ANNUAL REPORT

2021/2022

fpb

Film and Publication Board™

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Content

Content

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Section 1

GENERAL INFORMATION

Registered Name Film and Publication Board

CONTACT DETAILS

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Email: clientsupport@fpb.org.za

Website: www.fpb.org.za

External Auditors: Auditor-General of South Africa (AGSA)

Bankers Information: ABSA

Council Secretary: Ngwako Molewa

1. LIST OF ABBREVIATIONS

CCI's	Content Classification Index
CSAM	Child Sexual Abuse Material
DCDT	Department of Communications and Digital Technology
DPME	Department of Planning Monitoring and Evaluation
EA	Executive Authority
FPB	Film and Publication Board
FPGs	Films, Publications and Games
GCIS	Government Communications and Information System
HC	Human Capital
ICASA	The Independent Communications Authority of South Africa
INHOPE	International Association of Internet Hotlines
ICT	Information Communications Technology
KPI	Key Performance Indicator
MDDA	Media Development and Diversity Agency
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding

MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan 2030
OD	Organisational Design
PFMA	Public Finance Management Act
PMO	Project Management Office
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community
SAFACT	South African Federation against Copyright Theft
SAM	Sexual Abuse Material
SAPS	South African Police Service
SARS	South African Revenue Service
SO	Strategic Outcome
SOP	Standard Operating Procedure
UGC	User-Generated Content

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Section 2

PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

FOR THE YEAR ENDED 31 MARCH 2022

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

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

The Annual Financial Statements (Section 5) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The accounting authority is responsible for the presentation of the financial statements and for the judgement made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control. It has also been recognised to provide reasonable assurance as to the integrity of the performance information, the human resource 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 2022.

Dr Mashilo Boloka
Interim Chief Executive Officer

Ms. Zamatungwa Mkosi
Council Chairperson

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Section 3

STRATEGIC OVERVIEW

FPB MANDATE

The Films and Publications Act, 1996 (Act No. 65 of 1996), as amended, to regulate the creation, production, possession and distribution of films, games, certain publications to:

a) protect consumers against harmful and disturbing material while allowing adults to make informed choices for themselves and the children in their care by providing consumer advice;

b) protect children from exposure to disturbing and harmful material and from premature exposure to adult material;

c) make the use of children in pornography and exposure to pornography punishable;

d) criminalise the possession, production and distribution of child pornography; and

e) create offences for non-compliance with this Act.

KEY PRIORITIES

The FPB Council endorsed the following five priorities during the 2020 – 2025 review of the Strategic Documents:

a) Technology driven content regulation;

b) Public education (empower adults and protect children);

c) Legislative review (technologically neutral legislation regime);

d) International and local partnerships (to ensure better regulation of the web) – with renewed focus on local partnerships;

e) Research, Compliance Monitoring and Monitoring and Evaluation to inform future priorities;

f) Resource mobilisation and develop appropriate funding models; and

g) Strategic institutional alignment.

MISSION

"To regulate the creation, production, possession and distribution of games, films and certain publications, to protect children from harmful content and to provide ratings to consumers for informed decisions.

VISION

"A media and society where FPB ratings are embraced

VALUES

Objectives: Unbiased and not influenced by personal feelings, interpretations or prejudice.

"**Consistent:** Acting in the same way over time, especially so as to be fair or accurate.

"**Confidential:** Safely guarding sensitive and encrypted information

"**Disruptive Thinking:** Thinking differently. Challenging the status quo. Transcending boundaries

2. LEGISLATIVE MANDATE

The freedom of expression is enshrined in the Constitution of the Republic of South Africa, 1996 (Constitution) where section 16 states that:

> **"1. Everyone has the right to freedom of expression, which includes –**
>
> c) freedom of the press and other media;
>
> d) freedom to receive or impart information or ideas;
>
> e) freedom of artistic creativity; and
>
> f) academic freedom and freedom of scientific research.

> **2 The right in subsection (1) does not extend to –**
>
> a) a) propaganda for war;
>
> b) b) incitement of imminent violence; or
>
> c) c) advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm."

The Constitutional Court in *Qwelane v South African Human Rights Commission and Another* (CCT 13/20) [2021] ZACC 22 (31 July 2021) at par 68 – 69 held that:

> "[68] Freedom of expression "is of the utmost importance in the kind of open and democratic society the Constitution has set as our aspirational norm". This is because it "is an indispensable facilitator of a vigorous and necessary exchange of ideas and accountability".

> "[69] According to Emerson, there are four particular values that undergird the right to freedom of expression. These, as I understand them, include: (a) the pursuit of truth; (b) its value in facilitating the proper functioning of democracy; (c) the promotion of individual autonomy and self-fulfillment; and (d) the encouragement of tolerance."

The Constitutional Court in Qwelane importantly went on to state however at par 73 – 74 that:

- "… "[t]he corollary of the freedom of expression and its related rights is tolerance by society of different views. Tolerance, of course, does not require approbation of a particular view. In essence, it requires the acceptance of the public airing of disagreements and the refusal to silence unpopular views." In Islamic Unity, Langa DCJ elucidated:

- "Freedom of expression is applicable, not only to information or ideas that are favourably received or regarded as inoffensive or as a matter of indifference, but also to those that offend, shock or disturb the state or any sector of the population. Such are the demands of that pluralism, tolerance and broadmindedness without which there is no democratic society."

> "[74] These dictates of pluralism, tolerance and open-mindedness require that our democracy fosters an environment that allows a free and open exchange of ideas, free from censorship no matter how offensive, shocking or disturbing these ideas may be. However, as stated by this Court in Mamabolo, this does not mean that freedom of expression enjoys superior status in our law. Similarly, a unanimous Court in Khumalo v Holomisa stated that, although freedom of expression is fundamental to our democratic society, it is not a paramount value. That being said, as this Court observed in Laugh it Off, "we are obliged to delineate the bounds of the constitutional guarantee of free expression generously"."

Acknowledging the fact that South Africa is a relatively young democracy which has emerged from decades of repression, censorship and prescribed conformity, it is imperative that the freedom of expression and the rights of the media must be protected.

Section 36 of the Constitution however provides that:

- "The rights in the Bill of Rights may be limited only in terms of law of general application to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom, taking into account all relevant factors, including –

  a) the nature of the right;
  b) the importance and the purpose of the limitation;
  c) the nature and extent of the limitation;
  d) the relationship between the limitation and its purposes;
  e) less restrictive means to achieve the purpose."

It is to maintain the required proportionality and balance between respecting the freedom of expression and protecting the rights of persons, in particular those of children, that the Act has been promulgated. The Act repealed the Indecent or Obscene Photographic Matter Act, 1967 (Act No. 37 of 1967), and the Publications Act, 1974 (Act No. 42 of 1974), and created a new comprehensive regulatory framework for films, games and certain publications. The Act provides for the establishment of the FPB that is responsible for the classification of both films, games and certain publications and no film or game may be distributed or exhibited in public unless it has been classified by the FPB.

The Act is a "law of general application" as required by section 36 (1) of the Constitution. The Constitutional Court has held that such a requirement derives from an important principle of the rule of law, namely that "rules be stated in a clear and accessible manner".

To this end the Legislature may and has, consistently with the Constitution, promulgated the Act to regulate the creation, production, possession and distribution of films, games, certain publications and the internet by way of classification to:

a) protect consumers against harmful and disturbing material while allowing adults to make informed choices for themselves and the children in their care by providing consumer advice;

b) protect children from exposure to disturbing and harmful material and from premature exposure to adult material;

c) make the use of children in pornography and exposure to pornography punishable;

d) criminalise the possession, production and distribution of child pornography; and

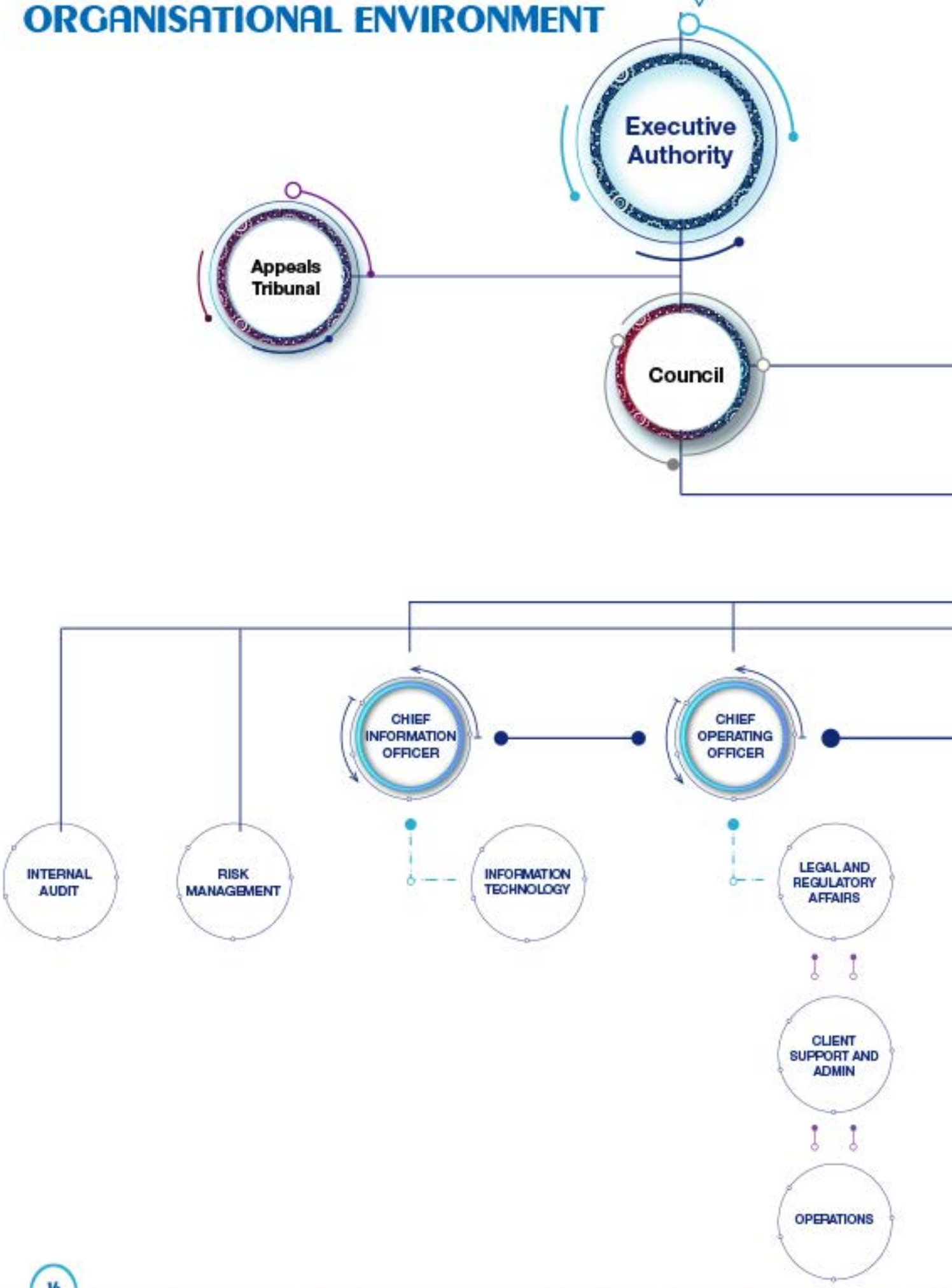
e) create offences for noncompliance with this Act.

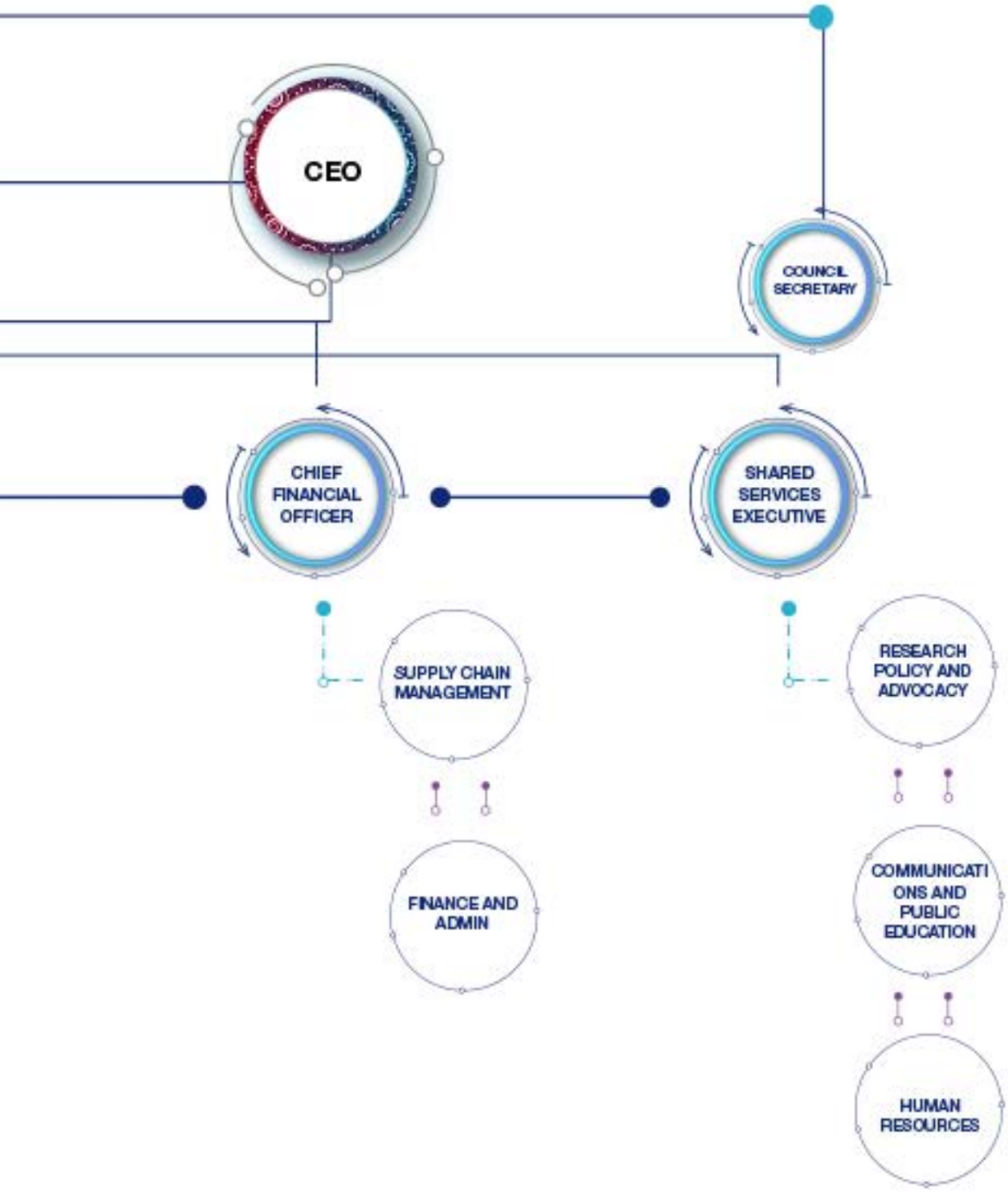
The FPB classification regime is premised on the formulation of classification guidelines which is informed by empirical evidence on what can be deemed harmful for adults and children. The formulation of the classification guidelines entails extensive public consultations, ensuring the standards placed within the classification guidelines are aligned to community norms and values and public expectations. This means the classification guidelines formulation process is evidence based, transparent and has accountability mechanisms, with all these essential in regulatory policy formulation of a democratic state. Such a process is undertaken however within the framework of the Bill of Rights so as to ensure compliance with section 8 (1) and (3) of the Constitution which provides with regards to the former that the Bill of Rights applies to all law, and binds the legislature, the executive, the judiciary and all organs of state and with regards to the latter that in giving effect to the Bill of Rights one must apply or if necessary develop the common law to the extent that legislation does not give effect to any right and develop rules of the common law to limit any right provided that the limitation is in accordance with section 36 (1) of the Constitution.

Section 28 of the Constitution guarantees that every child must be protected from any degradation, abuse, exposure to harmful materials or exposure to child pornography, and that the child's best interests are of paramount importance in every matter concerning the child.

The FPB's work is aligned to Outcome 14 of the National Development Plan, which seeks to achieve social cohesion and nation-building. As a sub-outcome, fostering constitutional values forms part of what the FPB's outreach programmes does in schools with its key messaging regarding cyber safety, which outlines the right to privacy and integrity.

