NELM liable for the outstanding fees.

The amount reflected in the Auditor-General's statements as outstanding at 31 March 2018 is R1 283 779 (2017: R2 837 538).

The Auditor-General contends that the amounts should be disclosed as a payable. The Audit Committee does not agree with the Auditor-General's proposed treatment and concurs with management that it should be reflected as a contingent liability. This has resulted in a qualified audit report to Parliament and findings of non-compliance with legislation.

We wish to draw the users' attention to paragraph 10 of the Auditor-General's report. The accounting authority of NELM is its Council, appointed by the Minister of Arts and Culture, and not a Board of Directors. Furthermore, paragraph 34 refers to the audit committee 'unit not constantly monitoring management's progress. We do not believe that this is within the ambit of the Audit Committee. The Audit Committee is an independent committee whose role is oversight and does not constitute a unit within the museum.

Matter to note: Audit Report

We wish to draw the users' attention to paragraph 34 of the Auditor-General's report which refers to the audit committee unit not 'constantly monitoring management's progress'. The Audit Committee is an independent oversight committee whose role is oversight and does not constitute a 'unit' within the museum. As an Audit Committee it is our duty to monitor management's progress, we however humbly submit, as we are not full time employees of the museum, the requirement that we 'constantly' monitor management's progress is beyond the scope of our duties and obligations.

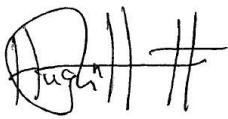
12.6 Conclusion

The Audit Committee will review the Auditor-General's Management Report and NELM management's response thereto.

The Audit Committee also has the task of advising the Council on risk management. The Committee will consider ways to mitigate the risks that gave rise to the other matters that contributed to the qualified audit opinion.

The Audit Committee will instruct internal audit to institute a process of monitoring the implementation of the Auditor-General's recommendations.

Prof. Paul Walters retired from the Audit and Risk Management Committee at the end of 2017. I wish to extend the Committee's gratitude to him for his many years of loyal and committed service to NELM.

A handwritten signature in black ink, appearing to read 'Hugh Harnett', with a stylized flourish at the end.

MR HUGH HARNETT
CHAIRPERSON OF THE AUDIT COMMITTEE
15 AUGUST 2018

Writing from here

The Story of an African Farm marked a turning point in South African literature. Schreiner's realistic interpretation of the South African landscape and the Great Karoo has become an archetypal vision of the land.

PART D: HUMAN RESOURCE MANAGEMENT

The Story of an African Farm broke new ground in a number of ways. It was critical of the colonial enterprise and of conventional social and religious norms. It was one of the first anti-pastoral works and undermined the traditional portrayal of rural life. It gives no mythic connection between farmers and land; the farm itself is inhospitable and very little detail is given on farming activities. Schreiner presents European culture as out of place in Africa and she undermines any colonial justification for dispossessing indigenous peoples of land as her settlers spend days in idleness.

Olive Schreiner felt that stories of high adventure had very little to do with the reality of life in South Africa, as she writes in the preface to the second edition of *The Story of an African Farm*.

It has been suggested by a kind friend that he would better have liked the little book if it had been a history of wild adventure, of cattle driven into inaccessible "kranzes" by Bushmen; of encounters with ravenous lions, and hair-breadth escapes." This could not be. Such works are best written in Piccadilly or in the Strand: there the gifts of creative imagination, untrammelled by contact with any fact, may spread their wings.



1. INTRODUCTION

NELM's organisational structure was reviewed in 2013, rationalising the management structure and streamlining functional areas.

Museum core functions are labour intensive. Curatorial staff undertake research and care for the museum's collections. Education and Public Programmes is a service-oriented division focusing on exhibitions, education programmes and museum events, aimed at school learners and adults alike. The high percentage of personnel expenditure to total expenditure is therefore not cause for concern.

NELM's resources limits its ability to offer financial performance rewards. NELM does however reward full-time employees for long service and for the completion of degrees and diplomas.

The academic environment of Grahamstown makes the recruitment of suitably qualified personnel from the designated groups an easy task. The employment of student assistants in the curatorial division provide workplace experience for them and a corps of possible future employees for NELM. The challenge that NELM is not able to resolve is the high turnover of young staff which we attribute to uncompetitive remuneration.

Training expenditure continues to focus on museology and the attendance at conferences for professional development. NELM assisted three staff members studying archives and records management through Unisa.

The vacant post of Curator of the Eastern Star Gallery was temporarily frozen in order to reassess its priority in relation to the other divisions once we were settled in the new building. It was decided to appoint a human resources officer against this post.

The administrative staff at NELM are subject to considerable work pressure as a result of ever-evolving compliance measures; NELM has neither a human resources section nor a supply chain section, both of which require a great deal of expertise to administer. NELM will not consider retrenchments in other divisions to further resource the administrative division at this time.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel cost by programme

PROGRAMME	TOTAL EXPENDITURE R'000	PERSONNEL EXPENDITURE R'000	PERSONNEL EXPENDITURE AS % OF TOTAL	NUMBER OF EMPLOYEES	AVERAGE COST PER EMPLOYEE R'000
Administrative division	6,543	2,963	45%	13	228
Curatorial division	4,277	3,692	86%	21	176
Education and public programmes division	1,875	1,785	95%	6	298
ALL PROGRAMMES	12,695	8,440	66%	40	211

2.2 Personnel cost by salary band

LEVEL	PERSONNEL EXPENDITURE R'000	% OF PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE COST PER EMPLOYEE R'000
Top management	810	10%	1	810
Senior management	1,678	20%	3	559
Professional specialists	390	5%	1	390
Skilled professionals	3,603	43%	11	327
Professional and administrative support	1,198	8%	6	200
Semi-skilled administrative and technical support	675	8%	4	169
Contract	11	0.2%	1	11
Interns	16	0.2%	1	16
Casual student assistants	50	0.6%	10	5
Casual relief staff	9	0.1%	2	4.5
ALL LEVELS	8,440		40	211

2.3 Performance rewards and special awards for new qualifications

PROGRAMME	PERFORMANCE REWARDS R'000	PERSONNEL EXPENDITURE R'000	PERFORMANCE REWARDS AS % OF PERSONNEL EXPENDITURE
Administrative division	-	2,963	-
Curatorial division	-	3,692	-
Education and public programmes division	-	1,785	-
ALL PROGRAMMES	-	8,440	-

PROGRAMME	PERFORMANCE REWARDS R'000	PERSONNEL EXPENDITURE R'000	PERFORMANCE REWARDS AS % OF PERSONNEL EXPENDITURE
Top management	-	810	-
Senior management	-	1,678	-
Professional specialists	-	390	-
Skilled professionals	-	3,603	-
Professional and administrative support	-	1,198	-
Semi-skilled administrative and technical	-	675	-
Contract	-	11	-
Interns	-	16	-
Casual student assistants	-	50	-
Casual relief staff	-	9	-
ALL LEVELS	-	8,440	-

2.4 Training costs

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING COSTS R'000	TRAINING COSTS AS % OF PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE R'000
Administrative division	2,963	7	0.2%	3	2
Curatorial division	3,692	10	0.3%	3	3
Education and public programmes division	1,785	5	0.3%	2	3
ALL PROGRAMMES	8,440	22	0.3%	8	3

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING COSTS R'000	TRAINING COSTS AS % OF PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE R'000
Top management	810	4	0.5%	1	4
Senior management	1,678	4	0.2%	1	4
Professional specialists	390	-	-	-	-
Skilled professionals	3,603	11	0.3%	4	3
Professional and administrative support	1,198	2	0.1%	1	2
Semi-skilled administrative and technical support	675	1	0.2%	1	1

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING COSTS R'000	TRAINING COSTS AS % OF PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE R'000
Contract	11	-	-	-	-
Interns	16	-	-	-	-
Casual student assistants	50	-	-	-	-
Casual relief staff	9	-	-	-	-
ALL LEVELS	8,440	22	0.3%	8	3

2.5 Employment and vacancies

PROGRAMME	2016/2017 NUMBER OF EMPLOYEES	2016/2017 APPROVED (FUNDED) POSTS	2017/2018 NUMBER OF EMPLOYEES	2017/2018 NUMBER OF VACANCIES	VACANCY RATE %
Administrative division	10	-	12	-	-
Curatorial division	18	-	20	-	-
Education and public programmes division	6	1	6	-	-
ALL PROGRAMMES	34	1	38	-	-

LEVEL	2016/2017 NUMBER OF EMPLOYEES	2016/2017 APPROVED (FUNDED) POSTS	2017/2018 NUMBER OF EMPLOYEES	2017/2018 NUMBER OF VACANCIES	VACANCY RATE %
Top management	1	1	1		
Senior management	3	3	3	-	-
Professional specialists	1	1	1	-	-
Skilled professionals	10	11	11	-	-
Professional and administrative support	4	5	6	-	-
Semi-skilled administrative and technical support	4	4	4	-	-
Contract	-	-	1	-	-
Casual student assistants	7	7	10	-	-
Casual relief staff	3	3	2	-	-
ALL LEVELS	33	35	39	-	-

2.6 Employment changes

PROGRAMME	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	NUMBER OF EMPLOYEES AT END OF PERIOD
Administrative division	10			
Curatorial division	17	1		
Education and public programmes division	6	1	1	6
ALL PROGRAMMES	34			