ORGANISATIONAL ENVIRONMENT




CEO
COUNCIL SECRETARY
CHIEF FINANCIAL OFFICER
SHARED SERVICES EXECUTIVE
SUPPLY CHAIN MANAGEMENT
FINANCE AND ADMIN
RESEARCH POLICY AND ADVOCACY
COMMUNICATIONS AND PUBLIC EDUCATION
HUMAN RESOURCES

MEMBERS OF COUNCIL PHOTO'S

Ms Zamatungwa Mkosi
Council Chairperson

Prof. Siyasanga Tyali
Deputy Council Chairperson

Ms Mpho Sedibe
Council Member

Ms Zanele Nkosi
Council Member Chairperson
ARC and FINCOM

Dr Andile Nontso
Council Member

MEMBERS OF COUNCIL PHOTO'S

Adv. Lufuno Nevondwe
Council Member Chairperson
HR REMCO

Mr Phosa Mashangoane
Council Member

Ms Lungile Nxele
Council Member Chairperson

Ms Maggie Pillay
Council Member

EXECUTIVE COMMITTEE PHOTO'S

Dr Mashilo Boloka
Interim Chief Executive Officer

Mr Mahomed Chowan
Chief Financial Officer

Mr Jobe Bacwadi
Acting Chief Information Officer

Ms Nthabiseng May
Acting Chief Operations Officer

Mr Pandelis Gregoriou
Acting Shared Services Executive

Ms Ngwako Molewa
Council Secretary

CHAIRPERSON FOREWORD

The purpose of this report is to reflect on the Film & Publication Board (FPB)'s activities, operations, and achievements for the period ended 31 March 2022.

OVERVIEW

Overall, this has been quite eventful and unprecedented period both from a Council and organization perspective. As the new Council that took office in April 2021, we had to navigate the entity through a period of unprecedented period of uncertainties brought by two factors:

Firstly, the prolonged COVID-19 which beyond the operations as underscored by the declining business activities reported during the period, which severely impacted on the well-being of our employees. The entity had to stretch its resources to provide the necessary support to its employees to enable them to cope in this regard, including helping them to adapt to new ways of working remotely. Intelligent investment choices were made to support our service delivery and ensure business continuity. The FPB Council regrets all the lives lost during the period due to this pandemic.

Secondly, the looming rationalization of the regulators announced by the Shareholder earlier in 2019. Beyond the high attrition rate effect, we needed to drive the strategy of the FPB and ensured that

the entity continued to perform optimally without thinking too much into the future. However, the inaugural meeting of the Council and the Minister of Communications & Digital Technologies (DCDT) on 2 September 2021, provided the future direction (strategic intent) of the FPB and the shareholder's expectations in this regard. Not only did this provide certainty regarding the continued existence of the FPB as an organization. It further required the FPB to reorient vision and business activities to the new strategic direction. The lower performance posted in Quarter 4 is an outcome of this reorientation exercise in our quest to align the organization to the changes brought about by the FP Amendment Act, including the development of the new strategy for the organization and align the resources to the new path, both human and financial.

OUR PERFORMANCE HIGHLIGHTS

For the period under review, we have posted a mixed performance – a moderate 53% rating against the targets planned for the Financial Year on one hand, and a clean audit on the other. This mixed performance must be seen against the context of the entity's trading conditions described above. The immense work that commenced in quarter 4 of this reporting period, has created a solid foundation and resilience on which the organization can be set on an improvement path of delivery in the new financial year, 2022/23. This has put us on a sound footing to ensure that we are ready for implementation in the new financial year.

Our focus into the new financial Year: The transformation journey continues

With the continued existence of the FPB guaranteed as a future online content regulator, we will continue to transform the organization in line with the new expanded mandate ushered by the FP Amendment Act. At the heart of this transformation is to address the perennial leadership instability challenges owing to the vacancy rate at executive level as a result of moratorium induced by rationalization. We will in the new financial year prioritize the filling of positions so as to stabilize the organization as the employer of choice.

ACKNOWLEDGEMENTS

On behalf of the FPB and Council, I would like to thank Minister Ms Khumbudzo Ntshavheni and Deputy Ministers Mr N Philly Mapulane of the Communications and Digital Technologies (the DCDT), for their continued support and guidance during the year under review.

My appreciation further goes to the FPB Council for its stewardship during the period in driving the organization through this period of disruptive transformation, the Executive Management team; and all the FPB'ians for their valuable contribution to the entity's performance, including the elusive clean audit during the period despite all the challenges besetting the entity. The new era of the FPB as a future content regulator is beckoning. 'We dare not linger' - Nelson Mandela!

Ms Zamantungwa Mkosi

Chairperson of the FPB

CEO FOREWORD

CONTEXTUALIZING OUR PERFORMANCE FOR THE PERIOD

The period 2021/22 has been challenging for the FPB. Three issues characterized our trading period and significantly impacted on our performance for the period under review, namely: Covid-19, the prolonged uncertainties owing to the impending rationalization of regulators, and the reorientation of plans towards the implementation of the new Films & Publication Amendment Act, (Act no.11 of 2019).

Covid-19 and the induced restrictions

Like everywhere else, Covid-19 and its induced restrictions where with us for much of the entire period. As our trends analysis report attached herein can reveal, beyond the human impact, business slowed down significantly owing to lesser materials submitted for classification. While this has been a gradual trend in the last 4 years, particularly in the physical materials, COVID-19 compounded the problem.

Prolonged uncertainties - rationalization

For the period under review, the FPB had to continue operating with the risk of regulatory rationalization announced by the shareholder in 2019 hovering over our head. This impacted on the ability of the entity to make long term plans or investment and attract and invest in quality talent and keep it long in the organization, hence the high attrition and

vacancy rate as contained in the Human Resource contained herein. Following the submission of the strategy envisioning the FPB as a future fully-fledged regulator, this risk has since been removed and FPB's continued existence is guaranteed as per the shareholder's directive.

Reorientation of plans towards the implementation of the new Films & Publication Amendment Act

The Films & Publications Amendment Act which was operationalised by a Presidential proclamation on 1 March 2022 required that we reorientate our plans in an attempt to reposition the entity towards the expanded mandate ushered by this Act. This means that some of the commitments and targets planned, particularly those reconceptualised in the period prior to the Amendment Act, including the Brand and repositioning strategy had to be rethink anew, particularly in Quarter 4 of the FY. This is because it was not going to be prudent to continue to push them for the sake of tick-box achievement whilst knowing that they will not assist the organization in its future growth path as a fully-fledged regulator pursuant to the objective of the Amendment Act. The 53% performance rating posted during this period, is a result of this rethinking outcome and the capacity issues owing to rationalization uncertainties. With the FPB's continued existence and the extensive organizational realignment work we carried out during Q4, the organization has been set on a good improvement path into the new financial year. We are buoyed in this journey by the elusive clean audit achieved during this reporting period, despite some of the issues raised above. This provides a strong foundation to build the future FPB – good governance and compliance with legislations and prescribed policies.

Financial performance

Financially the entity ended the period on a positive financial position with our assets far exceeding our liabilities. While revenue, particularly from regulation fees increased (R8.8m), relative to the previous period (R7m), we are worried by the rising expenses headlined by employee costs (R57m – 2021 and R65m -2022). This amount covers remuneration of the classifiers as well. More efforts will be made in the new Financial Year to aggressively aggregate the regulation fees revenue stream so that the FPB is able to carry its expanded mandate without being a burden to the already pressed fiscus. Equally, we have started, as part of driving a digital organization and investment in technology, an intensive process to identify our pressure points on expenses. This will ensure that more of our funds can be directed towards core services and functions. We note the issues raised by the Auditor-General (AG-SA) as contained in the report herein, and we will act on them with speed.

In Conclusion, I am grateful to the FPB Council for its leadership and guidance, the Management and staff of the FPB for the hard work shown, the Department (DCDT) and Parliament for their stringent oversight during the period. The clean audit achieved reflect a truly FPB'ian spirit which we want to carry over into the new Financial Year. To use the words of the Father of our liberation, Utata Nelson Mandela, 'we have climbed one mountain, there are still more mountains to climb'.

Dr Mashilo Boloka

Interim Chief Executive Officer

OVERVIEW OF FPB'S PERFORMANCE

REGULATORY FUNCTIONS IN A CHANGING LEGISLATIVE ENVIRONMENT

The amendments to the FP Act expanded the mandate of the FPB to include all content that is distributed online and on other digital platforms. Whilst the Constitution guarantees the right to freedom of expression, section 16 (2) of the Constitution identifies certain expression which would not be entitled to such protection such as expression that amounts to propaganda for war, incitement of imminent violence or advocacy of hatred based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm. The regulation of the distribution of content distributed in SA continues to be a core function of the FPB. The inspection of all content distribution platforms to identify consistent non-compliance, results in the enforcement of compliance through the raids conducted in partnership with the Law Enforcement Agencies.

The partnership with LEAs is a regulatory imperative for the FPB to yield visible and tangible enforcement of the FP Act, and to assist in expediting and increasing prosecution rates for the illegal distribution of physical content. Eighty-eight raids were conducted during the year under review and an estimated 36 066 illegal or pirated discs with a street value of R12 million were confiscated, analysed, and the bulk of it consequently destructed on 18 June 2021, 24 November 2021 and 31 March 2022. An alarming number of discs that were confiscated contained adult pornography. The **3 770 discs confiscated during the raids have multiple individual pornographic films with at least six found to contain scenes that include bestiality – an act of sexual conduct that is illegal and punishable by law in SA.**

Unlawful distribution of unclassified content continues to be a scourge in major cities, taxi ranks and from the boot of vehicles in shopping mall parking lots. Internet Cafés continue to resist registering with the FPB and allow the public to access the internet without filtering software and other mechanisms needed to safeguard children from accessing age-inappropriate content on the internet.

In further advancing the mandate of the FPB, the Compliance team conduct physical and online inspections of content distributed in SA. There were 11 005 inspections conducted in the financial year – 2 683 physical inspections and 8 322 online inspections. Of the inspections conducted, 815 were found to be non-compliant matters and 649 (64%) were issued with non-compliance notices. The amendments to the FP Act empowers the FPB to enforce compliance by commercial distributors of content who have been identified, and persistently refused to comply despite the number of non-compliance notices issued to them.

DIGITAL TRANSFORMATION AND ITS IMPACT ON CONTENT DISTRIBUTION

The rapid convergence of technology has transformed how the public accesses and consumes content, the boundaries have been blurred by the transnational nature of the Internet. Online content is accessible and available anytime anywhere thus creating a connected global citizenship. This equally brought with it the risk of exposing citizens to unregulated, harmful, and prohibited content. The amendments to the FP Act significantly addressed the regulatory gaps created by the 4IR, albeit some gaps remain.

Consumption of media and entertainment content was forced online even further during the more restrictive lockdown periods during the COVID-19 pandemic early in 2020. Whilst a shift in consumption patterns was already observed before the pandemic, the digital transformation has also brought about disruptive changes in the business environment of the FPB that can be seen in the decline of applications received for classification over a seven-year period since the 2015/2016 financial year. This trend continued in this financial year with a significant drop in the total number of submissions received for classification to a record-low of 658 and 707 in the past two years compared to the previous years that was still above 1 200 per year.

The table below illustrates the comparison of classified content 2021-2022 FY versus 2019-2020 FY. There has been a decrease in submissions of all material types besides games and film festivals which showed an increase in submissions. There was a 9.05% increase in the submissions for games and 19.05% increase for film festivals.

GENERAL

% Difference 2019/20 to 2021/22

77.4%

ON OFF

Decline

390	2019/20 FY
196	2020/21 FY
88	2021/22 FY

THEATRE (FEATURE)

% Difference 2019/20 to 2021/22

35.22%

ON OFF

Decline

247	2019/20 FY
103	2020/21 FY
160	2021/22 FY

THEATRE (TRAILER)

% Difference 2019/20 to 2021/22

32.52%

ON OFF

Decline

286	2019/20 FY
88	2020/21 FY
193	2021/22 FY

GAMES

% Difference 2019/20 to 2021/22

9.05%

ON OFF

Increase

221	2019/20 FY
215	2020/21 FY
241	2021/22 FY

EXEMPTIONS

100%
ON OFF
Decline

15	2019/20 FY
1	2020/21 FY
0	2021/22 FY

EROTICA

100%
ON OFF
Decline

5	2019/20 FY
0	2020/21 FY
0	2021/22 FY

FILM FESTIVALS

19.05%
ON OFF
Increase

21	2019/20 FY
13	2020/21 FY
25	2021/22 FY

PUBLICATIONS

ON OFF
No Change

0	2019/20 FY
0	2020/21 FY
0	2021/22 FY

The total number of 733 titles were received for film festival exemption in the 2021/22 FY. The FPB conducted an analysis to identify the gaps and determine what the delay in issuing exemption certificates. The findings reflect that the delays are both internal and industry related. An estimate of 30% submitted their film festival applications within the thirty days as per the regulation, the table below illustrates the film festivals processed during the annual financial year, with the majority hosted online:

It is recommended that industry, film festival organisers in particular, adhere to the set timeframes for film festival submission and ensure compliance which will assist the board to process exemption certificate before the commerce date of the festivals.

The disruptions experienced in the submission of content has however not changed the patterns or trends in the classifiable elements identified as well as the age categories that informed the classification decisions. The prevalence of violence and language in content remains the highest across all material classified with no significant changes in the patterns for other classifiable elements. The intended target markets and distribution categories has also not seen any significant shifts with the most prevalent distribution categories remaining for the teen market classified as '13' or '16'.

TURNAROUND TIMES

The FPB upheld its service delivery standards promise to commercial distributors by issuing classification decisions of 92.52% within eight working days and 54.84% in five or less working days. In addition to the decline of submissions for classification is the type of content submitted to the FPB over a four-year period. Whilst the decline in the submission of adult content and publications were detected before the 2015/2016 financial year, it is amplified and a decline in the number of applications for exemption of certain content has become evident in this financial year.

The table below illustrates that 12 games went through expedited classification during the year under review. This provision affords industry to apply for classification to be concluded expeditiously and a premium tariff fee is charged to ensure that the application is prioritised and concluded within 4-5 working days. The majority of these applications were from the gaming sector, noting that this is influenced by the international release date for games:

Number of Expedited Titles	Period	Genre/ Format	Turnaround times (Days)
12	April 2021- March 2022	GAMES	1 - 4 days

> **In keeping to its service delivery standards promise to industry, 99.9% of the applications for distributor licenses were processed within five working days.**

Retailers of physical materials remain the highest number of distributors followed by exhibitors of films in cinemas. It is however noteworthy to mention, that there is a significant decline in the number of new distributor licenses issued, this can be seen over a five-year period in the number of applications received to issue licenses to new operators.

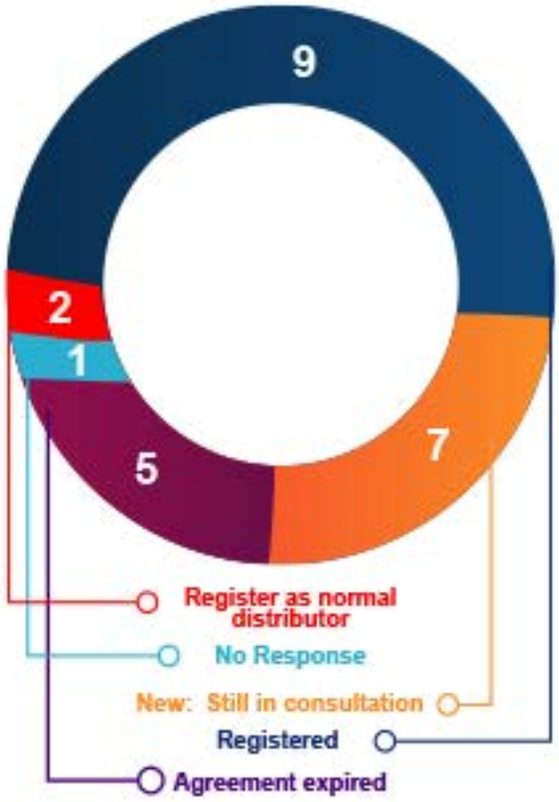
The tariffs of the FPB aims to encourage distributors to submit applications for licensing or renewals on its online platform at a discounted rate. Of the number of applications for registration or renewals, 590 were submitted online, rejected, or successfully processed online. This amounts to only 28% of applications for renewals or new licenses submitted digitally. **Distributors are encouraged to use the FPB Online system to benefit from the cost reduction and the streamlined processes it affords to operators.**

No. of license application	Manual	FPB Online
Rejected applications	196	118
License applications issued	1 286	472

Further to the activities of the FPB in response to the operationalisation of the FP Act and digitisation of its operations, is the review and/or development of application forms for registration and classification in line with the amendments of the Act during the previous financial year and the development of these as digital forms that will be ingested on the FPB Online system.

Evidence of the move of content to the online space is the rapid proliferation of commercial online distribution. Twenty-four commercial online distributors have been recorded by the FPB over a period of time and documented by the end of the financial year.