LEVEL	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	NUMBER OF EMPLOYEES AT END OF PERIOD
Top management	1			1
Senior management	3			3
Professional specialists	1			1
Skilled professionals	10	2	1	11
Professional and administrative support	5	1		6
Semi-skilled administrative and technical support	4			4
Contract	-	1		1
Interns	-	1	1	-
Casual student assistants	7	10	7	10
Casual relief staff	3		1	2
TOTAL	34	15	10	39

2.7 Reasons for staff leaving

LEVEL	NUMBER	%
Death	-	-
Resignation	-	-
Dismissal	-	-
Retirement	1	10%
Ill health	-	-
Expiry of contract	9	90%
Other	-	-
TOTAL	10	100%

2.8 Labour relations: misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	-
TOTAL	-

2.9 Equity targets and employment equity status

LEVEL	MALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	-	-	-	-	-	-	-
Senior management	1	1	-	-	-	-	1	-
Professional specialists	-	-	-	-	-	-	-	-
Skilled professionals	1	1	1	1	-	-	4	-
Professional and administrative support	1	1	1	1	-	-	-	-
Semi-skilled administrative and technical support	2	2	-	-	-	-	1	-
Contract	1	1	-	-	-	-	-	-
Interns	-	-	-	-	-	-	-	-
Casual student assistants	3	3	-	-	-	-	2	2
Casuals relief staff	-	-	1	1	-	-	-	-
TOTAL	9	9	3	3	-	-	8	2

LEVEL	FEMALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	1	-	-	-	-	1	-
Senior management	-	1	-	-	-	-	1	-
Professional specialists	-	1	-	-	-	-	1	-
Skilled professionals	-	6	-	-	-	1	5	-
Professional and administrative support	1	1	2	2	-	-	1	1
Semi-skilled administrative and technical support	1	1	-	-	-	-	-	-
Contract	-	-	-	-	-	-	-	-
Interns	-	-	-	-	-	-	-	-
Casual student assistants	1	5	-	-	-	-	4	-
Casuals relief staff	1	1	-	-	-	-	-	-
TOTAL	4	17	2	2	-	1	13	-

LEVEL	DISABLED							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-
Professional specialists	-	-	-	-	-	-	-	-
Skilled professionals	-	-	-	-	-	-	-	-
Professional and administrative support	-	-	-	-	-	-	-	-
Semi-skilled administrative and technical support	-	-	-	-	-	-	-	-
Contract	-	-	-	-	-	-	-	-
Casual student assistants	-	-	-	-	-	-	-	-
Casuals relief staff	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-

Nightmares revisited

After 1994 South Africa has been faced with the challenges of a developing nation, such as crime, corruption, poverty and disease.

These problems underpin the fears of dystopian writing. The post-apartheid era has, however, seen a relaxation of the imperative for writing to make use of social realism.

This has allowed genres of fantasy

Even so, post-apartheid era.

PART E: FINANCIAL INFORMATION

In Jenny Robson's *The Denials of Kow-Ten*, the powerful have destroyed the country's infrastructure and withdrawn from society to live in secluded privilege. The 'Dregs' struggle in the wasteland left behind. Though set in the near future, Lauren Beukes' *Moxyland* is reminiscent of apartheid. The corporate, capitalist elite live in entrenched, privileged seclusion enforced by draconian measures that mirror South African history, such as demarcated living zones, limits on freedom of movement, a highly visible police presence with (robot) dogs, riots, protests, intricate plots by underground liberation groups, spying and attempts to block access to information and institutional privileges.

Elana Bregin comments that she wrote her fantasy fable, *The Slayer of Shadows*, 'with that kind of fantasy element because we all live with a daily dose of horror and eventually it doesn't shock. If you want people to look differently at things they see every day, you have to create it differently'.

Charlie Human explains that Baxter Zavcenko, the hero of his novel *Apocalypse Now Now*, 'came from a series of moral panic headlines about the teenagers of Cape Town'. Baxter is the leader of a schoolyard gang called the Spider which specialises in dealing pornography. Human mixes the western horror trope with African mythology, including the San Mantis God and Afrikaners. Baxter becomes caught up in a battle between two gods and has visions of a coming apocalypse.



Report of the auditor-general to Parliament on the National English Literary Museum

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the National English Literary Museum set out on pages 61 to 112, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National English Literary Museum as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for qualified opinion

Irregular expenditure

3. The entity did not have adequate systems to identify and disclose all irregular expenditure incurred during the year, as required by section 55(2)(b)(i) of the PFMA. Irregular expenditure was understated by R727 000 (2016-17: R434 000) in respect of amounts incurred which were identified during the audit process. Due to the lack of systems, it was impracticable for me to determine the full extent of the understatement of irregular expenditure, and it was not possible to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R727 000 (2016-17: R Nil) in note 16 to the financial statements.

Contingent liability

4. The entity did not correctly account for contingent liabilities in accordance with *GRAP 19, Provisions, contingent liabilities and contingent assets*. Expenditure that was incurred by the entity was not accrued and included in the statement of financial performance and position, but incorrectly disclosed as a contingent liability. As a result, contingent liabilities was overstated by R1,3 million (2016-17: R2,8 million) and trade and other payables was understated by R1,3 million (2016-17: R2,8 million). In addition, expenditure was understated by R737 000 (2016-17: R287 000) and accumulated surplus was overstated by R547 000 (2017: R2,6 million).

Context for the opinion

5. 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.
6. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 18 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2017.

Responsibilities of the accounting authority for the financial statements

10. The council, 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.
11. 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 accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

13. 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

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to 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.
16. 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 programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Business development	19 - 23
Programme 3 – Public engagement	24 - 26

17. 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.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Business development
 - Programme 3 – Public engagement

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 12 to 27 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3 – Public engagement. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

22. 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 with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual report

24. Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. A material misstatement of a disclosure item identified by the auditors in the submitted financial statements was corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion paragraph, the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by contravention of the SCM regulations.

Procurement and contract management

27. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation (TR) 16A6.1.
28. Invitations for competitive bidding were not always advertised for the required minimum period, as required by TR 16A6.3(c).
29. Some quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

Other information

30. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee's 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.
31. 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 thereon.
32. 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.
33. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

- Leadership established monitoring activities to ensure oversight responsibility within the entity. However, material non-compliance issues were identified due to a lack of management oversight of compliance with applicable laws, regulations and policies by the entity. The lack of sufficient staff in the finance unit had a negative impact on the overall control environment of the entity, as some activities were not consistently performed as a result.
- Daily, weekly and monthly disciplines were not consistently monitored by management. Management did not ensure that these processes were implemented consistently; and where these were performed, management did not adequately review the reconciliations to ensure that they were accurate and complete.
- The entity did not adequately monitor the proper implementation of the financial statements preparation plan. As a result, no thorough reviews were conducted on the financial statements and the underlying evidence, which resulted in material misstatements in the financial statements submitted for auditing.
- The audit committee unit of the entity was in existence, but did not prioritise the constant monitoring of management's progress on the implementation of internal and external audit recommendations.

Auditor-General,

East London

31 July 2018



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 programmes 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 this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity's ability 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 this auditor's report. However, future events or conditions may cause a entity to cease continuing 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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STATEMENT OF RESPONSIBILITY FOR FINANCIAL INFORMATION

The Public Finance Management Act, Act No. 1 of 1999, as amended, requires the Council to ensure that NELM keeps full and proper records of its financial affairs. The Annual Financial Statements should fairly present the state of affairs of NELM, its financial results, its performance against predetermined objectives and its financial position at the end of the year.

The Annual Financial Statements are the responsibility of the Council. The Auditor-General of South Africa is responsible for independently auditing and reporting on the Financial Statements. The Auditor-General of South Africa has audited NELM's Financial Statements and his report appears on pages 54 to 60.

The Financial Statements have been prepared in accordance with the prescribed Standards of GRAP including any interpretation of such statements issued by the Accounting Standards Board. These Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Council has reviewed NELM's budgets and cash flow forecasts for the year ended 31 March 2018. On the basis of the review, and in view of the current financial position, the Council has every reason to believe that NELM will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the Financial Statements.

The Council sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management, where possible, that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity maintains internal financial controls to provide assurance regarding the safeguarding of assets against unauthorised use or disposition, and the maintenance of proper accounting records and the reliability of financial information used within NELM or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and the presentation of Financial Statements. However, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The Council has reviewed NELM's systems of internal control and risk management for the period 1 April 2017 to 31 March 2018. The Council is of the opinion that NELM's systems of internal control and risk management were effective for the period under review.

In the opinion of the Council, based on the information available to date, the Annual Financial Statements fairly present the financial position of NELM at 31 March 2018 and the results of its operations and cash flow information for the year.

The Annual Financial Statements for the year ended 31 March 2018, set out on pages 64 to 112, were submitted for auditing on 31 May 2018 and approved by the Council in terms of section 51(1)(f) of the Public Finance Management Act, Act No. 1 of 1999, as amended by Act No. 29 of 1999, and are signed on its behalf by:



MS SANELE NHLABATSI

CHAIR OF COUNCIL

27 JULY 2018

ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 31 MARCH 2018

Report by the Council to the Executive Authority, the Minister of Arts and Culture, and Parliament of the Republic of South Africa.

1. REVIEW OF OPERATIONS

Total revenue

Total revenue for the year was R11 528 712 (2017 restated: R17 522 260). If the grant for furniture and equipment received with the building in 2017 is excluded, this would be an increase of 12% for 2018.

Deficit

A deficit of R962 374 was incurred in the year under review (2017 restated: surplus R6 504 035). This includes depreciation of R689 999 on the furniture and equipment received with the building.

It must be noted that the 2017 results have been restated, mainly because the furniture and equipment received with the building have now been brought into account, resulting in a large surplus. However, because of the depreciation costs of these assets in the current year, a substantial loss is shown.

It must also be noted that for the year under review, the valuation of the museum's heritage assets in terms of GRAP 103 has been completed and this has resulted in an increase of more than R50 million in the value of the assets of the museum.

Events subsequent to balance sheet

There are no subsequent events that need to be reported on.

Other major items

A matter of concern is the discrepancies noted in the bookshop inventory. This may be the result of control shortcomings, human error or pilferage. Management has undertaken to investigate the matter.

Two matters that gave rise to NELM receiving a qualified audit in 2016/2017 have been resolved. A special grant from the DAC has enabled NELM to value its heritage assets and special efforts were made to compile asset registers of the furniture and equipment that came with the building in 2016. The Auditor-General's claim against NELM for unpaid audit fees was settled by Order of the Court in December 2018. National Treasury, also named as a respondent, offered a settlement and NELM's legal fees were also recouped.

The Auditor-General has however, started proceedings against NELM for subsequent audit fees and this, and supply chain management shortcomings, has resulted in a qualified audit opinion.

2. PRINCIPAL ACTIVITIES OF THE MUSEUM

NELM houses a comprehensive collection of resources relating to South African literature in English. The collection provides material for the preparation of permanent, temporary and travelling exhibitions and is accessible to visiting researchers and scholars on request.

NELM offers curriculum-related educational programmes for learners and opportunities for lifelong learning for adults. The schools' programmes combine literary themes with outdoor environmental education providing an intellectually stimulating, fun and creative learning experience.

NELM's satellite museums, Schreiner House in Cradock and the Eastern Star Gallery in Grahamstown, conserve and present two important aspects of the writing and publishing heritage of South Africa.

3. MATERIALITY AND SIGNIFICANCE FRAMEWORK FOR THE 2017/2018 FINANCIAL YEAR

In terms of the Public Finance Management Act and National Treasury Regulation 28.1.5, the Council of NELM has developed and agreed to a framework of acceptable levels of materiality and significance. See ANNEXURE A.

4. APPROVAL

The Annual Financial Statements set out hereunder have been approved by the Council and are signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Nhlabatsi', is written over a light blue rectangular background.

MS SANELE NHLABATSI
CHAIR OF COUNCIL
27 JULY 2018

NATIONAL ENGLISH LITERARY MUSEUM
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTES	2018 R	2017 R Restated
ASSETS			
Non-current assets		63,086,169	11,568,719
Property, plant and equipment	2	7,005,653	7,756,153
Heritage assets	3	55,448,214	3,205,840
Investments	5	632,302	606,725
Current assets		7,913,220	2,074,829
Inventories	4	70,813	79,358
Investments	5	542,099	503,603
Trade and other receivables	6	63,748	170,280
Cash and cash equivalents	7	7,236,560	1,321,588
TOTAL ASSETS		70,999,389	13,643,548
NET ASSETS AND LIABILITIES			
Net assets		59,868,803	8,726,908
Accumulated funds		7,764,533	8,726,908
Revaluation reserve	11	52,104,270	-
Non-current liabilities		4,429,000	4,039,000
Provision for post-retirement medical benefits	12	4,429,000	4,039,000
Current liabilities		6,701,586	877,639
Trade and other payables	13	301,525	169,102
Deferred income	13	1,000,000	-
Unspent conditional receipts	13	5,400,061	708,537
TOTAL NET ASSETS		70,999,389	13,643,548

NATIONAL ENGLISH LITERARY MUSEUM

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 R	2017 R Restated
Revenue	8	11,425,779	10,205,511
Other income	9	102,933	7,316,749
Total revenue		11,528,712	17,522,260
Expenditure	10	(12,694,692)	(11,152,440)
(Loss)/profit from operations		(1,165,979)	6,369,820
Interest received		203,605	134,215
(LOSS)/PROFIT FOR THE YEAR		(962,374)	6,504,035

NATIONAL ENGLISH LITERARY MUSEUM

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2018

	Accumulated funds R	Total R
Balance at 1 April 2016	2,222,873	2,222,873
Profit for the year - restated	6,504,035	6,504,035
Balance at 31 March 2017 - restated	8,726,908	8,726,908
Loss for the year	(962,374)	(962,374)
BALANCE AT 31 MARCH 2018	7,764,533	7,764,533

NATIONAL ENGLISH LITERARY MUSEUM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 R	2017 R Restated
Cash flows from operating activities			
Receipts			
Service fees, royalties, sales, donations and contribution from Inxuba Yethemba Municipality for Schreiner House		327,136	1,553,115
Government subsidy: Department of Arts and Culture		16,272,000	9,535,000
Payments			
Compensation of employees		(8,439,926)	(7,868,598)
Administration and other expenses		(2,151,054)	(2,216,632)
Cash generated from operations	14.1	6,008,156	1,002,885
Interest received		203,605	134,215
Net cash flows from operating activities		6,211,761	1,137,100
Cash flows from investing activities			
Acquisition of property, plant and equipment		(94,612)	(285,397)
Acquisition of heritage assets		(138,104)	(80,829)
Proceeds on property, plant and equipment sold		-	86,585
Movement of investments in securities		(64,073)	327,229
Net cash flows (to)/from investing activities	14.2	(296,789)	47,588
Net cash increase in cash and cash equivalents		5,914,972	1,184,688
Cash at the beginning of the year		1,321,588	136,900
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	7,236,560,	1,321,588

NATIONAL ENGLISH LITERARY MUSEUM
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED

	2017 R	Original budget R
Receipts		
Government subsidies	10,079,022	12,306,044
DAC subsidy	9,535,000	10,012,000
DAC municipal charges allocation	-	143,000
DAC special grant GRAP103 compliance	-	2,000,000
DAC special allocation: exhibition project management	400,000	-
Inxuba Yethemba Municipality	144,022	151,044
Self-generated income: user charges	109,366	67,000
Self-generated income: other than use	100,846	60,000
Sale of redundant assets	78,138	1,000
Donations	20,963	35,000
Interest and dividends	134,215	100,000
Transfer from reserves	200,000	300,000
 Schreiner House development	 750,000	 435,190
National Lotteries Commission	750,000	435,190
DAC capital works allocation	-	-
 TOTAL RECEIPTS	 11,472,549	 13,304,234
 Payments		
Compensation of employees	7,868,598	8,492,457
Salaries and wages	6,618,654	7,134,838
Social contributions	1,249,944	1,357,619
Use of goods and services	1,934,139	3,896,393
Advertising and promotions	40,125	36,000
Agency and support/outsourced services	195,148	240,000
Assets less than R500	6,216	4,500
Audit costs	107,360	140,000
Bank charges	29,978	30,000

31 MARCH 2018 PRESENTED ON A CASH BASIS

Adjustments R	Final approved budget R	Actual (cash) R	Variance R	Variance %
3,117,000	15,423,044	15,372,696	(50,348)	-0.33%
	10,012,000	10,012,000	-	0%
	143,000	143,000	-	0%
3,117,000	5,117,000	5,117,000	-	0%
-	-	-	-	-
	151,044	100,696	(50,348)	-50%
62,000	129,000	131,765	2,765	2.10%
95,000	155,000	153,145	(1,855)	-1.21%
(1,000)	-	-	-	0%
(5,000)	30,000	31,209	1,209	3.87%
100,000	200,000	203,605	3,605	1.77%
(300,000)	-	-	-	0%
564,810	1,000,000	1,000,000	-	0%
(435,190)	-	-	-	0%
1,000,000	1,000,000	1,000,000	-	0%
3,632,810	16,937,044	16,892,420	(44,624)	6.20%
-	8,492,457	8,439,926	(52,531)	-1%
-	7,134,838	7,048,236	(86,602)	-1.23%
-	1,357,619	1,391,690	34,071	2.45%
2,889,695	6,786,088	2,167,821	(4,618,267)	-213%
250	36,250	36,472	222	0.61%
(23,000)	217,000	223,840	6,840	3.06%
(300)	4,200	4,011	(189)	-4.71%
(30,095)	109,905	109,905	-	0.00%
5,000	5,000	35,081	81	0.23%

	2017 R	Original budget R
Board costs	286,358	220,000
Bursaries (employees)	26,551	15,000
Catering	29,407	22,560
Communication	81,756	115,530
Computer services	42,626	154,000
Consultants	303,771	2,040,000
Curation and preservation	74,224	60,000
Entertainment	-	2,500
Education and public programmes	5,213	52,500
Exhibitions	75,097	27,500
Inventory	23,444	60,000
Legal fees	22,742	1,000
Insurance	15,167	20,000
Printing and publication	41,293	41,000
Property payments	70,091	205,000
Repairs and maintenance to capital assets	41,141	24,000
Training and staff development	27,495	40,000
Travel and subsistence	260,948	195,500
Other unclassified expenditure	127,988	149,803
Transfers and subsidies	146,280	149,494
Municipalities (rates)	424	2,900
Households (post-retirement benefits)	145,856	146,594
Depreciation ⁴	144,167	130,500
	10,093,184	12,668,844
Receipts less payments	1,379,365	635,390

⁴ Budgeted depreciation excluded the equipment, furniture and fittings that came with the building. The 'actual' amount reflected here relates only to equipment, furniture and fittings purchased by NELM.