COMPLIANCE STATUS



Revenue collected for the licensing of commercial online distributors amounted to R4 599 696.76. with another R4 470 542.81 still to be received. One of the challenges experienced is around the fluctuation of exchange rates where such commercial online distributors are international companies.

The amendments to the FP Act have changed the regulation of commercial online distributors from a voluntary compliance agreement to mandatory. This will mitigate the delays that have been experienced in the response rate and time it takes to conclude these agreements that is on average four to six months. The role of the FPB to regulate commercial online distributors extends to the quality

assurance and audit of the classification decisions assigned to content against the Classification Guidelines of the FPB. Of the registered commercial online distributors, 582 titles were drawn as samples from their catalogues to submit the classification decisions to quality assurance.

Further technological trends which impact the FPB is the increase in the development and use of artificial intelligence in systems utilised to classify content. The amendments to the FP Act make provision for the FPB to accredit foreign and international rating systems and as such, the FPB will conduct research into accreditation models and such systems to advise the FPB on processes and procedures to be adopted when an accreditation application is received from commercial online distributors of films and games.

SOCIAL ILLS INCREASINGLY ADVANCED BY DIGITAL TRANSFORMATION

Shifts in the demographic profile, broad attitudinal changes and cultural trends have an impact on the social environment in which FPB operates. The changing consumption patterns and demographic profile of, especially, online users are evident in the FPB Convergence Survey concluded in October 2020, and the results published and disseminated in 2021. The FPB conducted a technical review of the Guidelines during the 2021/2022 financial year. Public inputs and comments have since been received and are in the process of being considered and analysed. The changing demographic trends shall be considered during the substantive review of the FPB Classification Guidelines scheduled to take place during the 2022/2023 financial period.

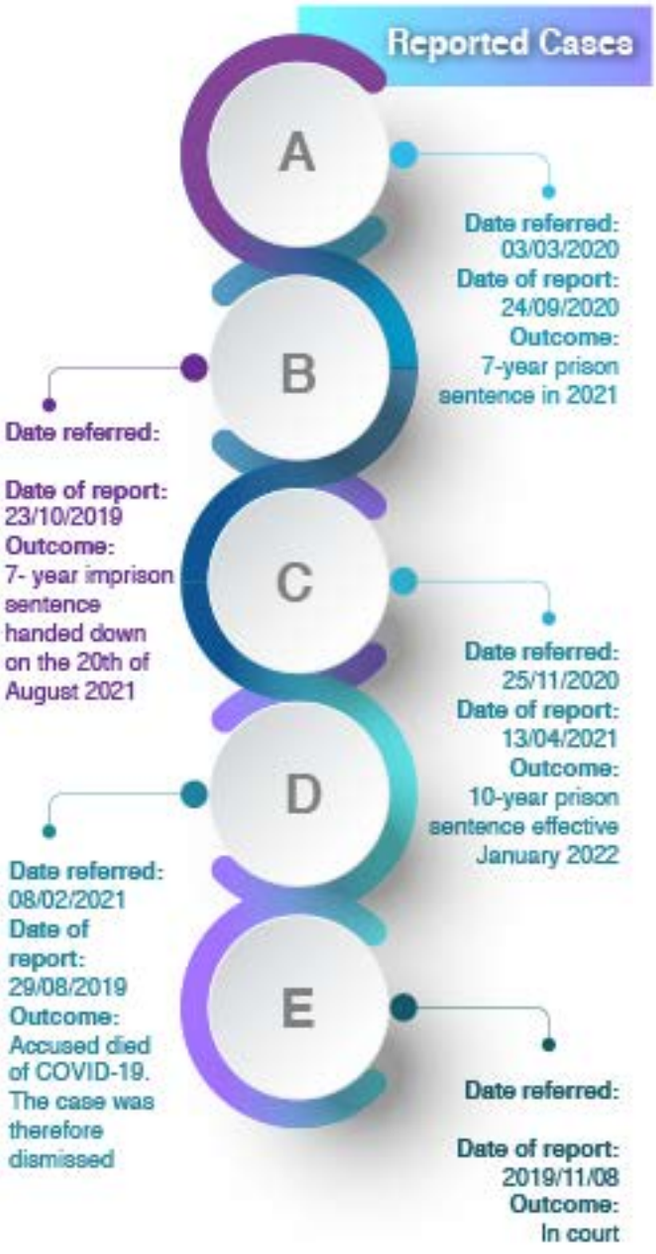
Social media also has a tremendous impact on shaping attitudinal changes and behaviours with a great risk of radicalisation. A concerning social ill is the demand and supply of child sexual abuse material (CSAM) that is created and now easily distributed on a global scale with the advent of the internet. Even more alarming is services presented on the internet of live streaming of child sexual abuse to paying customers. A total of 6 cases of suspected CSAM and child abuse cases were reported to FPB by members of the public. 2 of the 6 were of child sexual abuse material, 1 case was referred to SAPS whilst another was said to be on a social media platform, however when investigations were done it was found the content was removed from the platform. The 4 other cases were of child abuse and they were referred to Child Protection Organisations for investigation/intervention.

Part of the objectives of the FP Act is the criminalisation of child pornography and FPB assist SAPS, and through its membership with INHOPE to address these criminal acts and analysis suspected CSAM content. The Child Protection Unit (CPU) received 14 new cases from SAPS for the financial year.

The Child Protection team conducted and concluded the analysis of 16 cases with content suspected (with a total of 03 cases carried over from the previous financial year) to be CSAM in the 2021/2022 financial year. 10 out of the 16 cases reported had content/ images that can be described as Child Sexual Abuse Material as per definition in the Film and Publication Amendment Act of 2019.

> **A staggering number of no less than 49 390 images were analysed during the year with a total number of 8 789 images found to be CSAM.**

The team attended two court sessions during the financial year and feedback received on other cases attended to by the FPB in previous years as detailed in below table:



NON-REGULATORY FUNCTIONS AMIDST DIGITAL DISRUPTION AND COVID-19

The FPB conducts a vast range of non-regulatory functions to create awareness of the mandate of the FPB and to educate citizens on the dangers faced by children and vulnerable groups. FPB conduct workshops with key stakeholders which includes Law Enforcement agencies, ordinary members of the public, learners and industry players (exhibitors/ distributors, creators and producers of films, games). A commendable number of stakeholder engagements held during the year, reached 17 169 South Africans.

The compliance monitoring team conducted workshops with LEA, and where criminal cases are opened and prosecuted, the Compliance Officers attend court as expert witnesses. In the financial year, FPB conducted 82 LEA workshops across SA attended by 1 130 Law Enforcement Officers. The workshops assisted the LEA's to have the legislative capacity to enforce industry compliance through the use of the FP Act to open criminal cases and effect arrests.

Industry is an important client of the FPB and engagements with them is crucial to understand and discuss challenges experienced by industry and FPB alike to find an amicable solution and way forward where these may exist. There has been extensive engagement with industry per sector during the year under review, largely on the FPB 2019 tariff model, the amendment act and its implications for industry. Client support unit hosted a total of 61 while 2 were hosted by the compliance monitoring team. These sessions were ranging from one-on-one sessions to industry engagement workshops.

The 2 tables below illustrate the number of engagements per sector:

Workshop Type	Unit Total number conducted	Total number of attendees
Distributor	2	18
Parents	477	88
Educators	56	631
Cinema	59	514
Learner Outreach	130	15659
Stakeholders	5	145
Cinema Activation	7	114

Period	Number of Engagements conducted	Sector: Online/ gaming/distributors/ creators & producers/ film festivals/ others		Nature of Engagement: Group or one-on-one
Q1 – Q4	61	Online Distributors	27	One-on-One Session
		Game Distributors	14	One-on-One Session
		Film Festivals	19	Group Session

ORGANISATIONAL QUERIES MANAGEMENT

The FPB queries management function is centralised at the Client Support unit. These were received through the centralised client support e-mail box. In the year under review, a total of 3 624 queries were received and 3 500 (96.6%) were resolved within the set turnaround times and 124 (3.4%) were resolved out of the set turnaround times. Queries are received from the key stakeholders which are the distributors, the public and from internally at the FPB. There were 1 448 registration and renewal queries which were received. The queries consisted of new registrations, renewals and general registration queries. There was a total of 1 009 classification queries received. The queries were all with regards to the age ratings of films that were classified and screened. These also included screening requests for classification at theatres, submission of content and feedback on ratings. There were 100 non-compliance queries that related to distributors not being registered or licenses expired. There were 1067 general queries received. Bulk of these queries were inputs for the draft classification guidelines.

Nature of Query	Q1	Q2	Q3	Q4	Total
Classification	304	271	240	194	1 009
Registration	506	298	309	335	1 448
General	108	52	10	11	1 067
Non-Compliance	22	57	30	32	100
Total	940	678	625	1 381	3 624
Resolved within turnaround times	900 (95.7%)	657 (96.9%)	602 (96.3%)	1 341 (97%)	3 500 (96.6%)
Resolved out of turnaround times	40 (4.3%)	21 (3.1%)	23 (3.7%)	40 (3%)	124 (3.4%)

CLIENT SATISFACTION SURVEYS

The objectives of the client satisfaction survey conducted during the year under review was to assist the organisation to solicit feedback and assess perceptions on organisational service delivery. A total of 3 152 surveys were sent during the period 1 April 2021 to 31 March 2022, only 43 survey responses were received which resulted in poor response rate of 1.36%.

The following questions were asked in the online survey:

- Overall, how satisfied are you with the FPB Client Support Unit?
- How satisfied are you with our responses to your questions or concerns?

Feedback from respondents indicated that 95.35% were satisfied with some indicating that they were Extremely Satisfied or Satisfied. None of the respondents rated the levels of service as neutral and 4.65% rated of respondents who rated the service as dissatisfied or extremely dissatisfied.

INFORMATION AND COMMUNICATION TECHNOLOGY

Over the Financial Year (FY): 2021/2022, the Information and Communication Technology (ICT) Division achieved 93% (from 88% achieved in 2020/2021) of its Annual Performance Plan (APP) deliverables against the annual ICT plan. This marks year three of the Division's contribution towards the implementation of the FPB's Digital Agenda Strategy, aimed at optimizing the use of the technology to automate transactional services, increasing efficiency and providing digital services to clients and partners.

The role of ICT within the Film and Publication Board includes providing world-class infrastructure and applications that will enable the organisation to deliver on its mandate and championing the strategic use of technology for seamless business operations. Like all industries, the media and entertainment industry are constantly being re-imagined and disruption is our refrain. The ICT unit played a critical role as a catalyst for ushering FPB into the 4IR in adopting new technologies and adapting to new trends for effective industry regulation.

The annual ICT plan set a foundation for successful execution of the Digital Agenda strategy and key amongst the achieved targets includes the following:

- Implementation of an ICT Security Framework to curb the increase in security threats against the stability of the organisational information and technology assets. The ICT Security framework is ideal to ensure a coordinated approach towards implementation of ICT security or cybersecurity related prevention, detection and response initiatives.
- Migration of the email systems to a cloud platform (Office 365), to ensure high availability, ease of access and increased security.
- To ensure that FPB applications are stable and responsive, the functionality gaps on the applications were identified and resolved. This included the development of the applications portfolio rationalisation approach that ensures a consolidated, integrated and scalable applications portfolio for FPB. A rationalised applications portfolio is ideal to ensure responsive applications that meets requirements of FPB.
- Maintenance of the FPB ICT infrastructure together with applications was implemented for the period under review with no major incident recorded that impacted business operations.

The 2021/2022 annual ICT plan aims for the implementation of the FPB Digital Strategy Roadmap. The roadmap has initiatives that aim to improve internal operations and the automation of the core FPB function, Regulatory and Enforcement for the efficient implementation of FP Act.

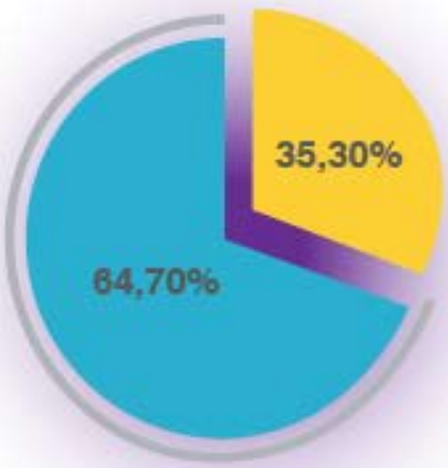
RESEARCH, POLICY AND ADVOCACY PROFILE DESCRIPTION AND FUNCTION

Research is a powerful tool that can be used to generate evidence–based information in order to guide development strategies and to enhance advocacy and as well as regulatory functions of FPB. In order to uphold the relevance and fidelity of the information to be collected, a definitive research policy and guidelines were developed and will need to be institutionalised as soon as it has been approved by Council. The institutionalisation of research policy and guidelines will ensure that data generated by research is consistent with best practices and will stand scientific interrogation and scrutiny.

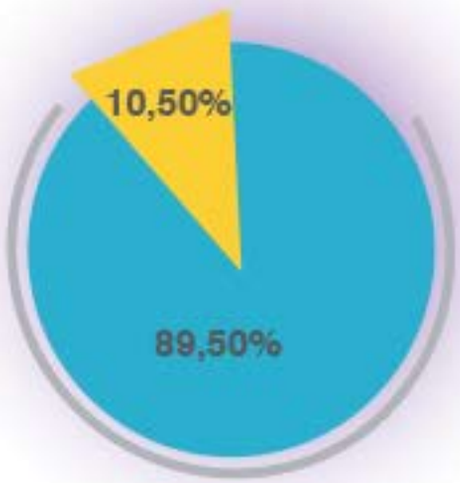
In the year under review, the Research, Policy and Advocacy unit finalised Phase I of the Content Classification Index (CCI), which consisted of seven case studies of content classification governance, covering Australia, Canada, the European Union, Nigeria, Rwanda, South Africa and Tunisia.

The flagship project, the Impact of Technology on Media Content Regulation, was concluded in the year under review, despite the resignation of the Senior Researcher that had been assigned to the task and delays in securing the services of a replacement. The project sheds light into the ground-breaking changes in patterns of the creation, distribution and consumption of media content, fuelled by the COVID-19 lockdown which saw a sharp demand for online streaming and the shift towards digital online distribution. Additionally, the study assessed the technological capabilities of the FPB and how these can be enhanced for purposes of fast-tracking turnaround times in classifying media content. Based on the research findings, the study`s recommended that: FPB should do more tests with regards to Online Content Regulation Systems. Considering the new Films and Publications Act, which come into effect on the 1st March 2022, places an emphasis on self-classification and/or self-regulation. As such FPB is now required to develop self-classification guidelines relevant to South African context. Below are some of the highlights of the study findings with regards to internet connectivity and cell phone usage in South Africa:

Percentage of Internet Coverage



Percentage of Cellphone Usage



Household with Cellphone

Household without Cellphone

Moving from the latter research project, RPA unit launched the Convergence Survey in the previous financial year and work commenced to disseminate the findings of the survey. Several platforms were identified to share these findings, including at the Durban Film Mart and the Human Rights Commission where we reflected on the nation-building and social cohesion aspects of media content regulation, sharing a panel with renowned psychologist Dr. Saths Cooper.

Good strides were made on the document management front of the unit's work. The Resource Centre Coordinator undertook training in the use of the SharePoint platform. Training of Knowledge and Information Management Champions followed shortly. The RPA team, as the business unit under whose custodianship knowledge management resides, was taken through basic training on SharePoint. A marketing strategy to increase the usage of the Resource Centre saw the hosting of young women from several schools in disadvantaged communities to a career event in the premises of the FPB. The learners were taken through some of the core work in the FPB, including a career in knowledge management and classification among others.

A consignment of newly stocked books arrived during the year under review, with the Resource Centre Coordinator cataloguing these using the Dewey Decimal protocols.

The unit continued working towards promoting the organisation as a thought-leader in content regulation. The unit produced insights reports covering pertinent areas such as 4-Year Trends Analysis, plotting a shift in content submitted to the FPB for classification, the incidence of cyberbullying and mental health amongst teenagers during lockdown and the hype sexualisation of girls and women in video gaming. An insight report was produced also alerting parents to the need to know what video games children play, insights gleaned from the Convergence Survey findings. The Impact of Technology on Media Content Regulation saw an insight report produced on the impact of technological advances and future regulations and functions. Additionally, an insight report on the use of technology to counter gender-based violence attracted widespread interest from media and was requested (DCDT).

The RPA unit is fairly small in size. To circumvent its capacity limitations and to leverage capacity found externally, the Research Reference Group (RRG) continued to play a pivotal role. The RRG is made up of experts and academics in different areas that impact the work of the FPB. These include social media law, child protection, data analytics, monitoring and evaluation, in addition to strong academic research expertise. To this end, the RRG were presented with the Research, Policy and Advocacy Strategy, which

was due to review, for their input in June 2021. The RRG was also invited to a session to discuss the Impact of Technology on Media Content Regulation (Tech Trends) project where they provided detailed feedback which helped shape and strengthened the project's outputs.