Adjustments R	Final approved budget R	Actual (cash) R	Variance R	Variance %
100,000	320,000	308,844	(11,156)	-3.61%
8,000	23,000	22,995	(5)	-0.02%
(2,500)	20,060	20,062	2	0.01%
(39,000)	76,530	75,878	(652)	-0.86%
(132,000)	22,000	22,347	347	1.55%
3,093,180	5,133,180	527,771	(4,605,409)	-872.62%
(8,000)	52,000	52,941	941	1.78%
(1,150)	1,350	1,318	(32)	-2.43%
(43,500)	9,000	8,998	(2)	-0.02%
(8,500)	19,000	18,337	(663)	-3.62%
(36,200)	23,800	22,817	(983)	-4.31%
80,000	81,000	81,872	872	1.07%
20,000	40,000	38,705	(1,295)	-3.35%
33,000	74,000	76,436	2,436	3.19%
(150,000)	55,000	52,584	(2,416)	-4.59%
12,000	36,000	35,403	(597)	-1.69%
(18,000)	22,000	21,569	(431)	-2.00%
63,000	258,500	255,323	(3,177)	-1.24%
(32,490)	117,313	114,312	(3,001)	-2.63%
(7,500)	141,994	139,367	(2,627)	-2%
(2,500)	400	137	(263)	-192%
(5,000)	141,594	139,230	(2,364)	-1.70%
25,700	156,200	156,478	278	0.18%
2,907,895	15,576,739	10,903,592	(4,673,147)	-43%
724,915	1,360,305	5,988,828	4,628,523	77%

	2017 R	Original budget R
Payments for capital assets		
Vehicles	-	-
Computer equipment	63,879	60,000
Office equipment, conservation equipment and tools	90,020	13,500
Furniture and fittings	99,505	6,500
Library resources	22,053	18,500
Heritage assets: land and buildings	-	1,000
Heritage assets: collections	90,095	82,700
Schreiner House development	41,463	435,190
	407,015	617,390
TOTAL PAYMENTS	10,500,199	13,286,234
TOTAL RECEIPTS LESS TOTAL PAYMENTS	972,350	18,000

Adjustments R	Final approved budget R	Actual (cash) R	Variance R	Variance %
-	-	-	-	
(28,000)	32,000	32,177	177	0.55%
3,500	17,000	17,015	15	0.09%
5,500	12,000	11,976	(24)	-0.20%
(6,000)	12,500	12,272	(228)	-1.86%
(1,000)	-	-	-	0.00%
(6,700)	76,000	74,418	(1,582)	-2.13%
(375,190)	60,000	56,797	(3,203)	-5.64%
(407,890)	209,500	204,655	(4,845)	-2%
2,500,005	15,786,239	11,108,247	(4,677,992)	-42%
1,132,805	1,150,805	5,784,173	4,633,368	80%

NATIONAL ENGLISH LITERARY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

1.1 Legislation

The National English Literary Museum (NELM) is governed by the Cultural Institutions Act, Act No. 119 of 1998, as amended by the Cultural Laws Second Amendment Act, Act No. 69 of 2001, and operates under the jurisdiction of a Council appointed by the Minister of Arts and Culture.

1.2 Basis of presentation

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as issued by the Accounting Standards Board (ASB), in accordance with Section 91(1) of the Public Finance Management Act, Act No. 1 of 1999.

The Annual Financial Statements are presented in South African Rands.

1.3 Going concern

The Annual Financial Statements have been prepared on a going concern basis.

1.4 Taxation

As from 1 April 2005, the National English Literary Museum was deregistered as a value added tax (VAT) vendor due to changes in the VAT Act, Section 24(1) of Act No. 45 of 2003 and Act No. 32 of 2004.

The National English Literary Museum has been exempted from taxation.

1.5 Significant judgements and sources of estimation uncertainty

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant judgements include:

Trade and other receivables

NELM 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, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Useful lives of property, plant and equipment

NELM determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the condition and use of the individual asset in order to determine the remaining period over which the asset can and will be used.

Heritage assets

Heritage assets are culturally significant resources and are shown at cost, and are not depreciated due to the uncertainty regarding their estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. NELM makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.

1.6. Revenue recognition

1.6.1 Revenue from exchange transactions

Exchange transactions are transactions in which NELM receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another party in exchange.

Measurement

Revenue is transferred to the statement of financial performance when it is probable that future economic benefits will flow to NELM and these benefits can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts. The following specific recognition criteria must be met before revenue is recognised:

Sale of goods and rendering of services

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. NELM as a rule does not charge an entry fee, however where services are rendered to another party, fees may be charged dependent on a variety of cost factors.

Interest

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

1.6.2 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, NELM either receives value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange.

Stipulations on transferred assets are in terms of laws and regulations or a binding arrangement imposed upon the use of a transferred asset by entities external to NELM.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but does not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As NELM satisfies a present obligation, recognised as a liability in respect of an inflow of resources from a non-exchange transaction, recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by NELM. When, as a result of a non-exchange transaction, NELM recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods and services in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to NELM and the fair value of the assets can be measured reliably. Services in kind are not recognised.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that NELM has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met a liability is recognised.

Government transfer payments

Government transfer payments are recognised once the income has been received.

1.7 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, or for administrative purposes and are expected to be used for more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to NELM and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by NELM. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

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. These major components are depreciated separately over their useful lives.

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 cost.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

Where NELM replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated useful life of assets:

Motor vehicles	15	years
Electronic and computer equipment	8-10	years
Furniture and fittings	10-12	years
Tools and equipment	8-10	years
Library resources	25	years

Impairments

NELM tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

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 on the disposal or retirement of an item of property, plant and equipment is determined

as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Heritage assets

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

1.8.1 Recognition

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

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

- (a) If the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because of the need to analyse the proposed collection items to determine if they conform to the set collection criteria through evaluation and research.
- (b) For recognition of heritage assets, the asset needs to be controlled by the museum as a result of past events. Such events may include purchase, donation, bequest, loan or transfer.
- (c) The research required to identify, analyse and classify heritage items is often a collaborative effort between local and international experts that span several months, even years. These items cannot be recognised in the Financial Statements, but will be recorded and controlled in the register. Relevant and useful information about them shall be disclosed in the Notes to the Financial Statements.

1.8.2 Measurement

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

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

1.8.3 Directive 7: Use of deemed cost for heritage assets upon initial recognition and adoption of a standard

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

Acquisition cost

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

Deemed cost

Deemed cost is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is

determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP (measurement date).

Measurement date (for the purposes of this Directive)

Measurement date is the date that an entity adopts the Standards of GRAP and is the beginning of the earliest period for which an entity presents full comparative information in its first Financial Statements prepared using Standards of GRAP.

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

a revaluation in accordance with the Standards of GRAP on property, plant and equipment, intangible assets or heritage assets; or

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

1.8.4 Initial entries using deemed cost

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

- (a) as an adjustment to the opening balance of accumulated surpluses or deficits in the opening Statement of Financial Position prepared using Standards of GRAP; or
- (b) in revaluation surplus if an entity adopts the revaluation model in the Standards of GRAP on property, plant and equipment, intangible assets or heritage assets.

The museum has adopted the cost model for heritage assets.

Heritage assets shall not be depreciated but the museum shall assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.8.5 Valuation of heritage assets

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

The valuation of NELM's heritage assets was performed by a member of the valuation profession.

1.8.6 Valuation of heritage assets

Valuation techniques

Where the fair value of an asset cannot be determined, and where no evidence is available to determine the market value in an active market of a heritage asset, a valuation technique may be used to determine its fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, and reference to the current fair value of other

heritage assets that have substantially similar characteristics in similar circumstances and locations, adjusted for any specific differences in circumstances. If there is a valuation technique commonly used by market participants to price such an asset, and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity may use that technique in determining the fair value (GRAP 103.47).

Inability to value

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

Valuing an entire collection

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

1.8.7 Heritage asset classification

The museum houses a comprehensive collection of resources relating to South African literature in English. Primary resources include authors' manuscripts, printers' proofs, diaries, correspondence, publishers' archives, photographs, posters, play-scripts, theatre programmes and cultural artefacts.

A class of heritage assets is a grouping of heritage assets of a similar nature or function in the museum's operations that is shown as a single item for the purpose of disclosure in the Financial Statements. The museum has recognised the following classes of heritage assets:

- (a) Literary artefacts
- (b) Published works
- (c) 3-Dimensional objects
- (d) Contents of house museum (Schreiner House)

1.8.8 Heritage assets on loan to other institutions

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

1.8.9 Retrospective application

Although NELM adopted the accounting standard on 1 April 2012, it has taken advantage of the transitional period of three (3) years to fully implement GRAP 103 in terms of Directive 2. The three year period in which entities were not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets has ended.

Where entities have not yet determined the deemed cost of those assets within the scope of Directive 7, they should consider GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors, and

consider whether this change in accounting policy can be applied retrospectively from this date, or whether it is impracticable to do so.

GRAP 3 states that "When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable...."

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

- (a) Relevant data may not have been collected in the prior period and cannot be obtained by alternative means that allows for retrospective application.
- (b) The entity is required to make significant estimates and assumptions about conditions that existed at a point in time in the past and cannot do so objectively without using hind-sight.

1.8.10 Impairment

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

1.8.11 Transfers

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

1.8.12 De-recognition

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

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is de-recognised.

1.9 Impairment of non-financial assets

NELM assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, NELM estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets on a pro rata basis of the carrying amount of each asset in the unit.

NELM assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.10 Financial instruments

Financial instruments are recognised when NELM becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not subsequently measured at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and NELM has transferred substantially all risks and rewards of ownership, or when NELM loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Cash and cash equivalents are measured at amortised cost.

Financial assets

NELM classifies its financial assets according to the following categories:

Held to maturity, or
Loans and receivables.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- (a) Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where NELM has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- (b) Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Impairment of financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance. Financial assets consist of:

Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow

Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks

Trade and other receivables

Trade and other receivables are initially recognised at fair value. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. A provision for impairment of other receivables is established when there is objective evidence that NELM will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end.

Investments at amortised cost

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Financial liabilities

NELM measures all financial liabilities, including trade and other payables, at amortised costs, using the effective interest rate method (excluding provisions). Amounts payable within 12 months from the reporting date are classified as current. Financial liabilities consist of:

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.11 Inventory

Inventory is initially recognised at cost. Inventory is subsequently valued at the lower of cost or net realisable value. The basis of determining cost is the first-in, first-out (fifo) method.

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

Redundant and slow-moving inventories are identified at year end and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.12 Employee benefits

Short term employee benefits

Short term employee benefits encompass all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services that are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-retirement benefits

NELM provides post-retirement medical aid benefits for employees who remain in service up to

retirement age, except for employees who joined NELM after 31 October 2011 who are not entitled to post-employment medical benefits. These benefits are provided as defined benefit plans.

Defined benefit plans

NELM belongs to a defined benefit plan which is a post-employment benefit plan under which NELM pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

1.13 Provisions

Provisions are recognised when NELM has a present obligation (legal or constructive) as a result of past events, and 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 amount of the obligation. Provisions are reviewed at the Statement of Financial Position reporting date and adjusted to reflect the current best estimate.

1.14 Budget and actual amounts

NELM presents its approved budget in the Annual Performance Plan on a cash basis.

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar. General purpose financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The budget and accounting bases differ. The Financial Statements differ from the budget, which is approved on the cash basis. The Financial Statements are prepared on the accrual basis using a classification on the nature of expenses in the Statement of Financial Performance.

A reconciliation between the actual amounts on a comparable basis is presented in the Statement of Comparison of Budget and Actual Amounts.

The Annual Financial Statements and the budget are not on the same basis of accounting, therefore, a reconciliation between the Statement of Financial Performance and the budget has been included in the Notes to the Financial Statements. See note 15.

1.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for or expenditure that is not in terms of the conditions of an allocation received from another sphere of government. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Unauthorised expenditure is disclosed in the Notes to the Financial Statements.

1.16 Irregular expenditure

Irregular incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act, Act No .1 of 1999 (as amended), or any regulation made in terms of this Act. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed in the Notes to the Financial Statements.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Fruitless and wasteful expenditure is disclosed in the Notes to the Financial Statements.

Recovery of irregular, fruitless and wasteful expenditure

The recovery of irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular, fruitless and wasteful expenditure is treated as other income.

1.18 Contingent liabilities

Contingent liabilities are not recognised but are disclosed in the Notes to the Financial Statements to achieve fair presentation.

1.19 Related parties

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

The Department of Arts and Culture is the controlling entity and has ownership control of NELM.

Key management personnel are defined as the Director, Chief Financial Officer and all other managers reporting directly to the Director or as designated by the Director.

1.20 Post balance sheet events

Events after the 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:

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

NELM will adjust the amounts recognised in the Financial Statements to reflect adjusting events after the reporting date once the event occurred.

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

1.21 Comparative information

When the presentation or classification of items in the Annual Financial Statements is amended, prior

period comparative amounts are reclassified and restated. The nature and reasons for the reclassification and restatement are disclosed in the Notes to the Financial Statements.

1.22 Public Finance Management Act, 1999 (Act No. 1 of 1999)

Section 54(2)

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

Section 55(2)

No material losses through criminal conduct or fruitless or wasteful expenditure were incurred during the year. Irregular expenditure has been disclosed in Note 17.

Section 55(3)

Council may not accumulate surpluses unless written approval of the National Treasury has been obtained. Approval for the retention of the accumulated surplus as at 31 March 2017 was obtained.

1.23 New and amended standards and interpretations

Amendments to the following Standard of GRAP will become effective for financial periods commencing on or after 1 April 2017:

GRAP 17 Property, Plant and Equipment.

The following Standard of GRAP will become effective for financial periods commencing on or after 1 April 2018:

GRAP 12 Selection of an Appropriate Reporting Framework by Public Entities.

The following Standards of GRAP have been issued but are not yet effective:

GRAP 20 Related Party Disclosures

GRAP 32 Service Concession Arrangements: Grantor

GRAP 105 Transfer of Functions Between Entities Under Common Control

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

GRAP 108 Statutory Receivables

GRAP 109 Accounting Principals and Agents.

Management has considered all of the above mentioned GRAP standards approved but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance and cash flow of the entity.

Approved Standards of GRAP that entities are not required to apply:

GRAP 18 Segment Reporting.

2. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles R	Computer equipment R	Furniture and fittings R	Tools and equipment R
Year ended 31 March 2017				
Net book value 1 April 2016	52,066	449,589	143,896	71,120
Cost	171,042	715,394	422,463	168,665
Accumulated depreciation	(118,976)	(265,805)	(278,567)	(97,545)
Additions	-	65,174	108,150	90,020
Transfer to/(from)	-	-	-	-
Disposals/scrapped	-	(10,201)	(51,961)	(8,448)
Depreciation charge	(9,202)	(77,004)	(26,674)	(15,474)
Net carrying amount at 31 March 2017	42,864	427,558	173,411	137,218
Cost	171,042	709,599	244,578	179,948
Accumulated depreciation	(128,178)	(282,041)	(71,67)	(42,730)
Year ended 31 March 2018				
Net book value 1 April 2017	42,864	427,558	173,411	137,218
Cost	171,042	709,599	244,578	179,948
Accumulated depreciation	(128,178)	(282,041)	(71,167)	(42,730)
Additions	-	53,349	11,976	17,015
Transfer to/(from)	-	-	-	-
Disposals/scrapped	-	-	-	-
Depreciation charge	(9,202)	(79,031)	(21,730)	(23,044)
Net carrying amount at 31 March 2018⁵	33,662	401,876	163,657	131,189
Cost	171 042	756 488	256 554	196 963
Accumulated depreciation	(137,380)	(354,612)	(92 897)	(65,774)

⁵ Some property, plant and equipment still in use has been fully depreciated.

Library resources R	Audio- visual equipment R	Collections' furniture and fittings R	Exhibition furniture R	Office furniture and fittings R	Outdoor furniture and fitting R	Total R
243,127	-	-	-	-	-	959,798
412,920	-	-	-	-	-	1,890,484
(169,793)	-	-	-	-	-	(930,686)
22,053	454,936	4,762,738	190,000	1,792,367	49,000	7,534,438
-	-	-	-	-	-	-
-	-	-	-	-	-	(70,610)
(20,918)	(34,120)	(339,345)	(13,538)	(126,785)	(4,412)	(667,472)
244,262	420,816	4,423,393	176,462	1,665,582	44,588	7,756,154
434,973	454,936	4,762,738	190,000	1,792,367	49,000	8,989,181
(190,711)	(34,120)	(339,345)	(13,538)	(126,785)	(4,412)	(1,233,027)
244,262	420,816	4,423,393	176,462	1,665,582	44,588	7,756,154
434,973	454,936	4,762,738	190,000	1,792,367	49,000	8,989,181
(190,711)	(34,120)	(339,345)	(13,538)	(126,785)	(4,412)	(1,233,027)
12,272	-	-	-	-	-	94,612
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(22,109)	(45,494)	(451,762)	(18,050)	(169,793)	(4,900)	(845 115)
234,425	375,322	3,971,631	158,412	1,495,789	39,688	7,005,651
447,245	454,936	4,762,738	190,000	1,792,367	49,000	9,077,333
(212,820)	(79,614)	(791,107)	(31,588)	(296,578)	(9,312)	(2,071,682)

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2017			
Motor vehicles	171,042	(128,178)	42,864
Electronic and computer equipment	709,599	(282,041)	427,558
Furniture and fittings	244,578	(71,167)	173,411
Tools and equipment	179,948	(42,730)	137,218
Library resources	434,973	(190,711)	244,262
Audio-visual equipment	454,936	(34,120)	420,816
Collections' furniture and fittings	4,762,738	(339,345)	4,423,393
Exhibition furniture and fittings	190,000	(13,538)	176,462
Office furniture and fittings	1,792,367	(126,785)	1,665,582
Outdoor furniture and fittings	49,000	(4,412)	44,588
Total	8,989,181	(1,233,027)	7,756,154

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2018			
Motor vehicles	171,042	(137,380)	33,662
Electronic and computer equipment	756,488	(354,612)	401,876
Furniture and fittings	256,554	(92,897)	163,657
Tools and equipment	196,963	(65,774)	131,189
Library resources	447,245	(212,820)	234,425
Audio-visual equipment	454,936	(79,614)	375,322
Collections' furniture and fittings	4,762,738	(791,107)	3,971,631
Exhibition furniture and fittings	190,000	(31,588)	158,412
Office furniture and fittings	1,792,367	(296,578)	1,495,789
Outdoor furniture and fittings	49,000	(9,312)	39,688
Total	9,077,333	(2,071,682)	7,005,651

3. HERITAGE ASSETS

Moveable heritage assets

Additions

For recognition of heritage assets, the asset needs to be controlled by the museum as a result of past events. Such events may include purchase, donation, bequest, loan or transfer. Additions disclosed in respect of the 2016/17 financial period include only those items purchased. Donations received have been valued as part of the 2017/18 valuation of heritage assets.