Focus group discussions with experts on a range of areas impacting on the FPB's work were moderated, notably one with experts in content regulation. Input from this focus group discussion helped strengthen the Tech Trends project.

The Matshohlo sessions continued to bring staff across the organisation together. During the year under review, two sessions were led by external guests, Nano Mothibi of the Gauteng Film Commission and Zen Thusi, a filmmaker and youth worker. The guests' presentations were well received, eliciting stimulated discussions.

COMMUNICATIONS AND PUBLIC EDUCATION

An understanding of the mandate of the Film and Publication Board (FPB) amongst the citizens of South Africa is a critical success factor in the regulation of safe content consumption, in as far as it encourages individual behaviour change and social cohesion. By prioritising an active focus on awareness of the work of the organisation, a positive brand image is facilitated, especially as it relates to the advocacy of safe consumption of content in films, games and certain publications. The FPB engages with its myriad stakeholder groupings in a targeted way to give life to its mandate.

An integrated 360-degree approach to communications and public education is prioritised by disseminating targeted campaigns across community outreach events, media engagement, digital media and stakeholder relations. This has proven to be a successful tactic in expanding the footprint of the organisation in South Africa, continuing to pay dividends as a strategic thrust in communications.

Most operational targets were overachieved. Some of the successes included reaching 21 295 community participants across all Provinces, and with a balanced spread of rural, peri-urban and urban environments (refer to participation heat maps below). These community engagements included 7 activities with Special Needs schools/organisations, advocating for safe content consumption and cyber safety.

Despite a vacancy in the digital media function during the year, 2 078 posts and 12 Videos were created, resulting in an increase in followers across the FPB social media platforms of 14%. These posts were aligned to campaigns related to the mandate as well as classification education and cyber safety education. These digital campaigns were further aligned to support the monthly outreach themes, and the four (4) quarterly flagship outreach campaigns: Child Protection Week; (held in Mpumalanga and Limpopo Provinces) Women's Month (held in Free State Province); 16 Days of Activism for No Violence Against Women and Children; (held in Eastern Cape and Mpumalanga) and Safer Internet Day (held in Western Cape). Further digital media successes included the live streaming of the flagship campaigns and conducting chats with subject experts on Twitter Space and Instagram Live. A quarterly digital newsletter for industry stakeholders came onstream successfully to keep this critical sector abreast of developments in the regulatory space and the work of FPB.

On the media relations side, interviews and media coverage was driven through the dissemination of 8 media releases and publishing of 8 Opinion Editorials, targeted engagement of 38 media organisations through meetings and interviews. In the latter part of the year, media engagement was driven strongly around the amended Films and Publications Act, facilitated through a media briefing conducted jointly by FPB and the Department of Communications and Digital Technologies (DCDT).

A process to revitalise the FPB brand commenced in earnest in 2021, with the new brand anticipated to be launched to industry and the public in 2022.

The new brand will bring the image of the FPB up to date with trends around media convergence and the positioning of the organisation as a Regulator of the Future, given the operationalisation of the amended Films and Publications Act on 1 March 2022.

Stakeholder relations kicked off on a high note in the year under review, with FPB hosting a successful conference around the impetus for Harmonisation of Content Regulation in Africa, attracting delegates in the private, public and NGO sectors from Kenya, Nigeria, Malawi, eSwatini, Zambia, Lesotho, Namibia and Tanzania weighed in on the debate over a two-day period. Stakeholders from Google Africa, TikTok Middle East and North Africa, Discover Digital, Showmax and Interactive Entertainment SA made recommendations to content regulators in Africa. A panel of young filmmakers, content regulators and a social media lawyer had an opportunity to provide a youth perspective.

Twelve (12) new stakeholders were brought onboard across a variety of sectors and roles in society, and 10 international stakeholders were engaged online due to COVID-19 restrictions. The work of the FPB was showcased at 3 industry festivals (Durban Film Mart, Nelson Mandela Children's Film Festival, Fakugesi Gaming Festival) and one community cultural festival (Coffee Bay, Eastern Cape). Four (4) Memoranda of Understanding were concluded with Tshimologong Innovation Hub; Eswatini Communications Commission (ESCCOM); Childline SA and National Electronic Media Institute of South Africa (NEMISA) were concluded during the year. Further informal stakeholder partnerships resulted in stakeholders joining in the FPB flagship campaigns.

4

Section 4

GOVERNANCE

SECTION 4: GOVERNANCE

The Council is responsible for monitoring principles of corporate governance and completely aligns itself with the application of the recommendations of the King report on governance (King IV). The Council is committed to corporate processes and ensures that FPB operations are conducted ethically, taking into account best practice.

To the best of the Council's knowledge, information and belief, the FPB complied with applicable legislation, policies and procedures, as well as the codes of governance in the review period.

COUNCIL CHARTER

The Council has adopted a formal charter which clearly articulates its duties and responsibilities and which is reviewed and approved bi-annually. The Council Charter is closely aligned with King VI. The Council confirms that, during the period under review, it satisfactorily discharged its duties and obligations as contained in the Council Charter.

COMPOSITION OF THE COUNCIL AND ITS ROLE

The FPB Council comprised of 10 (ten) Council members including the Chief Executive Officer, from diverse backgrounds, appointed by the Minister of Communication and Digital Technologies based on experience, technical skills, qualifications and knowledge. The Minister of Communication and Digital Technologies appointed the Council on 21 April 2022 in line section 6 and 8 of the Films and Publications Act.

The primary responsibility of the Council is the leadership of the FPB, strategic direction and policy, operational performance, financial matters, risk management and compliance. It is responsible for the general management and control, exercising leadership, integrity and judgement in directing the FPB, based on transparency, accountability and responsibility. The Council is the focal point of the corporate governance system of the FPB. Authority for day-to-day management of the FPB's activities is delegated to the management team through a Delegation of Authority Framework approved by the Council. The mandate, role and responsibilities of the Council are stipulated in the Council charter as set out in the FP Act.

INDUCTION OF NEW MEMBERS

A comprehensive induction programme will be conducted once new Council is appointed to ensure that new Council members are informed of the required knowledge of the FPB's structure, operations, policies and industry-related issues and to enable them to fulfil their duties and responsibilities. The Council secretary administered this programme.

DELEGATION OF AUTHORITY

The Council exercise oversight authority to lead, control and manage the business of the FPB. Through a delegation-of-authority framework, the Council has delegated certain powers and functions to the Chief Executive Officer and executive committee (Exco) to manage the day-to-day business affairs of the FPB. The delegation of authority assists the Chief Executive and Exco in decision making and meeting strategic objectives without absolving the Council of its accountability and responsibilities for the FPB. There are, however, some non-delegated matters reserved for approval by the Council and/or the Minister of Communication and Digital Technologies in terms of the FP Act, Council charter and delegation-of-authority document.

MINIMISING CONFLICT OF INTEREST

Conflict of interest is managed through mandatory annual declarations of interest. All Council members are required to declare any conflict of interest on

an ongoing basis. The Council Charter details the importance of declaring any conflict of interest and contains provisions for dealing with such conflicts.

CODE OF CONDUCT

The Code of Conduct regulates and control the Council members' conduct and behaviour. The Code of Conduct applies to Council as well as Committee and other meetings relating to the affairs of the Board. The Code of Conduct requires the members to act with the utmost good faith, honesty, professionalism, and integrity in all their dealings with the Board's affairs. The values encapsulated in the Code of Conduct are continuously instilled through ongoing communication and training.

PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents which have to be tabled as well as any other documents tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor.

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

Provide commentary on the number of meetings held with the portfolio committees and the key issues raised by the portfolio committees.

EXECUTIVE AUTHORITY

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA. The PFMA governs/gives authority to the Executive Authority for oversight powers.

The Executive Authority also has the power to appoint and dismiss the Board of a public entity. The Executive Authority must also ensure that the appropriate mix of executive and non-executive directors is appointed and that directors have the necessary skills to guide the public entity.

Provide commentary on the reports submitted to the Executive Authority and the dates submitted. Discuss any issues raised by the executive authority.

COUNCIL SECRETARY

The Council Secretary has a pivotal role to play in advising the Council on its roles and responsibilities, amongst other duties. The roles and responsibilities of the Council Secretary are defined in the Council Charter, read together with the Companies Act and King IV report. The Council Secretary is responsible to the Council through the Office of the CEO for inter alia, ensuring compliance with procedures and applicable statutes and regulations. All directors have unlimited access to the advice and services of the Council Secretary and all directors are entitled to seek independent professional advice at the FPB's expense, concerning the affairs of the FP, after obtaining the approval of the Chairperson.

The Council Secretary maintains an arm's length relationship with the Council and its members, and is empowered with the necessary authority and support to carry out her duties, which include: Maintaining all statutory records; bi-annually reviewing all Council and committee charters; Assisting the Chairperson with the annual Council evaluation; Advising the Council on business ethics and good governance; Ensuring that the Council's policies and instructions are communicated to the appropriate persons in the FPB; Ensuring that the Council receives adequate information so as to make informed decisions; and ensuring Council induction, training and development.

The Council has considered the skills, qualifications and performance of the Council Secretary, Ms Ngwako Molewa. The Council is satisfied with her continuing suitability for the position.

COUNCIL MEETINGS AND COUNCIL COMMITTEES

Council meetings are held at least once every quarter and special meetings convened when necessary. In the review period there were four (4) scheduled Council meetings, six (6) special Council meetings and several Council workshops convened. Executive members attended Council meetings as invitees. Details of attendance are shown below:

Attendance at Council Meetings	Dates										
Council Member	30/06/21	17/09/21 AGM	30/09/21	06/12/21 Special Meeting	09/12/21 Special Meeting	10/12/21	12/01/22 Special Meeting	08/02/22 Special Meeting	25/02/22 Special Meeting	14/03/22 Special Meeting	30/03/22
Ms Zama Mkosi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Siyasanga Tyali	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Lungelo Nxele	✓	✓	✓	✓	✓	✓	✖	✓	✖	✓	✓
Adv Tokyo Nevondwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Zanele Nkosi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Andile Nontso	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Mpho Sedibe	✓	✓	✓	✓	✓	✓	✓	✖	✖	✓	✓
Mr Phosa Mashangoane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Maggie Pillay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓: Attended ✖: Apologies

The members of Council have the following sub-committees:

AUDIT AND RISK COMMITTEE (ARC)

The audit and risk committee was appointed by the Council of the FPB and has four independent non-executive Council members. The executive officer and chief financial officer are permanent invitees to committee meetings while the Auditor General attend by invitation.

The Audit Committee has adopted Terms of Reference based on the Public Finance Management Act ("the PFMA"). The Audit Committee members have considered and are of the view that they are effectively independent of the Board and its management thereof.

ROLES AND RESPONSIBILITY

The committee is regulated by approved terms of reference, and it is responsible for, inter alia, the review of financial performance, external audit strategy and reports, the internal audit function, risk management, budgets, PFMA compliance, fraud and corruption, information technology governance and the monitoring of CAPEX projects. The terms of reference are aligned with the requirements of the Public Finance Management Act (PFMA), treasury regulations and King IV.

During the period under review, the Audit and Risk Committee met seven (7) times to review, inter alia, the year-end and interim results of the Board as well as to consider regulatory and accounting standards compliance. (See the table below.)

Attendance at ARC Committee Meetings	Dates of meetings						
	21/06/21	30/07/21 Joint ARC & FINCOM	25/08/21	29/10/21	26/01/22	17/03/2022 Strategic Risk Assessment Workshop	22/03/22 Joint ARC, FINCOM & HR REMCO
ARC Committee Member							
Ms Zanele Nkosi	✓	✓	✓	✓	✓	✓	✓
Prof Siyasanga Tyali	✓	✓	✓	✓	✓	✓	✓
Ms Mpho Sedibe	✓	✓	✓	✓	✓	✓	✓
Adv Tokyo Nevondwe	✓	✓	✓	✓	✓	✓	✓

FINANCIAL COMMITTEE (FINCOM)

The Financial Committee was appointed by the Council of the FPB and has four independent non-executive Council members. The Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings. The FINCOM mainly assists the Council by overseeing and providing guidance to Management on financial administration, budgeting, financial reporting and related matters.

During the period under review, the FINCOM met six (6) times to review, inter alia, major financial transactions that fall within the threshold requiring Council approval on behalf of Council. This also included conducting quarterly review of financial statements, reviewing and monitoring organisational cash flow reports, overseeing and monitoring risk and control environments of the finance unit. (See the table below.)

Attendance at FINCOM Committee Meetings	Dates of meetings					
	21/06/21	30/07/21 Joint ARC & FINCOM	19/08/21	28/10/21	01/02/22	22/03/22 Joint ARC, FINCOM & HR REMCO
FINCOM Committee Member						
Ms Zanele Nkosi	✓	✓	✓	✓	✓	✓
Dr Andile Nontso	✓	✓	✓	✓	✓	✓
Ms Mpho Sedibe	✓	✓	✓	✓	✓	✓
Ms Lungelo Nxele	✓	✓	✓	✓	✓	✓

OPERATIONS AND ICT COMMITTEE (OPITCOM)

The OPITCOM was appointed by the Council of the FPB and has four non-executive Council members. The Chief Operating Officer, Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings. The duties and functions of the Committee inter alia, includes: to provide oversight and advice to Council on the strategic direction and activities of the Operations and Shared Services Division, including but not limited to planning, implementation, performance reporting and risk monitoring in the following functions: Industry Regulation of (i) Classification; (ii) Child Protection; (iii)Communications and Public Education; (iv) Compliance Monitoring; (v) Facilities Management; (vi) Legal and regulatory Framework and (vii) Research, Policy and Advocacy. ICT governance: (i) Alignment of IT with the business direction; (ii) Achievement of strategic IT objectives; (iii) Availability of suitable IT resources, skills and infrastructure; (iv) Optimisation of IT costs and Risk, return and competitive aspects of IT investments.

During the period under review, the Operations and ICT Committee met four (4) times to review FPB's functions in respect of operational, performance reporting and ICT governance matters as well as make recommendations to the Council regarding their relevance to the Board's mandate. (See the table below)

Attendance at OPITCOM Meetings	Date of meetings			
	15/06/21	31/08/21	19/11/21	07/03/22
OPITCOM Member				
Ms Lungelo Nxele	✓	✓	✓	✓
Prof Siyasanga Tyali	✓	✓	✓	✓
Ms Maggie Pillay	✓	✓	✓	✓
Mr Phosa Mashangoane	✓	✓	✓	✓

HUMAN RESOURCE AND REMUNERATION COMMITTEE ("THE HR & REMCO")

The HR & REMCO was appointed by the Council of the FPB and has four non-executive Council members. The Shared Services Executive, Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings. The duties and functions of the Committee inter alia, includes: by overseeing and providing guidance to Management on human capital, human resources, remuneration, recruitment and other related matters.

During the period under review, the HR & REMCO met eight (8) times to the review the strategic direction and activities of the Shared Services Division, with a particular focus on Human Resources planning, administration and remuneration. (See the table below)

Attendance at HR REMCO Meetings	Date of meetings							
	10/06/21	30/07/21 Special Meeting	16/08/21	10/11/21	02/02/22	16/02/22	10/03/22 Special Meeting	22/03/22 Joint ARC, FINCOM & HR REMCO
HR & REMCO Member								
Adv Tokyo Nevondwe	✓	✓	✓	✓	✓	✓	✓	✓
Ms Mpho Sedibe	✓	✖	✓	n/a	✓	✓	✓	✓
Dr Andile Nontso	✓	✓	✓	✓	✓	✓	✓	✓
Mr Phosa Mashangoane	✓	✓	✓	✓	✓	✓	✓	✓

n/a – did not receive invite

CHAIRPERSONS COMMITTEE & SOCIAL AND ETHICS COMMITTEE ("THE CHAIRCO")

The CHAIRCO is appointed by the Council of the FPB and has four non-executive Council members. The Chief Executive Officer is a permanent invitee to committee meetings.

The CHAIRCO is responsible for performing advisory functions to the Council and Chairperson. In addition, the Chairpersons Committee is tasked with taking decisions on any matters within the prerogative of the Chairperson's Committee, as well as other urgent matters that will have an impact on the operations of the FPB, except policy matters. The CHAIRCO is also responsible for advising the Council on social and ethics, safety, security and environmental matters.

During the period under review, the CHAIRCO met seven (7) times to assist the Council in respect of all activities of the Council and its Committees.