Loans

Valid and duly authorised loan agreements have been concluded with all entities in accordance with the NELM's Heritage Asset Management Policy.

Impairment

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

- Where acquisitions have been fair valued and assessed, the valuation surplus/loss has been disclosed accordingly.
- Where acquisitions have been assessed with no significant change in fair value for the period under review, they are disclosed at cost or fair value.
- All remaining items valued and disclosed have been assessed and fair valued as at the date of recognition.

Inability to value

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

Assets not valued and not affecting the Annual Financial Statements

The nature of the museum library collection is diverse in its composition. Some of its collection items meet the definition of a heritage asset and some do not. The museum has identified reference material which is held for the purpose of research and which was not valued as part of the valuation of heritage assets project. These include annual publications, thesis, reports etc.

Inability to determine service potential

The museum has assessed the degree of certainty attached to the flow of future service potential or economic benefits. The service potential of the following heritage items are undetermined until they are subjected to evaluation and research to determine if they conform to the set collection criteria. These items cannot be recognised in the Financial Statements, but will be recorded and controlled in the register. The items below include the items verified, but research is still being undertaken to determine what they are, and if the objects meet the recognition criteria of heritage assets:

- 558 unpacked manuscript boxes.

Retrospective application

The values for 31 March 2018, which we deem reliable, have been used as 'rolled back' opening balances for 1 April 2016. Based on the Valuation Policy, it can then in essence be 'rolled forward' as closing balances. Any retrospective adjustment prior to 1 April 2016 was considered impracticable.

Immovable heritage assets

NELM owns two properties, both of which are declared heritage sites. Any costs incurred to enhance or restore these assets to preserve their indefinite useful life are capitalised. Subsequent measurement will be at these costs less accumulated impairments.

	Immovable property R	Literary artefacts R	Published works R	Creative serials R
Year ended 31 March 2017				
Net book value 1 April 2016	2,536,228	281,076	302,960	4,747
Cost or valuation	2,536,228	281,076	302,960	4,747
Accumulated impairment	-	-	-	-
Additions	-	48,039	31,830	960
Impairment	-	-	-	-
Net carrying amount at 31 March 2017	2,536,228	329,115	334,790	5,707
Cost or valuation	2,536,228	329,115	334,790	5,707
Accumulated impairment	-	-	-	-
Year ended 31 March 2018				
Net book value 1 April 2017	2,536,228	329,115	334,790	5,707
Cost or valuation	2,536,228	329,115	334,790	5,707
Accumulated impairment	-	-	-	-
Additions	56,796	13,049	67,444	815
Transfers	-	(342,164)	(402,234)	(6,522)
Valuation	-	-	-	-
Net carrying amount at 31 March 2018	2,593,024	-	-	-
Cost or valuation	2,593,024	-	-	-
Accumulated impairment	-	-	-	-

All literary artefacts R	Total R
-	3,125,011
-	3,125,011
-	-
-	80,829
-	-
-	3,205,840
-	3,205,840
-	-
-	3,205,840
-	3,205,840
-	-
-	138,104
750,920	-
52,104,270	52,104,270
52,855,190	55,448,214
52,855,190	55,448,214
-	-

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2017			
Immovable property	2,536,228	-	2,536,228
Literary artefacts	329,115	-	-
Published creative works	334,790	-	334,790
Creative serials	5,707,	-	5,707
Total	3,205,840	-	3,205,840

Carrying amount at 31 March 2018			
Immovable property	2,593,024	-	2,593,024
Literary artefacts	-	-	-
Published creative works	-	-	-
Creative serials	-	-	-
Literary artefacts	52,855,190	-	52,855,190
Total	55,448,214	-	55,448,214

4. INVENTORY

	2018 R	Restated 2017 R
Books and postcards	70,813	79,358
Less: provision for obsolete stock	-	-
	70,813	79,358

The following amounts, related to inventory, were recognised in the Statement of Financial Performance during the year:

	2018 R	2017 R
Cost of inventory sold and written off and included in cost of sales	30,990	21,213

5. INVESTMENTS

	2018 R	2017 R
Non-current investments		
GBS Mutual Bank		
Fixed deposit: 02537904073	60,000	60,000
Fixed deposit: 02537904132	322,302	296,725
Fixed period shares: 025379020031	250,000	250,000
	<u>632,302</u>	<u>606,725</u>
Current investments		
Nedbank Corporate		
Nedcor Income Fund	60,464	56,771
Nedcor Prime Linked deposit	481,636	446,832
	<u>542,099</u>	<u>503,603</u>

GBS Fixed deposits: interest is receivable on a monthly basis at an average interest rate of:

Fixed deposit: 02537904073	7.00%
Fixed deposit: 02537904132	7.23%
Fixed period shares: 025379020031	8.50%.

GBS Subscription shares: interest is receivable on a monthly basis at the average rate of 8.50% for the year under review.

Nedcor Income Fund: Interest is receivable on a monthly basis at the average rate of 6.45% for the year under review.

Nedcor Prime Linked deposit: interest is receivable on a monthly basis at the average rate of 6.45% for the year under review.

6. TRADE AND OTHER RECEIVABLES

	2018 R	2017 R
Trade receivables	37,219	440,336
Sundry debtors	26,529	12,559
Interest accrued	-	-
Less: provision for impairments	-	(282,615)
	<u>63,748</u>	<u>170,280</u>

	2018 R	2017 R
Trade receivables: ageing		
Current	-	12,045
30 days	-	12,045
60 days and more	37,219	416,246
	<u>37,219</u>	<u>440,336</u>
Provision for impairments		
Opening balance	(282,615)	(328,504)
Contribution (to)/reversal of provision	282,615	45,889
Closing balance	<u>-</u>	<u>(282,615)</u>

The fair value of trade and other receivables approximates their carrying value.

The credit quality of the trade debtors is fair.

7. CASH AND CASH EQUIVALENTS

NELM operates a current account with the Standard Bank of South Africa, with no overdraft facility. The details are as follows:

BANK: Standard Bank of South Africa
ACCOUNT NUMBER: 082 000 956
BRANCH: Grahamstown
BRANCH CODE: 05 09 17

NELM operates a call account with the Standard Bank of South Africa. The details are as follows:

BANK: Standard Bank of South Africa
ACCOUNT NUMBER: 088 808 114
BRANCH: Grahamstown

	2018 R	2017 R
Cash book balance at bank at beginning of the year	220,916	50,103
Cash book balance on hand at beginning of the year	7,406	4,406
Cash book balance on call account at beginning of the year	1,093,266	82,391
	<u>1,321,588</u>	<u>136,900</u>

	2018 R	2017 R
Cash book balance at bank at end of the year	3,428,394	220,916
Cash book balance on hand at end of the year	6,636	7,406
Cash book balance on call account at end of the year	1,152,295	1,093,266
Cash book balance on money market fund at end of the year	2,649,235	-
	<u>7,236,560</u>	<u>1,321,588</u>
Total bank balances and cash included in the Cash Flow Statement comprise the following Statement of Financial Position amounts		
Cash book balances and cash at end of the year	7,236,560	1,321,588
Cash book balances and cash as previously reported	(1,321,588)	(136,900)
	<u>5,914,972</u>	<u>1,184,688</u>
Bank balances and cash movement	5,914,972	1,184,688

8. REVENUE

	2018 R	2017 R Restated
Non-exchange activities	11,243,802	10,043,953
State subsidy Department of Arts and Culture	10,012,000	9,535,000
DAC special allocation: heritage asset valuation project	511,679	-
DAC non-exchange transactions	494,202	300,710
Inxuba Yethemba Municipality	137,915	144,022
NLC: Schreiner House development	56,797	41,463
Donations	31,209	22,758
Exchange activities	181,977	161,558
Research services	4,244	2,194
Educational services	24,815	33,210
Royalties and permission rights	71,477	74,977
Facilities hire	31,229	2,065
Bookshop sales	50,212	49,112
	<u>11,425,779</u>	<u>10,205,511</u>

9. OTHER INCOME

	2018 R	2017 R Restated
Profit on sale of plant and equipment	-	15,974
Grant – furniture and equipment received with the building	-	7,249,041
Sundry income	102,933	5,844
Bad debts recovered	-	45,890
	102,933	7,316,749

10. EXPENDITURE

	2018 R	2017 R
Administration expenses	2,796,981	2,282,475
Agency and support/outsourced services	259,617	195,148
Audit costs	109,905	107,360
Board costs	322,350	293,697
Consultants	16,092	345,234
Repairs and maintenance	35,851	41,141
Travel and subsistence	257,663	266,208
Other	1,795,503	1,033,687
Bookshop costs	30,990	21,214
Opening inventories	79,358	74,850
Purchases	22,445	25,722
Add back closing inventories	(70,813)	(79,358)
Depreciation	845,115	667,472
Compensation of employees	8,440,803	7,845,950
Basic salaries	6,327,651	5,862,215
Bonuses	486,953	487,347
Housing allowances	164,430	171,802
Pension fund contributions	891,028	830,114
Medical aid contributions	435,677	347,940
Long service and other awards	-	26,675
Leave pay outs	-	1,811
Other employer contributions	64,984	56,326
Students and casuals	70,080	61,720

Post-retirement benefits paid	145,999	145,856
Finance costs	403,000	475,000
Actuarial loss in provision for post-retirement medical benefits	(19,770)	(262,000)
Leave pay (reversal)/accrual	51,574	23,527
	12,694,692	11,152,440

11. REVALUATION RESERVE

Revaluation reserve was created as a result of the valuation of heritage assets to comply with GRAP 103.