Attendance at CHAIRCO Meetings	Date of the Meeting						
	25/06/21	10/09/21	30/11/21	13/12/21 Special Meeting	07/03/22 Special Meeting	14/03/22 Special Meeting	24/03/22
CHAIRCO Member							
Ms Zamantungwa Mkosi	✓	✓	✓	✓	✓	✓	✓
Prof Siyasanga Tyali	✓	✓	✓	✓	✓	✓	✓
Ms Zanele Nkosi	✓	✓	✓	✓	✓	✓	✓
Adv Tokyo Nevondwe	✓	✓	✓	✓	✓	✓	✓
Ms Lungelo Nxele	✓	✓	✓	✓	✓	✓	✓

APPEAL TRIBUNAL REPORT FOR 2021/2022

The Film and Publication Board (FPB) confirms receipt of two appeals during the financial period under review, namely, one received from Sanktuary Films expressing its intention to appeal against the classification decision for the film, "I am here". The FPB classified the film and allocated an age-rating and consumer advice of 16 P SV V respectively. Sanktuary Films sought to appeal this rating by requesting a lower age-rating of 13 with no provision as to consumer advice. The other appeal received was from Gravel Road Distribution Group, the distributor of the film "Sodium Day", hereto expressing their intention to appeal against the classification decision issued for the film. In this instance the FPB classified the film and allocated an age-rating and consumer advice of 18 D L P V respectively.

Notwithstanding having communicated the request to the Governance Secretary of the FPB to establish the availability of the members of the Appeal Tribunal in order to arrange a hearing to ventilate the appeals concerned, the FPB was advised that currently, there are no members of the Appeal Tribunal in office and as a result the matter was not in a position to be heard.

In terms of section 6(1) of the Films and Publications Act, 1996 (Act No. 65 of 1996) (Act), members of the Appeal Tribunal are appointed by the Minister of Communications and Digital Technologies (Minister) by notice in the Government Gazette after consultation with Cabinet. The appointment of members of the Appeal Tribunal therefore falls outside of the purview of the FPB and is the sole responsibility of the Minister.

The FPB has been made aware of the endeavours by the Department of Communications and Digital Technologies to ensure that a new cohort of member of the Appeal Tribunal are appointed with the necessary haste. The Department envisages that such appointment shall, in all probability, take place in May 2022 noting in particular the need to consult with Cabinet prior to any appointment taking place.

AD-HOC Meetings and Workshops

Attendance of Ad-hoc Meetings	Dates							
	03 & 04/08/21 Strategy Review	08/09/21 Strategy Review	12/09/21 Strategy Review	21/09/21 Strategy Review	28/09/21 Strategy Review	29/11/21 Strategy Review	08/12/21 Risk Assessment Workshop	03/03/22 Media Briefing
Names of Council Members								
Ms Zamantungwa Mkosi	✓	✓	✓	✓	✓	✓	✓	✓
Prof Siyasanga Tyali	✓	✓	✓	✓	✓	✓	✓	✖
Ms Lungelo Nxele	✓	✓	✓	✓	✓	✓	✖	✖
Adv Tokyo Nevondwe	✓	✓	✓	✓	✓	✓	✓	✓
Ms Zanele Nkosi	✓	✓	✓	✓	✓	✖	✓	✖
Dr Andile Nontso	✓	✓	✓	✓	✓	✓	✓	✖
Ms Mpho Sedibe	✓	✓	✓	✓	✓	✓	✓	✖
Mr Phosa Mashangoane	✓	✓	✓	✓	✓	✓	✓	✓
Ms Maggie Pillay	✓	✓	✓	✓	✓	✖	✓	✓

A Joint Committee (JCOM) was delegated by Council to head the recruitment of Classifiers. The committee comprised of the OPITCOM Chair Ms Lungelo Nxele, OPITCOM member Ms Maggie Pillay and Mr Phosa Mashangoane from HR REMCO. The table below shows what engagements took place in the period under review:

Attendance of JCOM Meetings	Dates				
	07/02/22 Classifiers Recruitment Process	11/02/22 Classifiers Shortlisting	18/02/22 Classifiers Interview Process Methodology	08-11/03/22 Classifiers Interviews	29/03/22 Classifiers Interviews Update
Names of Council Members					
Ms Lungelo Nxele	✓	✓	✓	✓	✓
Mr Phosa Mashangoane	✓	✓	✓	✓	✓
Ms Maggie Pillay	✓	✓	✓	✓	✓

COUNCIL REMUNERATION

Council remuneration is determined by the Minister of Communication and Digital Technologies in consultation with the Minister of finance. Council members are remunerated a sitting fee for meeting attendance and preparation. Members are also reimbursed for any travel expenses incurred. The Council remuneration is disclosed in the Annual Financial Statements.

REPORT OF THE AUDIT AND RISK COMMITTEE

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

COMMITTEE RESPONSIBILITY

The Committee reports that it has complied with its responsibilities as arising from Section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Committee also reports that it has, in the current year, reviewed its terms of reference and adopted it as a charter. It has complied with both this charter and the statutory responsibilities as detailed above in the discharge of its duties.

COMMITTEE TENURE

During the period under review, the Committee was comprised of the following members:

- Ms. Z. Nkosi (Chairperson)
- Adv. L. Nevondwe
- Ms. M. Sedibe
- Prof. S. Mtyali

THE EFFECTIVENESS OF INTERNAL CONTROL

During the period under review, the Committee:

- Reviewed significant issues raised by both the internal and external audit processes.
- Reviewed the effectiveness of the entity's financial controls and received assurance from management, internal and external audit.
- Reviewed the action plans in place to address the shortcomings identified in internal controls.
- Reviewed policies and procedures for prevention and detection of fraud.

Findings as reported have been discussed with management and corrective action plans have been implemented.

INTERNAL AUDIT

During the period under review, the Committee has:

- Approved the internal audit plan and three-year rolling plan.
- Reviewed and approved the internal audit charter.
- Reviewed the quarterly and the annual internal audit reports relating to the effectiveness of the entity's internal control environment, systems, and processes.
- Considered the quality and appropriateness of management's action plans in response to identified shortcomings.
- Considered the effectiveness of the internal audit unit by monitoring progress and quality of work based on the annual plan.
- Considered the adequacy of internal audit resources in ensuring effective discharge of all its functions.

Internal audit managed to complete its annual plan timeously for the year under review.

RISK MANAGEMENT

During the period under review, the Committee has:

- Reviewed and recommended to Council, the risk framework, strategy, and the implementation plan.
- Reviewed and recommended to Council, the fraud prevention strategy and implementation plan.
- Reviewed and considered the annual strategic risk register.
- Reviewed on a quarterly basis, the implementation of the planned mitigating actions against identified risk.
- Considered on a quarterly basis any emerging risks, including those arising from fraud.

COMPLIANCE WITH LAWS AND REGULATIONS

During the period under review the Committee:

- Considered the system and processes the entity use to ensure compliance to regulations.
- Monitored compliance with laws and regulations.
- Reviewed both internal and external audits report to identify any arising compliance issues.

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Committee received and consistently reviewed both financial and non-financial information. It also ensured that monthly and quarterly reporting processes were in accordance with the PFMA.

FINANCE FUNCTION

The committee has considered the effectiveness of the finance unit and is satisfied that the unit discharged its functions accordingly for year under review.

EVALUATION OF FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

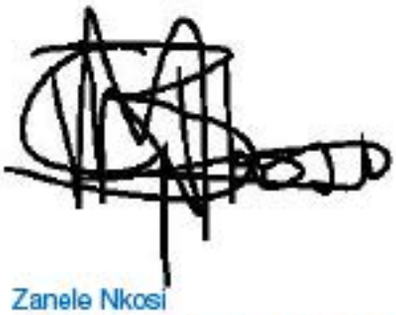
The Committee has:

- Reviewed the annual financial statements and performance information as prepared by entity.
- Reviewed the AGSA's management reports and management responses thereto.
- Reviewed significant adjustment resulting from the audit.
- Reviewed any changes in accounting policies and practices; and
- Reviewed the entity's compliance with applicable regulatory provisions.

AUDITOR'S REPORT

The Committee has independently met with the external auditors and can confirm that they are independent and have conducted the audit without influence. Implementation plans for audit issues raised in the previous year were reviewed and there is satisfaction as to the resolution of matters.

The Committee has discussed the audit outcomes with both management and AGSA. Based on these discussions, the Committee accepts the conclusions and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Zanele Nkosi

Chairperson: Audit and Risk Committee

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HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

The HR Report provides an overview of some of the activities and trends that have occurred over the 12-month reporting period. These include statistical data relating to staff movements, employment equity and race / gender representation, staff related expenditure patterns and labour relations.

EXPENDITURE

The following tables summarise final audited expenditure by programme and by salary bands. In particular, it provides an indication of the amount spent on personnel costs in terms of the programmes or salary bands within the department.

1 – Personnel Costs by Programme/activity/objective 2021/22

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Personnel Costs as a % of total expenditure (R'000)	No of employees	Average Personnel Cost Per Employee (R'000)
Staff	61 034	61 034	93.27%	99	617
Classifiers	4 403	4 403	6.73%	45	98

2 – Personnel Costs by salary bands, 2021/22

Salary Band	Personnel Expenditure (R'000)	% of total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Classifiers	4 403	6.73%	45	98
Support Staff	54 401	83.13%	96	567
Executive	6 633	10.14%	3	2 211
Total	65 437	100%	144	454

PERFORMANCE REWARDS

Performance Rewards, by race, gender and disability, 01 April 2020 to 31 March 2021

	Number of beneficiaries	Cost	% of rewards to employees
African			
Male	3	154 640	26.63%
Female	6	255 991	44.09%
Indian			
Male	1	48 018	8.27%
Female	0	0	0%

	Number of beneficiaries	Cost	% of rewards to employees
Coloured			
Male	0	0	0%
Female	0	0	0%
White			
Male	1	121 943	21.00%
Female	0	0	0%
TOTAL	11	580 592	100%
Employees with disability	0		

Listed in table only employees that received Performance Bonus – not individuals that received Notch increment

TRAINING COSTS

Programme/activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of employees Trained	Average training cost per employee
GRAP	4627209	29900	0.65%	5	5980
Zero Talent Waste Webinar	737072	0	0%	1	0
BBBEE Webinar	1663516	0	0%	1	0
Accelerating Digital Literacy for young girls and women	725848	0	0%	1	0
Strategic Human Resources Management	417751	14900	3.57%	1	14900
Outward Mindset	737072	0	0%	1	0
Risk Based Combined Assurance Training	15538988	72000	0.46%	11	6545
Professional Memberships	3519535	15610	0.44%	3	5203
CPD Requirements	1066996	0	0%	1	0
Introduction to Data Analytics	725848	0	0%	1	0
Career Development Programme	1014000	80000	7.89%	13	6154
Remote Investigation	9014110	50000	0.55%	19	2632
Post Graduate Diploma in Human Resource Management	737072	30823	4.18%	1	30823

Programme/activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of employees Trained	Average training cost per employee
Bachelor of Science and Forensics	908376	29058	3.20%	2	14529
Bachelor in Applied Social Sciences – Counselling Psychology	454376	85388	18.79%	1	85388
Bachelor in Economics	382178	13163	3.44%	1	13163
Post Graduate Diploma in Project Management	454376	42563	9.37%	1	42563
Post Graduate Diploma in Business Administration	454376	4261	0.94%	1	4261
Total	43179071	467665	1.08%	65	7195

EMPLOYMENT AND VACANCIES

Table 3 – Employment and Vacancies by Salary Bands, 31 March 2021

Salary Band	Number of Posts 31 March 2021	Number of Filled Posts 31 March 2021	Number of Posts 31 March 2022	Number of Posts Filled 31 March 2022	Vacancy Rate %
Support Staff	78	73	82	75	7.07%
Senior Management	12	11	12	11	1.01%
Executive Management	5	3	5	2	3.03%
Programme Total	94	87	99	88	11%

EMPLOYMENT CHANGES

Salary Bands	Number of employees per Level as at 01 April 2021 check	Appointments and Transfers In	Terminations and Transfers Out	Employment at end of Period at 31 March 2022
Support Staff	74	26	15	85
Senior Management	10	3	2	11
Executive Management	3	4	4	3
Total	87	33	21	99

REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

Termination Type	Number	% of total
Death	1	4.76%
Resignation	17	80,95%
Expiry of Contract	2	9.52%
Dismissal - organisational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharge due to ill-health	0	0%
Retirement	1	4.76%
Other	0	0%
Total	21	100%
Total number of employees who left as a % of the total employment		21%

Misconduct and Disciplinary Action, 01 April 2021 to 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional Counselling (included letters of caution in this)	0	0%
Verbal Warning	3	27.27%
Written Warning	0	0%
Final Written Warning	0	0%
Suspended without Pay	0	0%
Grievances	0	0%
CCMA	8	73.73%
Theft and Loss Committee	0	0%
Case withdrawn	0	0%
Other - Historical matters ongoing	0	0%
Total	11	100%

EMPLOYMENT EQUITY

Total number of employees (including people with disabilities) in each of the following Occupational Categories as at 31 March 2022:

Occupational Categories	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support Staff	21	2	4	2	56	1	0	0	86
Senior Management	4	0	0	1	4	1	0	0	10
Executive Management	2	0	1	0	0	0	0	0	3
TOTAL	27	2	5	3	60	2	0	0	99
Persons with disabilities – included in the above table	0	0	0	0	2	0	0	0	2

Skills Development for the period 01 April 2021 to 31 March 2022

Occupational Categories	Male				Female				TOTAL	% HC
	African	Colored	Indian	White	African	Coloured	Indian	White		Employees trained
Support Staff	14	0	2	1	24	0	0	1	42	42%
Senior Management	1	0	0	1	3	0	0	0	5	5%
Executive Management	0	0	1	0	2	1	0	0	4	4%
TOTAL	15	0	3	2	24	0	0	1	51	51%
Persons with disabilities	0	0	0	0	0	0	0	0	0	0%

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Section 6

FINANCIAL INFORMATION

SECTION 6: GENERAL INFORMATION

Business address

420 Witch Hazel Street
Eco Park
Centurion
0160

Postal address

Private Bag X31
Highveld Park
0169

(012) 003 1400

Bankers

ABSA Bank
(011) 501 5050

Auditors

Auditor General of South Africa
(012) 426 8000

LIST OF ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
CCMA	Commission for Conciliation, Mediation and Arbitration
DCDT	Department of Communications and Digital Technologies
FPB	Film and Publication Board
ICT	Information and Communications Technology
MTEF	Medium-Term Expenditure Framework
PAYE	Pay as You Earn
PO	Purchase Order
PFMA	Public Finance Management Act

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

While the Film and Publication Board is not a company by legislation, the members of council are guided by the requirements of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements and given unrestricted access to all financial records and related data for their audit.

The financial statements have been prepared in accordance with Generally recognised accounting practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The entity is dependent on the Department of Communications and Digital Technologies for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the Department of Communications and Digital Technologies has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The accounting authority are primarily responsible for the financial affairs of the entity and these are audited by the entity's external auditors.

The financial statements set out on pages 4 to 44, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2022 and were signed on its behalf by:

Dr Mashilo Boloka
Chief Executive Officer (Interim)

Ms. Zamantungwa Mkosi
Chairperson of Council

The members submit their report for the year ended 31 March 2022.

1. Legal Form and Nature of Business

The Film and Publication Board is a public entity which was established in terms of the Film and Publications Act and commenced business in March 1998. It is listed as a schedule 3A in terms of the Public Finance Management Act of 1999. The Executive Authority is the Department of Communications and Digital Technologies.

2. Review of activities

Main business and operations

The Film and Publication Board regulates the creation, production, possession and distribution of films, games, certain publications by way of classification to:

a) protect consumers against harmful and disturbing material while allowing adults to make informed choices for themselves and the children in their care by providing consumer advice

b) protect children from exposure to disturbing and harmful material and from premature exposure to adult material;

c) make the use of children in pornography and exposure to pornography punishable;

d) criminalise the possession, production and distribution of child pornography? and

e) create offences for noncompliance with this Act.

The FPB classifies films, games and certain publications through the provision of age-ratings and consumer advisories. This ensures that consumers of content, and particularly parents and guardians, by being informed of what may be contained therein are able to ensure that children are not prematurely exposed to harmful content that may have a socio-psychological impact on their development.

3. Results for the year

The financial operating results for the period were satisfactory. The Film and Publication Board recorded a net surplus of R 4 149 335 (2021: surplus R 7 595 472)

4. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of R 46 034 224 (R41 884 890 - 31 March 2021) and that the entity's total assets exceed its liabilities by R 46 034 224 (R41 884 890 - 31 March 2021).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. There is no indication from the Department that the FPB will not continue to receive funding going forward.

The country continued to experience the COVID 19 pandemic during the year under review and the measures that have been taken to combat the virus has impacted the way in which Film and Publication Board (FPB) conducted its business. The employees are working from home with a limited number of staff in the office and from 1 March 2022 there has been a gradual return to office in line with Government guidance.

5. Funding

The Film and Publication Board received a Government Grant of R 100 937 000 for the period ended 31 March 2022 and R 100 596 000 for the year ended 31 March 2021.

6. Legislation

The Films and Publications Amendment Act, 2019 (Act No. 11 of 2019), came into effect on 1 March 2022.

7. Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP),including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The unaudited financial statements set out on pages 4 to 44, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2022 and were signed on its behalf by:

Dr Mashilo Boloka
Chief Executive Officer (Interim)

Ms. Zamantungwa Mkosi
Chairperson of Council

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FILM AND PUBLICATION BOARD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Film and Publication Board set out on pages 58 to 109, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

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

Emphasis of matters

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

Statutory receivables – exchange transactions

7. As disclosed in note 5 to the financial statements, the public entity has a material balance of statutory receivables older than 180 days on the age analysis. Management analysed this balance and concluded that it should not be impaired as the probability of non-payment is negligible.

Responsibilities of the accounting authority for the financial statements

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

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. 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.

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

REPORT ON THE ANNUAL PERFORMANCE REPORT

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

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

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

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

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

17. I selected the following material performance indicators contained in strategic goal 1 – effective content regulation alignment to the Constitution, presented on pages 111 to 113 of the public entity's annual performance report for the year ended 31 March 2022. I selected the indicators that measure the public entity's performance on its primary mandated functions and which are of significant national, community or public interest.

PERFORMANCE INDICATORS
1.1.1.1 Improved consumer confidence level in FPB classification
1.1.1.2 Constitutionally compliant classification
1.2.1.1 Reduced level of industry non-compliance with FP Act and Regulations
1.2.1.2 Strengthened enforcement capability
1.3.1.1 Competent FPB and industry classifiers

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

material performance indicators.

OTHER MATTER

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 111 to 113 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

LEGISLATION	SECTION, REGULATION OR PARAGRAPH
PFMA	Sections 1 (definition of irregular expenditure); 38(1)(a)(iv); 38(1)(b); 38(1)(c)(i)-(ii); 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a) and (b); 40(1)(c)(i); 43(4); 44; 45(b); 51(1)(a)(iv); 57(b)
Treasury Regulations	Regulations 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a)-(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2 (fairness); 16A3.2(a); 16A6.1; 16A6.2(a) and (b); 16A6.3(a)-(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A.7.3; 16A7.6; 16A.7.7; 16A8.3; 16A8.4; 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1)
CIDB Regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1(i); 2.1(a), (b) and (f)
Preferential Procurement Regulations of 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; 9.1; 9.5; 11.2; 11.5
Preferential Procurement Regulations of 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations of 2016	Regulations 18(1); 18(2); 25(1)(e)(i) and (iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)
NT SCM Instruction Note 05 of 2009/10	Paragraph 3.3
NT SCM Instruction Note 04 of 2015/16	Paragraph 3.4

LEGISLATION	SECTION, REGULATION OR PARAGRAPH
NT SCM Instruction Note 03 of 2016/17	Paragraphs 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 07 of 2017/18	Paragraph 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A – FIPDM]	Paragraphs 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Paragraphs 3.1.1; 3.6; 3.7.2; 3.7.6(i)-(iii)
NT SCM Instruction Note 03 of 2020/21	Paragraphs 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Paragraphs 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum: NT SCM Instruction Note 05 of 2020/21	Paragraphs 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Paragraph 1
NT Instruction Note 11 of 2020/21	Paragraphs 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Paragraphs 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Paragraphs 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Paragraph 4.1.2

24. I did not identify any material findings on compliance with the selected legislative requirements.

OTHER INFORMATION

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

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

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

28. If based on the work performed, I conclude that there is a material misstatement in this other information, I am are required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pretoria

30 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

FIGURES IN RAND	NOTE(S)	2022	2021(RESTATED)
Assets			
Current Assets			
Cash and cash equivalents	3	38 707 211	31 926 575
Receivables from exchange transactions	4	2 548 762	2 711 515
Statutory receivable – Exchange transaction	5	5 272 284	3 346 895
		46 528 257	**37 984 985**
Non-Current Assets			
Property, plant and equipment	6	9 253 221	10 333 475
Intangible assets	7	10 215 765	10 344 638
		19 468 986	**20 678 113**
Total Assets		**65 997 243**	**58 663 098**
Liabilities			
Current Liabilities			
Finance lease obligation	8	290 522	298 564
Payables from exchange transactions	9	12 685 667	10 340 264
Provisions	10	6 986 810	5 848 855
		19 963 019	**16 487 683**
Non-Current Liabilities			
Finance lease obligation	8	-	290 525
Total Liabilities		**19 963 019**	**16 778 208**
Net Assets		**46 034 224**	**41 884 890**
Accumulated surplus		46 034 224	41 884 890

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2022

FIGURES IN RAND	NOTE(S)	2022	2021 (RESTATED)
Revenue			
Revenue from exchange transactions			
Regulation Fees	12	8 853 421	7 077 610
Other revenue	13	146 947	265 180
Interest received - investment	15	926 277	840 109
Total revenue from exchange transactions		**9 926 645**	**8 182 899**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	100 937 000	100 596 000
Total revenue	**11**	**110 863 645**	**108 778 899**
Expenditure			
Employee related costs	16	(65 436 751)	(57 176 141)
Depreciation and amortisation	6&7	(2 289 339)	(1 914 652)
Finance costs	18	(28 304)	(46 409)
Lease rentals on operating lease	22	(8 333 021)	(7 741 299)
General expenses	17	(30 626 895)	(34 304 926)
Total expenditure		**(106 714 310)**	**(101 183 427)**
Surplus for the period		**4 149 335**	**7 595 472**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2022

FIGURES IN RAND	ACCUMULATED SURPLUS	TOTAL NET ASSETS
Opening balance as previously reported	33 800 688	33 800 688
Adjustments		
Prior year errors29	488 730	488 730
Balance at 31 March 2020	**34 289 418**	**34 289 418**
Surplus for the period	7 595 472	7 595 472
Total changes	7 595 472	7 595 472
Balance at 31 March 2021	**41 884 889**	**41 884 889**
Surplus for the period	4 149 335	4 149 335
Total changes	4 149 335	4 149 335
Balance at 31 March 2022	**46 034 224**	**46 034 224**

CASH FLOW STATEMENT

for the year ended 31 March 2022

FIGURES IN RAND	NOTE(S)	2022	2021 (RESTATED)
Cash flows from operating activities			
Receipts			
Grants		100 937 000	100 596 000
Interest received		926 277	840 109
Other receipts		146 947	265 180
Regulation Fees		7 090 785	7 081 661
		109 101 009	108 782 950
Payments			
Employee costs		(66 434 211)	(56 993 720)
Suppliers		(34 532 569)	(39 814 124)
		(100 966 780)	(96 807 844)
Net cash flows from operating activities	20	**8 134 229**	**11 975 106**
Cash flows from investing activities			
Purchase of infrastructure, plant and equipment	6	(1 161 386)	(3 286 345)
Proceeds from sale of Infrastructure, plant and equipment	6	172 018	-
Purchase of intangible assets	7	(37 358)	-
Net cash flows from investing activities		**(1 026 726)**	**(3 286 345)**
Cash flows from financing activities			
Finance lease payments		(296 563)	(280 477)
Finance cost		(28 304)	(46 409)
Net cash flows from financing activities		**(326 867)**	**(326 886)**
Net increase/(decrease) in cash and cash equivalents		**6 780 636**	**8 361 875**
Cash and cash equivalents at the beginning of the period		31 926 575	23 564 700
Cash and cash equivalents at the end of the period	3	**38 707 211**	**31 926 575**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2022

BUDGET ON ACCRUAL BASIS						
FIGURES IN RAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Regulation fees	14 463 488	(2 000 000)	12 463 488	8 853 421	(3 610 067)	(a)
Other income	-	-	-	146 947	146 947	(b)
Interest received - investment	1 374 685	(300 000)	1 074 685	926 277	(148 408)	(c)
Total revenue from exchange transactions	**15 838 173**	**(2 300 000)**	**13 538 173**	**9 926 645**	**(3 611 528)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	100 937 000	-	100 937 000	100 937 000	-	
Total revenue	**116 775 173**	**(2 300 000)**	**114 475 173**	**110 863 645**	**(3 611 528)**	
Expenditure						
Personnel	(69 985 830)	3 000 000	(66 985 830)	(65 436 751)	1 549 079	(d)
Finance costs		-	-	(28 304)	(28 304)	
Lease rentals on operating lease	(8 723 000)	650 000	(8 073 000)	(8 333 021)	(260 021)	(e)
Rental and hiring	(44 000)	-	(44 000)	-	44 000	
Travel and subsistance	(3 242 043)	500 000	(2 742 043)	(6 414 787)	(3 672 744)	(f)
Training and development	(1 294 000)	500 000	(794 000)	(1 360 010)	(566 010)	(g)
Venues and facilities	(4 399 000)	2 500 000	(1 899 000)	(756 260)	1 142 740	(h)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

for the year ended 31 March 2022

BUDGET ON ACCRUAL BASIS						
FIGURES IN RAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
Administrative	(22 831 000)	(3 850 000)	(26 681 000)	(16 280 472)	10 400 528	(i)
Advertising	(103 200)	-	(103 200)	(309 373)	(206 173)	(j)
Marketing and communications	(2 665 100)	(1 000 000)	(3 665 100)	(1 279 782)	2 385 318	(k)
Consulting	(2 119 000)	-	(2 119 000)	(2 673 205)	(554 205)	(l)
Legal services	(900 000)	-	(900 000)	(888 665)	11 335	(m)
Repairs and maintenance	(469 000)	-	(469 000)	(664 341)	(195 341)	(n)
Total expenditure	**(116 775 173)**	**2 300 000**	**(114 475 173)**	**(104 424 971)**	**10 050 202**	
Surplus before taxation	**-**	**-**	**-**	**6 438 674**	**6 438 674**	
Surplus for the year from continuing operations	**-**	**-**	**6 438 674**	**6 438 674**		
Actual Amount on Comparable -	**-**	**-**	**6 438 674**	**6 438 674**		
Basis as Presented in the Budget and Actual Comparative Statement						
Reconciliation						
Basis difference						
Depreciation and amortisation			(2 289 339)			
Actual Amount in the Statement of Financial Performance			**4 149 335**			

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CONTINUED

for the year ended 31 March 2022

BUDGET ON ACCRUAL BASIS						
FIGURES IN RAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE

The budget for 2021/2022 financial year was approved and prepared on the accrual basis (except for depreciation and amortisation) and all transactions were accounted for on accrual basis. Transfers received during the current financial year were from the Department of Communications and Digital Technologies and entities included in the budget were disclosed in Note 21.The changes between original budget and the adjustment budget is mainly due to a consequence of reallocation within the budget.

a) Mid term revenue projections indicated a decrease in regulation fees to be collected for the remainder of the year, budget was therefore adjusted downwards and this is attributable to the poor performance at the time of less material submitted for classification and the consequence of Covid 19 lockdown on the industry

b) Other revenue is not budgeted for as it is not material and it is ad hoc in nature.

c) Interest revenue generated was under budget as a result of delay in receipt of grant and the effect of change in the interest rate.

d) The personnel budget was adjusted downwards as a result of the underspend due to vacancies. When positions are filled on an acting basis, the acting allowance is lower than the full time cost.

e) The under expenditure was due to the changes in the rate for the new lease.

f) The overspending was due to additional outreaches that the entity had to attend.

g) The overspending on staff development was mainly because of timing difference, the expenditure was incurred towards the end of the financial year when the universities open.

h) Underspending in venues was mainly because some of the venues could not be used at full capacity because of covid 19 and meetings held virtually.

i) The underspending in admin costs is due to the fact that management implemented cost containment measures on line items like stationery,workshops and delay in finalisation of projects.

j) The overspending on advertising was due to tenders advertising in newspapers because the tender bulletin was not working.

k) The underspending was due to delay in the finalisation of the communication strategy and new branding.

l) The overspending on consulting was as a result of projects like change management and communication strategy that utilised the surplus funds retained from 2020/21 financial period.

m) The underspending on legal services was largely due to careful consideration of the briefing of outside legal service providers.

n) Overspending on repairs and maintenance was due to maintenance on the generator because of load shedding

1. Presentation of Unaudited Financial Statements

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand value.The AFS is rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements made relates to: the useful lives of, or expected pattern of consumption of economic benefits or service potential embodied in, depreciable assets, provisions, contingent liabilities, tax revenue due to government, bad debts arising from uncollected taxes, the fair value of financial assets and financial liabilities and warranty obligations.

Trade and other receivables

The entity assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit. The impairment is established when there is objective evidence that the FPB will not be able to collect all amounts due according to the original terms of receivables.

Impairment testing

Property, plant and equipment and Intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary.

The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

The leave pay provision is based on actual days leave due to employees at their rate of remuneration. Remuneration increases take effect annually at the beginning of the financial year. In determining the provision, itis assumed that no leave will be forfeited. The assumption is based on past history.

The entity is required to recognise provisions for claims arising from litigation when the occurrence of the claim is probable and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgments regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal unit.

Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date

Going Concern Assumption

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

Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Depreciation and amortisation

At the end of each financial year, management assesses whether there is any indication that the FPB's expectations about the useful life of assets included in the property, plant and equipment and intangible assets have changed since the preceding reporting date. If any such indication exists, the change has been accounted for as a change in accounting estimate in accordance with Standards of GRAP on Accounting Policies, changes in accounting estimates and errors. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

1.2 Property, plant and equipment

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

Property, plant and equipment is initially measured at cost.

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

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

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.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

ITEM	AVERAGE USEFUL LIFE
Furniture and fixtures	12-20 years
Motor vehicles	5 years
Office equipment	4-15 years
Computer equipment	4-8 years
Leasehold improvements	2-10 years
Leased – Motor vehicles	3-5 years

The entity assesses at each reporting date whether there is any indication that the entity expectations about the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when

there are no further economic benefits or service potential expected from the use of the asset.

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

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or
- exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity will test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment by comparing its recoverable amount and recoverable service amount, as appropriate, with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	3 - 12 Years

Intangible assets are derecognised:

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

1.4 Financial instruments

Classification

The entity has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- The classification depends on whether or not the financial instrument meets the criteria of a specific financial instrument category.

FINANCIAL ASSETS CLASS	CATEGORY
Receivables from exchange transaction	Financial asset measured at amortised cost Cash and Cash equivalents

FINANCIAL LIABILITIES CLASS	CATEGORY
Payables from exchange transaction	Financial liability measured at amortised cost

Initial recognition and measurement

The enity recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument

The entity classifies the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or residual interest in accordance with

the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

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

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

The entity shall disclose the carrying amounts of each of the categories of financial instruments.

Subsequent measurement

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

1.5 Statutory receivables

Identification

Statutory receivables are receivables that arise from the Films and Publications Act 65 of 1996, as amended, and require settlement by another entity in cash or another financial asset.

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable is dertemined using the gazzetted tarrifs as approved by the minister of Communications and Digital Technologies in line with the Films and Publications Act 65 of 1996.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Subsequent measurement

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether statutory receivables are impaired, an entity assesses whether there are any indications that:

- individually significant receivables are impaired; and/or
- groups of similar, individually insignificant, receivables are impaired.

If there is no indication that an individually significant statutory receivable is impaired it is included in a group of similar receivables and collectively assessed for impairment. Statutory receivables shall be grouped together and assessed collectively for impairement when they exhibit similar characteristics which provide information about the possible collactability of the amounts owing to the entity. If an impairment loss is, or continues to be, recognised for an individually significant receivable, then those receivables are not included in a collective assessment.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows

and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 Leases

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

At the commencement of the lease term, lessees shall recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in their statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life

Operating leases - lessee

Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured at the undiscounted difference between the straight-line lease payments and the contractual lease payments.

1.7 Impairment of cash-generating assets

Criteria developed by entity for cash-generating assets are as follows:

Designation

At initial recognition, the entity designates an asset as cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Recognition and measurement (individual asset)

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

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

1.8 Employee benefits

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

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

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

Termination benefits are employee benefits payable as a result of either:

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

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

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

1.9 Provisions and contingencies

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

Provisions are recognised when:

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

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.10 Revenue from exchange transactions

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

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

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

1.11 Revenue from non-exchange transactions

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

Measurement

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

Government grants

Government grants are recognised as revenue when:

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

with any restrictions associated with the grant.

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

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

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

1.12 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;

Exchange differences are recognised in surplus or deficit in the period in which they arise.