12. PROVISION FOR POST-RETIREMENT MEDICAL BENEFITS

	2018 R	2017 R
Opening balances: beginning of year 1 April	4,039,000	3,826,000
Provision for post-retirement medical benefits	4,039,000	3,826,000
Additional provisions and (adjustments)	390,000	213,000
Provision for post-retirement medical benefits	390,000	213,000
Closing balances: end of year 31 March	4,429,000	4,039,000
Provision for post-retirement medical benefits	4,429,000	4,039,000

12.1 Provision for post-retirement medical benefits

The provision for post-retirement medical benefits has been created in line with the accounting policy GRAP 25 and is based on an actuarial valuation carried out in 2017.

According to the rules of the medical aid fund with which NELM is associated, a member, on retirement, is entitled to remain a continued member of the medical aid fund. NELM will continue to contribute two-thirds towards the medical aid membership fees of its existing retirees and all staff employed before 31 October 2011. Staff employed after this date will not be entitled to the two-thirds subsidy.

The most recent actuarial valuation of the present value of the unfunded defined benefit obligation was carried out as at 31 March 2018 by ZAQ Consultants and Actuaries.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The post-retirement health care benefit plan is a defined benefit plan, of which the members are made up as follows:

	2018	2017
In-service members (employees)	13	13
Continuation members (retirees, widowers and orphans)	6	6
Total	19	19

The liability in respect of past service has been estimated to be as follows:

	R	R
In-service members	2,272,000	2,126,000
Continuation members	2,157,000	1,913,000
Total liability	4,429,000	4,039,000

NELM makes monthly contributions for health care arrangements to the following medical aid scheme: Rhodes University Medical Aid Scheme.

The current service cost for the year ending 31 March 2018 is estimated to be R233 000 (2017: R133 000) whereas the interest cost for the ensuing year is estimated to be R146 000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2018	2017
(i) Rate of interest		
Discount rate	0.91%	0.91%
Health care cost inflation rate	8.81%	8.81%
Expected retirement age – females	65	65
Expected retirement age – males	65	65
(ii) Mortality rates		
Pre-retirement SA 1956/62		
Post-retirement PA(90)-2		

(iii) Normal retirement age

The normal retirement age for employees of the museum was assumed to be 65 years.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4,429,000	4,039,000
Fair value of plan assets		-
	4,429,000	4,039,000
	2018	2017

	R	R
Unrecognised past service cost		-
Unrecognised actuarial gains/(losses)		-
Present value of unfunded obligations	4,429,000	4,039,000
Net liability	4,429,000	4,039,000

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	4,039,000	3,826,000
Recognised past service cost		-
Current service cost – included under employee related costs	146,000	233,000
Interest cost – included under finance costs	403,000	475,000
Benefits paid – included under employee related costs	(139,230)	(152,000)
Actuarial (gain)/loss on the obligation	(19,770)	(343,000)
Balance at end of year	4,429,000	4,039,000

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the current cost and the interest cost	614,000	614,000
Effect on the defined benefit obligation	4,509,000	4,509,000

Decrease

Effect on the current cost and the interest cost	(498,000)	(498,000)
Effect on the defined benefit obligation	3,670,000	3,670,000

12.2 Defined benefit plan

All NELM's permanent staff except one person, who belongs to the GEPP, belong to the Rhodes University Pension Fund.

	2018 R	2017 R
Pension fund contributions	891,028	830,114

13. TRADE AND OTHER PAYABLES

13.1 Trade and other payables

	2018 R	2017 R
Sundry creditors – accruals	122,091	41,244
Leave pay accrual	179,432	127,858
	<u>301,523</u>	<u>169,102</u>

Outstanding audit fees has been raised as a contingent liability, not a payable, because it is not known what amount, if any, NELM would have to pay as the matter is in dispute. NELM is of the opinion that the museum is not liable for any amount in excess of 1% of its total expenditure each year.

Management of NELM is of the opinion that the carrying value of trade payables approximates their fair values.

Leave pay accrual

The leave pay accrual relates to NELM's estimated liabilities arising as a result of services rendered by employees. This accrual represents the total number of days of capped leave due to employees 54 years and older plus the balance of current leave for all employees on 31 March 2018 calculated at the current salary rates.

13.2 Deferred income

	2018 R	2017 R
DAC capital works allocation (Schreiner House development)	1,000,000	-
DAC municipal services allocation	143,000	-
	<u>1,143,000</u>	<u>-</u>

13.3 Unspent conditional receipts

	2018 R	2017 R
National Lotteries Commission (Schreiner House development)	651,739	708,537
DAC special grant GRAP103 compliance	4,605,322	-
	<u>5,257,061</u>	<u>708,537</u>

14. RECONCILIATION OF SURPLUS TO CASH UTILISED IN/GENERATED FROM OPERATIONS

14.1 Cash flows from operating activities

	2018 R	2017 R Restated
(Loss)/Profit for the year	(962,374)	6,504,035
Adjusted for:		
Increase/(decrease) in provisions	390,000	213,000
Interest received	(203,605)	(134,215)
Depreciation	845,115	667,472
(Profit)/loss on sale/scrapping of property, plant and equipment	-	(15,974)
Grant – Equipment received with the building	-	(7,249,041)
Operating cash flows before working capital changes	69,136	(14,723)
Changes in working capital		
Decrease/(increase) in inventories	8,545,	(4,508)
Decrease/(increase) in trade and other receivables	106,532	424,839
Increase/(decrease) in trade and other payables	132,419	(111,260)
Increase in unspent NLC funding	5,691,524,	708,537
	5,939,020	1,017,608
Cash generated by operations	6,008,156	1,002,885

14.2 Cash flows from investing activities

	2018 R	2017 R
Acquisition of property, plant and equipment	(94,612)	(285,397)
Acquisition of heritage assets	(138,104)	(80,829)
Proceeds on property , plant and equipment sold	-	86,585
Disposal of investment in securities	(64,073)	327,229
Net cash flows (from)/to investing activities	(296,789)	47,588

15. RECONCILIATION OF ORIGINAL/ADJUSTED BUDGET AND ACTUAL EXPENDITURE

The approved budget covers the period from 1 April 2017 to 31 March 2018. The budget is approved by functional or programme classification in line with NELM's strategic objectives. The Financial Statements and budget documents are prepared for the same period.

The amounts in the Financial Statements were recalculated from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

Actual amount on comparable basis as presented in the budget and actual comparative statement	Operating R	Financing R	Investing R	Total R
	5,988,828	-	204,655	6,193,483
Basis difference	66,799	-	(345,310)	(278,511)
Actual amount in the cash flow statement	6,055,627	-	(140,655)	5,914,972

15.1 Budget adjustments

Revenue

Budget adjustments were driven by, amongst others, the following factors: additional funding from the DAC for the heritage assets valuation project, increase in interest received as a result of unspent conditional grants and not needing to withdraw from investments because of this.

Expenditure

The most significant budget adjustment was for the appointment of consultants to carry out the valuation of heritage assets.

16. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

	2018 R	2017 R
Opening balance	-	7,900
Irregular expenditure current year	727,133	-
Irregular expenditure previous year discovered in current year		-
Condoned or written off by relevant authority		(7,900)
Transfer to receivables for recovery – not condoned		-
Irregular expenditure awaiting condonation	<u>727,133</u>	<u>-</u>

Irregular expenditure is the result of supply chain shortcomings caused by limited staff in the administrative division. Each transaction will be presented to the Council of NELM for condonation along with a detailed management plan to prevent re-occurrence. Of the R727,133, R511 678 relates to the appointment of consultants for the valuation of heritage assets.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

	2018 R	2017 R
Opening balance	11,952	22,304
Fruitless and wasteful expenditure current year	-	3,029
Fruitless and wasteful expenditure previous year, discovered in current year	-	-
Written off by relevant authority	-	(11,923)
Transfer to receivables for recovery	-	(650)
Recovered during the year	-	(808)
Fruitless and wasteful expenditure closing balance	11,952	11,952

Management of NELM is still attempting to recover R9 073 fruitless and wasteful expenditure incurred in the 2011/2012 financial year and R2 879 from the 2016/17 financial year.

18. COMPARATIVE FIGURES

Comparative figures may have been adjusted to confirm with changes made in the current year.

19. RESTATEMENT OF PRIOR YEAR COMPARATIVES

Restatement of property plant and equipment

In the absence of additional information as to the ownership of the moveable assets that came with NELM's new offices, it was decided to capitalise all the assets that came with the building on occupation in June/July 2016 as they are under control of NELM and a cost could reliably be calculated. The effect of the abovementioned on Property Plant and Equipment was an increase in the net book value of R6 730 841

Correction of furniture and fittings

During the year, it was noted that there was various errors in the furniture and fittings asset register. Assets to the value of R1 796 received as a donation had not been capitalised. Signage to the value of R1 597 had been capitalized in error. Items taken off the asset register after the auction held in August 2016 had not been correctly taken into account. The net value of these items was R8 088. The effect of the abovementioned on furniture and fittings was an increase in the net book value of R3 182.