1.14 Comparative figures

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

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

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

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the

value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is reduce d from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

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

1.17 Budget information

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

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

1.18 Related parties

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.19 Change in accounting policy

There was no change in accounting policy and standard that was adopted during the year.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

2. New standards and interpretations

The following standards of GRAP have been approved but are not yet effective and not yet applied for the year ended 31 March 2022:

GRAP 104 - Financial instruments

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

GRAP 25 - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard requires an entity to recognise:

a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and

b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

iGRAP 7 - Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation applies to all post-employment defined benefits and other longterm employee defined benefits.` The issues addressed in this Interpretation are:

a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in paragraph .08 of GRAP 25.

b) How a minimum funding requirement might affect the availability of reductions in future contributions.

Effective date

An entity shall apply this Interpretation in conjunction with the effective date of GRAP 25 (20xx) to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

iGRAP21 - The Effect of Past Decisions on Materiality

This Interpretation applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items is dealt with in the Standard of GRAP on Presentation of Financial Statements (GRAP 1).

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

The issues addressed in this Interpretation are:

a) Whether past decisions about materiality affect subsequent reporting periods

b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

Effective date

An entity shall apply this Interpretation for annual financial statements covering periods beginning on or after 1 April 2023. Earlier application is encouraged.

Improvements to the standard of GRAP 2020

The improvements to the standard of GRAP were made on the following standards:

GRAP 5 – Borrowing Costs 5 GRAP 13 – Leases 6 GRAP 16 – Investment Property 7 – 10 GRAP 17 – Property, Plant and Equipment 11 – 12 GRAP 20 – Related Party Disclosures 13 – 15 GRAP 24 – Presentation of Budget Information in Financial Statements 16 – 17 GRAP 31 – Intangible Assets 18 GRAP 32 – Service Concession Arrangements: Grantor 19 GRAP 37 – Joint Arrangements 20 GRAP 106 – Transfer of Functions Between Entities Not Under Common Control.

Amendments to Standard of GRAP on Presentation of Financial Statements

The amendments were made on the follwoing paragraphy:
Paragraphs .11, .38, .79, .80, .96, .98, .123, .124, .127, .129 and .132 were amended, paragraphs .37A, .80A, .98A and .98B were added and paragraphs .125 and .130 were deleted by the Amendments to the Standard of GRAP on Presentation of Financial Statements (2018) issued in April 2019. An entity shall apply these amendments in accordance with GRAP 3. Entities are not required to disclose the information required by paragraphs .30 to .32 of GRAP 3 in relation to these amendments.

Effective date

An entity shall apply amendments to this Standard for annual financial statements covering periods beginning on or after 1 April 2022. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2022, it shall disclose that fact.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

3. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	2 695	772
Bank balances	5 181 938	12 238 201
Short-term deposits	33 522 578	19 687 602
	38 707 211	**31 926 575**

The short term deposits relate to investments held at Corporation for Public Deposit (CPD) and ABSA call account and it is available for use immidiately as required by FPB.

Cash and cash equivalents held by the entity are available for use.

4. Receivables from exchange transactions

Debtors	2 378 183	2 396 491
Staff petty cash advance	5 125	19 693
Sundry Deposit	117 400	-
Pre payments	48 054	295 331
	2 548 762	**2 711 515**

Debtors

The debtors amount include the amount owed by staff for overpayment and other sundry debtors. At the end of the reporting period none of the trade and other receivables from exchange transations were past due and impaired.

Staff petty cash advance

The Staff petty cash advance are the advances given to staff members for catering, fuel, and other petty items.

Sundry Deposit

The sundry deposit are held by the lessor of the operating leases for the rental of FPB Offices in Durban.

Prepayments

The amount for prepayments relates to payment made in advance for the lease rentals.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

5. Statutory receivable - Exchange transaction

Current assets

Statutory receivable	5 272 284	3 346 895

Statutory receivables arise from the Films and Publications Act 65 of 1996, as amended, and requires the distributors to register with the board for an annual license to distribute content physically or online. The receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably. The entity is required or entitled in terms of Films and Publications Act 65 of 1996, as amended to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" as well as the relevant policy on Revenue from exchange transactions.

Management analysed the statutory receivable to consider if there is any of them that are past due but not impaired and concluded that none of the statutory receivable as at 31 March 2022 qualified to be impaired because the delay on the payment relates to system challenges on the distributors payment portal and the other one made arrangements to pay quartely. At the end of the reporting period management reviewed the composition of the receivables and concluded that the material statutory receivables were high quality companies which were leaders in their fields and well capitalized and the probability of these companies not paying their debts was negligible.

Age analysis for statutory receivable - 2022

180 Days	- R4 590 439
120 Days	- R350
90 Days	- R6 061
60 Days	- R0
30 Days	- R0
Current	- R675 434
Total	**- R5 272 284**

Age analysis for statutory receivable - 2021

180 Days	- R1 334 793
120 Days	- R2 309
90 Days	- R1 088
60 Days	- R1 939 882
30 Days	- R30 089
Current	- R38 734
Total	**- R3 346 895**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

6. Property, plant and equipment

FIGURES IN RAND	2022			2021		
	COST / VALUATION	ACCUMULATED CARRYING VALUE DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Furniture and fixtures	3 747 070	(1 937 489)	1 809 581	3 747 070	(1 767 044)	1 980 026
Motor vehicles	3 332 324	(1 346 086)	1 986 238	3 556 975	(908 553)	2 648 422
Office equipment	3 466 083	(1 938 958)	1 527 125	3 405 583	(1 761 127)	1 644 456
Computer equipment	7 678 656	(4 038 004)	3 640 652	7 750 020	(4 293 480)	3 456 540
Leasehold improvements	1 968 866	(1 951 860)	17 006	1 968 866	(1 934 855)	34 011
Leased - office equipment	892 206	(619 587)	272 619	892 206	(322 186)	570 020
Total	**21 085 205**	**(11 831 984)**	**9 253 221**	**21 320 720**	**(10 987 245)**	**10 333 475**

Reconciliation of property, plant and equipment - 31 March 2022

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
Furniture and fixtures	1 980 026	-	-	(170 445)	1 809 581
Motor vehicles	2 648 422	-	(118 528)	(543 656)	1 986 238
Office equipment	1 644 456	60 503	-	(177 834)	1 527 125
Computer equipment	3 456 540	1 100 881	-	(916 769)	3 640 652
Leasehold improvements	34 011	-	-	(17 005)	17 006
Leased - Office equipment	570 020	-	-	(297 401)	272 619
	10 333 475	**1 161 384**	**(118 528)**	**(2 123 110)**	**9 253 221**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2021

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
Furniture and fixtures	2 150 473	-	-	(170 447)	1 980 026
Motor vehicles	462 887	2 574 102	-	(388 567)	2 648 422
Office equipment	1 749 641	66 059	(3 566)	(167 678)	1 644 456
Computer equipment	3 495 022	646 107	-	(684 589)	3 456 540
Leasehold improvements	68 022	-	-	(34 011)	34 011
Leased - office equipment	867 422	-	-	(297 402)	570 020
	8 793 467	3 286 268	(3 566)	(1 742 694)	10 333 475

Compensation received for losses on property, plant and equipment – included in operating profit.

Motor vehicles	172 017	-

Pledged as security

None of the assets disclosed above have been pledged as security for liabilities.

Repairs and Maintenance

There was no amount incurred in relation to repair and maintenance of property plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

7. Intangible assets

FIGURES IN RAND	2022			2021		
	COST / VALUATION	ACCUMULATED CARRYING VALUE DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Computer software	2 869 284	(1 672 057)	1 197 227	2 831 926	(1 505 826)	1 326 100
Intangible assets under development	9 018 538	-	9 018 538	9 018 538	-	9 018 538
Total	11 887 822	(1 672 057)	10 215 765	11 850 464	(1 505 826)	10 344 638

Reconciliation of intangible assets - 31 March 2022

COMPUTER SOFTWARE	OPENING BALANCE 1 326 100	ADDITIONS 37 357	AMORTISATION (166 230)	TOTAL 1 197 227
Intangible assets under development	9 018 538	-	-	9 018 538
	10 344 638	37 357	(166 230)	10 215 765

Reconciliation of intangible assets - 31 March 2021

COMPUTER SOFTWARE	OPENING BALANCE 1 498 024	AMORTISATION (171 924)	TOTAL 1 326 100
Intangible assets under development	9 018 538	-	9 018 538
	10 516 562	(171 924)	10 344 638

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

Online Content Regulation Software (OCR)

The amount of intangible assets under development is for costs of development for the OCR and it is material to the operations of FPB. There was a delay in the finalisation of OCR system. The following items still need to be finalised:

a) Configuration and Implementation of the OCR Workflow;

b) Business to conduct User Acceptance testing to ensure system is functioning correctly in the new environments;

c) Continue with pilot of the system.

Pledged as security

None of the assets disclosed above have been pledged as security for liabilities.

8. Finance lease obligation

Minimum lease payments due		
- within one year	299 682	326 926
- in second to fifth year inclusive	-	299 682
	299 682	626 608
less: future finance charges	(9 160)	(37 519)
Present value of minimum lease payments	**290 522**	**589 089**
Present value of minimum lease payments due	**290 522**	**298 564**
- within one year		
- in second to fifth year inclusive	-	290 525
	290 522	**589 089**
Non-current liabilities	-	290 525
Current liabilities	290 522	298 564
	290 522	**589 089**

The FPB has entered into a lease agreement for six (6) photocopiers for a period of three years (36 months) effective from 01 March 2020, ending 28 February 2023. The transaction has been treated as a finance lease as per the requirements of

GRAP. The lease contract does not have an annual escalation Interest rates and the repayments are fixed at the contract date. The entity will pay the total monthly minimum charge and the additional scan/copy charges if any. The service provider will also be entitled to an interest on all overdue amounts at the rate of 2% above the prime lending rate.

On expiration or termination of this agreement the hirer will return the equipment hired to the owner of the equipment.To date there is no intention to renew the contract with the service provider.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

9. Payables from exchange transactions

Trade payables	5 242 586	4 080 587
Payments received in advanced - contract in process	718 324	480 757
Union contribution	-	5 440
Debtors with credit balance	2 633 175	2 311 649
Pension	215 252	631 794
Medical aid	281 932	261 134
Other accruals *	1 528 391	1 116 848
Deferred Revenue**	2 066 027	1 452 055
	12 685 687	**10 340 264**

*Included under other accrual is the 13th cheque accrual of R387 387 (R360 582. 31 March 2021). The 13th cheque is an option available to employees to receive their total cost to company remuneration over 13 months and not 12 months. The 13th cheque is paid to staff in December.

**The amount of deferred revenue relates to services that FPB must render to online distributors for the remaining period of the contract.

10. Provisions

Reconciliation of provisions - 31 March 2022

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	REVERSED DURING THE YEAR	TOTAL
Perfomance Bonuses	2 349 360	3 468 661	(2 349 360)	-	3 468 661
Leave Pay	1 542 884	139 559	(261 400)	-	1 421 043
Litigation and claims	1 956 611	1 090 494	(267 352)	(682 647)	2 097 106
	5 848 855	**4 698 714**	**(2 878 112)**	**(682 647)**	**6 986 810**

Reconciliation of provisions - 31 March 2021

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
Perfomance Bonuses	2 827 913	2 975 722	(3 454 275)	2 349 360
Leave Pay	1 164 983	579 779	(201 878)	1 542 884
Litigation and Claims	1 456 611	500 000	-	1 956 611
	5 449 507	**4 055 501**	**(3 656 153)**	**5 848 855**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

Provisions are liabilities of uncertain timing or amount thus the reason for the disclosure of uncertainties about timing or amounts. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision recognised on performance bonuses amount is based on the 5% of the approved annual salary cost. The payment for bonuses is subject to approval by council and is not expected to exceed the budgeted amount.

The leave pay provision accounts for vested leave pay to which employees may become entitled upon exit from the service of FPB.

Provision raised for litigation and claims relate to labour relations matter and the assumption used to determine the amount is based on the cost to company salary that the employee was earning when they exited FPB. On 5th May 2021 the CCMA awarded a former employee who was dismissed R1,174,380. The FPB has launched a review application in the Labour Court on 15 June 2021

11. Revenue

Regulation fees (Classification and Registration fees)	8 853 421	7 077 610
Other income	146 947	265 180
Interest received - investment	926 277	840 109
Government grants & subsidies	100 937 000	100 596 000
	110 863 645	**108 778 899**

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

Classification fees	1 170 622	720 105
Registration fees	317 404	214 560
Annual renewal fees	193 180	264 832
Copies of certificates	869	2 347
Online license fees	7 148 945	5 865 875
Internet service provider registration	22 399	9 890
Other income	146 947	265 180
Interest received - investment	926 277	840 109
	9 926 643	**8 182 898**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

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

Taxation revenue Transfer revenue		
Government grants & subsidies	100 937 000	100 596 000

FIGURES IN RAND	2022	2021

12. Regulation fees

Classification fees	1 170 622	720 105
Registration fees	317 405	214 560
Annual renewal fees	193 180	264 832
Copies of certificates	870	2 348
Online license fees	7 148 945	5 865 875
Internet service provider registration	22 399	9 890
	8 853 421	**7 077 610**

13. Other revenue

Sale of tender documents	4 800	20 100
Other income and recoveries*	142 147	245 080
	146 947	**265 180**

*Included under other income and recoveries is the amount of R104 888.70 received by the entity from the insurer for an employee placed on temporary disability.

14. Government grants and subsidies

Operating grants		
Department of Communication and Digital Technologies - Operating grant	100 937 000	100 596 000

The entity receives government grants from the National Treasury via the Department of Communication and Digital Technologies. These funds are utilised to execute the mandate of the Film and Publication Board. The Grant from the National Treasury is not a conditional grant.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FIGURES IN RAND	2022	2021

15. Interest received - Investment

Interest revenue		
Interest from investment accounts	926 277	840 109

FIGURES IN RAND	2022	2021 (RESTATED)

16. Employee related costs

Salaries and Bonuses	40 747 608	32 992 488
Classifiers remuneration	3 209 778	3 958 143
Medical aid - Employer contributions	3 022 839	2 824 652
UIF	375 856	302 800
Leave pay provision charge	(121 841)	579 779
Retirement fund contributions	5 441 655	5 208 165
Staff debt	92 481	122 188
PAYE	12 668 375	11 187 926
	65 436 751	57 176 141

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

17. General expenses

Advertising	309 373	369 844
Auditors remuneration	1 424 727	1 834 119
Bank charges	58 923	60 694
Cleaning and Maintenance*	664 140	1 967 042
Internal audit fees	406 170	264 500
Consulting and Professional Fees**	3 561 870	2 946 551
FPB Council	1 421 605	923 023
Insurance	1 319 354	1 125 536
ICT expenses***	6 839 905	8 630 644
Fleet	187 518	302 479
Fuel and oil	13 427	487 286
Postage and courier	9 775	6 650
Printing and stationery	537 184	487 937
Public relations	1 853 453	3 711 974
Staff development, recruitment and welfare	1 360 010	2 169 863
Subscriptions and membership fees	79 524	144 556
Telephone and fax	2 070 350	1 511 643
Transport and freight	-	93 566
Travel - local	6 414 787	3 665 954
Travel - overseas	-	7 792
Water and Electricity	818 495	1 535 630
Pension admin fee	491 349	479 682
Workshops & meetings	756 260	1 460 460
Loss on forex exchange	1 392	-
Profit on disposal of assets	(53 489)	3 566
Lease expenses	29 511	55 777
Storage - Classification Material	51 282	58 158
	30 626 895	**34 304 926**

*Cleaning and Maintenance amount include the general maintenance, office maintenance and deep cleaning.

**Consulting fees is inclusive of legal fees amount of R888 665.

***ICT expenses include system maintenance and license fees.

The amount of repairs and maintenance in relation to property, plant and equipment is immaterial and it is included under ICT expenses and cleaning and maintenance.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

18. Finance Costs

Finance leases	28 304	46 409

10. Auditors' remuneration

Fees	1 424 727	1 834 119

20. Net cash flows from operating activities

Surplus	4 149 335	7 595 472
Adjustments for:		
Depreciation and amortisation expense	2 289 339	1 914 652
Loss on sale of assets	-	3 566
Gain on sale of assets	118 528	-
Finance costs - Finance leases	28 304	46 409
Movements in provisions	1 137 955	399 348
Proceeds from sale of assets	(172 018)	-
Changes in working capital:		
Receivables from exchange transactions	162 753	462 682
Statutory receivables	(1 925 389)	(947 361)
Payables from exchange transactions	2 345 422	2 500 338
	8 134 229	**11 975 106**

21. Employee benefit obligations

Retirement Benefit Payment

The Film and Publication Board contributes for all qualifying employees the retirement benefits to a Fund in which assets are held and controlled by Alexander Forbes Retirement Fund. As at 31 March 2022, current services costs of R5 441 655 - (31 March 2021 R 5 208 165) were recognized as expenses which is limited to the contributions that were paid. Actual contributions paid during the current financial year have been disclosed as Note 16.