Restatement of inventory

During the year, it was noted that there was casting errors in the bookshop inventory schedule. This was corrected and the value increased to R79 358. The effect of the above on closing inventory was an increase in value of R5 355.

Statement of changes in net assets

	R
Accumulated funds balance as per audited Financial Statements	1,987,530
Net effect on fund balance	
Restatement of property plant and equipment:	6,739,378
Grant-equipment received with the building	7,249,041
Depreciation-equipment received with the building	(518,200)
Restatement of furniture and fittings:	
Donations received	1,796
Signage capitalised in error	(1,597)
Correction of items sold on auction	8,088
Depreciation-adjusted for abovementioned	(5,105)
Restatement of inventory	
Correction of inventory	5,355
Restated accumulated funds 31 March 2017	8,726,908

20. CONTINGENT LIABILITY

In terms of the Public Audit Act, Act No. 25 of 2004, section 23(6), NELM is only liable for an audit fee of 1% of its total expenditure and National Treasury should, on receipt of the relevant invoices from the Office of the Auditor General, settle the balance.

According to the Office of the Auditor-General, the outstanding amount as at 31 March 2018 is R1 283 779. This has been raised as a contingent liability, not a payable, because it is not known what amount, if any, NELM would have to pay as the matter is in dispute. NELM is of the opinion that the museum is not liable for any amount in excess of 1% of its total expenditure each year.

21. RELATED PARTY DISCLOSURE

Relationships

The Department of Arts and Culture is NELM's controlling department and the main funders of museum.

21.1 Related party transactions

	2018 R	2017 R
Department of Arts and Culture: Subsidy	10,012,000	9,535,000
Department of Arts and Culture: Utilities	143,000	-
Department of Arts and Culture: GRAP 103 project	5,117,000	-
Department of Arts and Culture: Schreiner House development	1,000,000	-
	<u>16,262,000</u>	<u>9,535,000</u>

21.2 Related party balances

	2018 R	2017 R
Department of Arts and Culture: Utilities	143,000	-
Department of Arts and Culture: GRAP 103 project	4,605,322	-
Department of Arts and Culture: Schreiner House development	1,000,000	-
	<u>5,748,322</u>	<u>-</u>

Part of the agreement with the Department is that they cover the costs of utilities on the buildings occupied by the museum. The costs for the year were R494 02.

There were no other related party transactions with the Department.

21.3. Remuneration of Council and Audit Committee members and Senior Management

	2018 R	2017 R
Council members' remuneration	32,797	45,192
Audit Committee members' remuneration	39,509	38,628
Management remuneration	2,487,659	2,373,966
	<u>2,559,965</u>	<u>2,457,786</u>

22. REMUNERATION OF COUNCIL AND COMMITTEE MEMBERS AND SENIOR MANAGEMENT

22.1. Council

	2018 R	2017 R
Mr S. Dlanjwa (chair)	4,353	10,052
Ms S. Nhlabatsi (deputy chair)	6,548	5,184
Ms E. Dido	5,948	8,064
Ms M. Rall	2,760	5,792
Dr. U. Roopnarain	1,164	2,300
Mr D. Maahlamela	2,328	5,736
Ms J. Williams	2,328	8,064
M T. Lungile	-	-
Mr M.S. Dithlake	1,228	-
Dr W. Langeveldt	2,456	-
Mr P.R. Mnisi	1,228	-
Mr B. Mgijima	2,456	-
	32,797	45,192

22.2 Audit Committee

	2018 R	2017 R
Audit committee		
Ms L. Webber (chair)	-	15,326
Mr H. Harnett	15,729	9,298
Mr S. Mabaso	9,542	-
Ms S. Nhlabatsi	7,049	7 002
Prof P. Walters	7,189	7,002
	39,509	38,628

22.3 Senior management

	2018 R	2017 R
Senior management		
Director	810,153	764,296
Basic salary	633,012	596,802
Bonus	52,751	49,734
Housing allowance	6,720	6,720
Pension fund contribution	94,952	89,520
Medical aid contribution	18,790	17,710
Other employer contributions	3,928	3,811
Chief Financial Officer	686,526	647,734
Basic salary	517,842	488,217
Bonus	43,154	40,685
Housing allowance	6,720	6,720
Pension fund contribution	77,676	73,233
Medical aid contribution	37,580	35,420
Other employer contributions	3,554	3,459
Manager: Curatorial Division	493,870	466,106
Basic salary	377,238	355,660
Bonus	31,437	29,638
Housing allowance	6,720	6,720
Pension fund contribution	56,586	53,349
Medical aid contribution	18,790	17,710
Other employer contributions	3,099	3,029
Manager: Education and Public Programmes	497,110	495,830
Basic salary	377,238	355,660
Bonus	31,437	29,638
Special award: new qualification	-	26,674
Housing allowance	6,720	6,720
Pension fund contribution	56,586	53,349
Medical aid contribution	22,030	20,760
Other employer contributions	3,099	3,029
	2,487,659	2,373,966

The following key managers of the museum held positions in the entity where they may have had significant influence over the financial or operating policies of the museum as follows:

- Ms B.A. Thomas, Director
- Mr C.W. Malan, Chief Financial Officer
- Ms C.A. Warren, Manager Curatorial Division
- Mr T.Z. Matshoba, Manager Education and Public Programmes.

No related party transactions were entered into with any of the above managers.

23. CAPITAL COMMITMENTS

There were no capital commitments at year end.

24. EVENTS SUBSEQUENT TO BALANCE SHEET

There are no subsequent events that need to be reported on.

25. FINANCIAL RISK MANAGEMENT

NELM's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

NELM has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal Audit reports quarterly to the Audit Committee, an independent body charged with the responsibility for financial risk management that monitors risks and policies implemented to mitigate risk exposure. The risk management process relating to each of these risks is discussed below:

Liquidity risk

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

Interest rate risk

As NELM has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

Trade receivables are not material. 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 Council of NELM. The utilisation of credit limits is regularly monitored.

Foreign exchange risk

NELM does not have foreign currency exposure.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

In terms of the Public Finance Management Act and National Treasury Regulation 29.1.1 (f), the Council of NELM has developed and agreed to a framework of acceptable levels of materiality and significance.

SECTION OF PFMA	DESCRIPTION OF MATERIALITY AND SIGNIFICANCE	LEVELS OF MATERIALITY AND SIGNIFICANCE
55 (2)	<p>The Annual Report and Financial Statements must include particulars of:</p> <ul style="list-style-type: none"> (a) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (b) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; (c) any losses recovered or written off; and (d) any financial assistance received from the state and commitments made by the state on the Accounting Authority's behalf. 	<p>All instances will be included in the Accounting Authority's Annual Report – amount greater than 1% of the total value of assets per Audited Financial Statements.</p> <p>All instances will be included in the Accounting Authority's Annual Report.</p> <p>All instances will be included in the Accounting Authority's Annual Report – amount greater than 1% of the total value of assets per AFS.</p> <p>All instances will be included in the Accounting Authority's Annual Report.</p>
54 (2)	<p>Before a public entity concludes any of the following transactions, the Accounting Authority for the entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:</p> <ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of a significant business activity; (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. 	<p>Each and every instance.</p> <p>Each and every instance.</p> <p>Each and every instance.</p> <p>Above R500 000.</p> <p>Each and every instance.</p> <p>Each and every instance.</p>

Os Lusíadas

The myth of the Cape

For early European travellers the journey to southern Africa was often traumatic, particularly Tomar – Portuguese for the Cape of Storms. Vasco da Gama's discovery of the sea route is immortalised in the epic poem *Os Lusíadas* by Luís Vaz de Camões, in which the treacherous Cape of Storms is embodied in the figure of the monstrous giant Adamastor.

Adamastor placed a curse upon the Portuguese invaders and upon all Europeans who might journey into these waters, a myth that relates to the truth that the sea route to India had been difficult to find and treacherous to navigate. Fanciful events like that of the *Santiago* (1482) and the *Quevedo* (1483) impressed the dangers of the journey upon European minds and contributed to legends of perils and lost treasure. As a mythical European embodiment of the dangers of the Cape, whether its storms or its wilderness or its people, the figure of Adamastor has endured in South African literature.

20th century portrayals of Adamastor shifted from a focus on European fears of Africa to European oppression of Africa. The most significant change has been the shift of the gaze back onto the European invaders. In André Gink's *The First Life of Adamastor*, the Khoikhoi chief Thuma is imagined as an avatar of Adamastor witnessing the arrival of the Portuguese, in a scene which mythologises not South Africa but the Europeans themselves. Zaki Muzib writes that 'Adamastor must be recast right there in the place of his birth'.

In the 21st century Adamastor has all but disappeared from South African literature. Perhaps in post-apartheid South Africa Camões' vision of the Cape of Storms is no longer relevant to us, for what Adamastor does near his head he does not feel entirely our own.



THE MAP OF THE CAPE OF STORMS, AS IT APPEARED IN THE 17TH CENTURY. THE MAP WAS DRAWN BY A DUTCH CARTOGRAPHER, AND IT SHOWS THE CAPE OF STORMS AS A DANGEROUS PLACE, WITH A MONSTER CALLED ADAMASTOR LIVING THERE.

NATIONAL ENGLISH LITERARY MUSEUM
ANNUAL REPORT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

RP 357/2018
ISBN 978-0-621-46741-3