22. Lease rentals on operating lease

Operating lease	2022	2021
Premises	8 333 021	7 741 299

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

22.1 Operating Lease - Head Office

Film and Publication Board has an outstanding commitment in respect of operating lease for Head Office situated in Centurion, The lease agreement was entered into for a period of 5 years effective from 1 February 2012.

In February 2014, the Film and Publication Board acquired additional office space for their Head Office situated in Centurion, The lease agreement was entered into for a period of 3 years effective from 1 February 2014.

In February 2018, The Film and Publication board entered into an agreement on a month to month lease until recently when they entered into another lease agreement for 12 months from 1 March 2022 to 28 February 2023. There is no future minimum lease payment disclosed from 2 to 5 years as this is a short term lease

There is no contingent rental payable in terms of the agreement.

Annual eecalations	10% (2021 & 2022)

Future Minimum Lease Payments		
Up to 1 Year	4 615 510	-
5 or More Years	-	-

22.2 Operating Lease - Durban Office

The Film and Publication Board acquired additional office space for their Regional Office situated in Durban, The lease agreement was entered into for a period of 3 years effective from 1 August 2015 to July 2018 and it was further extended for additional 3 years from 01 August 2018 to 31 July 2021 and it was again extended for additional 12 months from 01 August 2021 to 31 July 2022 . Operating leases liabilities for this lease fall due as follows:

There is no contingent rental payable in terms of the agreement.

Annual eecalations	9% (2021 & 2022)

Future Minimum Lease Payments		
Up to 1 Year	79 247	232 424
5 or More Years	-	-

22.3 Operating Lease - Cape Town Office

The Film and Publication Board acquired office space for their Regional Office situated in Cape Town, The lease agreement was entered into for a period of 5 years effective from 1 March 2016 to February 2021 and it was further extended for additional 12 months from 01 March 2021 to 28 February 2022 and it was again extended

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

for another 12 months from 1 March 2022 to February 2023. Operating leases liabilities for this lease fall due as follows:

There is no contingent rental payable in terms of the agreement.

Annual escalations	5.5% (2021 & 2022)

Future Minimum Lease Payments			
Up to 1 Year		565 769	536 274
5 or More Years		-	-

23. Contingencies

Contingent liability for Labour Disputes (1.1)		-	849 786
Contingent Liability for Legal Cost (1.2)		227 568	905 529
		227 568	**1 755 315**

23.1 Litigation and claims

23.1.1 This amount relates to a labour disputes between FPB and one employee who instituted proceedings at the CCMA for constructive dismissal & unfair dismissal. A contingent liability has been disclosed in the event of an award against the FPB.

23.1.2 This amount relate to legal costs that FPB will incur for labour related disputes for representation in court and CCMA

Legal fees for the FPB's legal representation will be required in the amount of R227 568 (estimated) in pursuit of the review application and opposition to the cross-review application.

There are further labour disputes between FPB and 3 employees who are still awaiting for the condonation from the CCMA. FPB assesed these cases and the probability of success is very low for this employees.

23.2 Accumulated surplus

In terms of the of the section(53)3 of the PFMA, a public entity may not accumulate surplus funds without approval from National Treasury. Approval will be requested from National Treasury to retain current year's accumulated surplus. In the preceding years the National Treasury has always allowed the retention of the accumulated surplus.

24. Events after the reporting date

There were no material events after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

25. Related parties transactions

FPB is a section 3A Public Entity listed in the PFMA. In terms of the PFMA, FPB is mandated to report to the Minister of Communications and Digital Technologies as its Executive Authority

Related parties transactions

Funds received from related parties		
Department of Communications and Digital Technologies	100 937 000	100 596 000

Remuneration of management

Management class: Councillors		
Councillors/Board members		
Mpumlwana NFT (Chairperson)*	-	124 655
Mangena S (Deputy Chairperson)*	-	119 087
Ditlhake M*	-	88 119
Nevondwe LT**	169 980	173 079
Skeepers N*	-	43 491
Dubazana N*	-	147 285
Makhasi Y*	-	-
Mkosi Z (Chairperson)***	214 110	-
Tyali SM (Deputy Chairperson)***	240 052	-
Nxele L***	152 667	-
Sedibe M***	129 165	-
Pillay M***	84 693	-
Nkosi GZ**	142 545	-
Mashangoane PJ***	168 680	-
Nontso A***	127 530	-
	1 429 422	695 716

Independent - Audit and Risk committee members		
Nkosi GZ (Chairperson)**	-	46 304
ICT Steering Committee members		
Ndaba S*	-	49 116
Menye VC*	-	19 620
	-	68 736

*The former council members 5 year term ended in 2 December 2020

**Council members who were re-appointed

***The new Council members appointed on 22 April 2021

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

Management class: Executive management

2022 - Executive Management

NAME	BASIC SALARY	BONUSES AND PER-FORMANCE RELATED PAYMENTS	RETIREMENT BENEFITS	MEDICAL AID	ACTING ALLOW-ANCE	GROUP LIFE	CELL-PHONE ALLOW-ANCE	TOTAL
Mashele A - Chief Executive Officer (Acting)*	-	-	-	-	112 407	-	-	112 407
Mashele A- Chief Operations Officer	1 295 551	127 664	141 849	86 928	-	27 163	55 440	1 734 595
Less LD - Shared Service Executive	1 334 729	126 387	140 430	-	-	26 891	55 440	1 683 877
Ramugondo N - Chief Information Officer**	635 089	-	56 149	6 166	-	10 651	23 100	731 155
Chowan M - Chief Financial Officer***	1 420 512	-	-	-	-	-	55 440	1 475 952
	4 685 881	**254 051**	**338 428**	**93 094**	**112 407**	**64 705**	**189 420**	**5 737 986**

* Acting allowance for Mashele A who acted as CEO

** Ramugondo N Resigned effective from 31 August 2020

*** Chowan M is on contract hence his salary does not include other contributions

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

26. Risk management

Liquidity risk

The FPB is only exposed to liquidity risk with regard to the payment of its payables and finance lease obligation. These payables are all due within the short-term. The FPB manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts

AT 31 MARCH 2022	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
Trade and other payables	12 685 687	-	-	-
Finance lease liability	290 522	-	-	-

AT 31 MARCH 2021	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
Trade and other payables	10 340 264	-	-	-
Finance lease liability	298 564	290 522	-	-

Interest rate risk

FPB invests surplus cash on which it earns interest income. The interest income is not independent of changes in market interest rates.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.

Maximum exposure to credit risk

FPB's exposure to credit risk to loans and receivables is limited

The entities maximum exposure to credit risk is the carrying amount of the financial assets.

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

Trade receivables are exposed to a low credit risk as most of FPB' s revenue transactions require deposits

FINANCIAL ASSETS		2022	2021
Cash and cash equivalents		38 707 211	31 926 575
Receivables from exchange transactions		2 548 762	2 711 515
		41 255 973	34 638 090

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

FINANCIAL LIABILITIES		2022	2021
Finance lease liability		290 522	589 089
Payables from exchange transactions		12 685 687	10 340 264
		12 976 209	10 929 353

27. Fruitless and wasteful expenditure

Opening balance as previously reported		3 553 167	3 549 441
Opening balance as restated		**3 553 167**	**3 549 441**
Add: Expenditure identified - current		-	(3 726)
Less: Amounts recoverable - current		3 726	-
Closing balance		**3 549 441**	**3 553 167**

There was no fruitless and wasteful expenditure for 2021/22 financial year. The Fruitless and wasteful expenditure amount of R3 726,35 relates to previous years and its for incorrect salary payment and was recovered.

During the previous financial year an independent investigation was conducted by Internal Audit into the settlement amounts of R2,867,065 paid to former executives on their exit. The investigation concluded that the settlement amounts was not fruitless and wasteful expenditure and should be written off. The former Council of the FPB approved the report and the request for amount determination was sent to National Treasury and a request for write off to the Executive Authority. At this year end this matter was not concluded.

An amount of R537 697 has been investigated and concluded and recommendations made (Appropriate steps are in progress). A balance of R144 679 is still under investigation

28. Irregular expenditure

Opening balance as previously reported	2 127 626	2 011 309
Less: Amounts reversed	**2 127 626**	**2 011 309**
Add: Irregular Expenditure - current	638 733	116 317
Closing balance	**2 766 359**	**2 127 626**

The opening balance of R2 127 626 consists of R1 076 800 which is under investigation, R464 733 where the entity has completed its investigation (Appropriate steps have been taken) and R586 093 which was submitted for condonation to National Treasury on 31 March 2021 and the entity is awaiting a decision at 31 March 2022.

1. R8 853 - Renewal of FPB trademark - Deviation to appoint supplier was not prepared prior to services being rendered
2. R112 568 - Legal fees - Payments made exceed PO amount
3. R6 508 - FPB incurred irregular expenditure as a result of continuing to receive services for document management after contract termination
4. R510 804 - Service provider given authorisation to render services in excess of PO amount which consequently exceeded the tender threshold, at the time the P.O was created.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand 2022 2021

29. Prior period errors

Online license fees

During the year 2021/22 the commercial distribution agreement was concluded between FPB and the distributor and the period for the license covered the period 2019/2020 and 2020/21 financial years and this was not accrued for in the prior financial period as there was no contract between the FPB and the distributor. Based on the accrual accounting principle a portion of the revenue needs to be recognised in accounting period which it relates to if the amount is material.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Statutory receivable	-	1 939 882
Accumulated surplus	-	(488 730)

Statement of financial performance		
Regulation fees	-	1 451 152

STATEMENT OF FINANCIAL POSITION AS ADJUSTED:	AS PREVIOUSLY STATED	ADJUSTMENT	RESTATED BALANCE
Statutory receivables	1 407 013	1 939 882	3 346 895
Accumulated surplus opening balance	(33 800 686)	(488 730)	(34 289 417)
Surplus for the year	(6 144 320)	(1 451 152)	(7 595 472)
	(38 537 995)	-	(38 537 994)

STATEMENT OF FINANCIAL PERFORMANCE	AS PREVIOUSLY STATED	ADJUSTMENT	RESTATED BALANCE
Regulation fees	5 626 458	1 451 152	7 077 610

Statement of Cashflow

The impact of the error on the statement of cashflow was a increase in the regulation fees by R1 451 152 and increase in the statutory receivables by R1 451 152 but the net effect is zero on the face of the statement of cashflow.

30. Commitments

AUTHORISED CAPITAL EXPENDITURE		
Already contracted for but not provided for		
• Property, plant and equipment	1 451 121	4 699 127
Total capital commitments		
Already contracted for but not provided for	1 451 121	4 699 127
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating Expenditure	21 461 761	15 100 578
Total operational commitments		
Already contracted for but not provided for	21 461 761	15 100 578

Commitments disclosed relates to contracts awarded but not completed before 31 March 2022. The operating lease commitments have been disclosed in Note 22. Cash and cash equivalents balance disclosed in Note 3 as well as the MTEF budget will be utilised to finance these commitments during the 2022/23 financial year.

31. Changes in accounting estimate

GRAP 17 - property, plant and equipment requires the review of the useful life of an asset at least at each financial year end. The FPB revised the useful life as at 1 April 2021 for various category of assets within the range that was initially approved in 2015/16 financial year. The estimates were revised as follows.

Leasehold improvement - additional 24 months

Motor vehicle - additional 24 months

Computer software - additional 48 Months

The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by R37 673. The effect of the change in accounting estimate on future financial periods will be a decrease in net surplus by R37 673.

32. B-BBEE Perfomance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

7

Section 7

PERFORMANCE INFORMATION REPORT

STRATEGIC GOAL 1: EFFECTIVE CONTENT REGULATION ALIGNMENT TO THE CONSTITUTION

Strategic Objective 1.1: Review and Develop Guidelines

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
1.1.1.1 Improved consumer confidence level in FPB Classification decisions	Content Classification (reports)	Content Classification Index indicating baseline levels not achieved.	Produce Content Classification Index indicating baseline confidence levels	The Research Unit has not been able to produce the Research Report, updating the CCI	Not Achieved	Failure to find a Suitable Service Provider in the niche market.
1.1.1.2 Constitutionally Compliant Classification	Approved Classification Guidelines	Technical Amendment of Classification Guidelines undertaken and approved by the Executive Authority.	Technical amendment of Classification guidelines undertaken	Technically Reviewed Classification Guidelines published in Government Gazette - 4 February 2022	Achieved	None
Strategic Objective 1.2: Monitor Compliance of Distributors with Legislative and Regulatory Provisions						
1.2.1.1 Reduced level of Industry Non-Compliance. with FP Act and Regulations	Number of No-compliance notices issued.	Issued non-compliance notices to 70% of non-compliant distributors identified. 767 non-compliances notices issued to 1102 of non-compliant distributors identified.	Non-Compliance notices issued to at least 60% of non-compliant distributors	643 (79%) Notices sent from 815 non-compliant inspections.	Achieved	None

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 1.2: Monitor Compliance of Distributors with Legislative and Regulatory Provisions						
1.2.1.1 Reduced level of Industry Non-Compliance with FP Act and Regulations	Number of Non-compliance notices issued	Issued non-compliance notices to 70% of non-compliant distributors identified 767 non-compliances notices issued to 1102 of non-compliant distributors identified	Non-Compliance notices issued to at least 60% of non-compliant distributors	643 (79%) Notices sent from 815 non-compliant inspections.	Achieved	None
Strategic Objective 1.3: Train and capacitate FPB and Industry Classifiers						
1.3.1.1 Competent FPB and Industry Classifiers	Approved Classifier Training Programme	Designer Classifier Training Programme not achieved.	Design Content Classification Training Programme	Content Classification Training Programme not designed.	Not Achieved	SLA not signed for kick starting the meeting with the service provider on designing the content classification programme.

STRATEGIC GOAL 2: PUBLIC EDUCATION AND STAKEHOLDER PARTNERING

Strategic Outcome 2.1: Implement an FPB Brand Activation Campaign

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 2.1: Implement an FPB Brand Activation Campaign						
2.1.1.1 Increased Public awareness of the FPB Brand	Brand Repositioning Strategy	Brand Repositioning strategy developed. Brand Repositioning Strategy developed based on perception results.	Implementation of the Brand Repositioning Strategy.	New Brand approved by both OPITCOM and Council on 30 March 2022. The Brand could not be implemented.	Not Achieved	The implementation of the brand repositioning strategy was delayed to align to the expanded mandate ushered by the new Act that was operationalised n the 1st March 2022.
Strategic Objective 2.2: Implement National Education Campaign						
2.2.1.1 Members of the Public understand the FPB mandate	Outreach and Educational reports, Evaluation reports as well as focus group reports.	Conducted 28 Outreach campaigns targeting cinemas, schools, and youth-based organisations.	100% achievement of the approved Annual Outreach and Education Plan	100% of planned activities implemented. (39 activities conducted out of the 39 approved planned activities.	Achieved	None

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 2.3: Formalise National and International Partnerships with Strategic Stakeholders						
2.3.1.1 Improved Stakeholder Relations with Strategic Partners.	Formalised partnership agreements.	4 Formalised Partnership Agreements (MOU's) concluded: 1.Gauteng Film Commission 2.SA Arts and Culture Youth Forum 3.Commission for Gender Equality 4.Brand SA.	4 x Formalised Partnerships per annum.	Four Formalised partnerships have been concluded in the financial period. 1.TSHIMOLOGO 2.ESCCOM 3.CHILDLINE 4. NEMISA	Achieved	None

STRATEGIC GOAL 3: RESEARCH AND DEVELOPMENT

Strategic Outcome 3: Research the future of Media Technology and practices beyond 2030.

Outcome Indicator	Output Indicator	Actual Achievement 2019/20	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 3.1: Research the future of Media Technology and practices beyond 2030						
3.1.1.1.1 FPB is a Trusted and Relevant Regulator.	Convergence Survey Report.	Convergence survey concluded. Convergence Survey report launched on 12 February 2021.	Disseminate the findings of the 2019/20 Convergence Survey.	One abstract has been submitted for publication with Adonis & Abbey Publishing.	Not Achieved	One abstract submitted to one publisher due to a clause restricting the same research from being published with different publishers.
	Peer reviewed Research Paper.	Research papers not produced but concluded and approved three Research Proposals (Technology trends, gaming & education)	Conduct Benchmarking on Games Classification systems Internationally.	An IARC testing project was conducted by the Operations Unit, and the report prepared has been approved by MANCO, EXCO and Council.	Achieved	None

STRATEGIC GOAL 4: EFFICIENT AND HIGH PERFORMING ORGANISATION

Strategic Outcome 4: Continuously improve Organisational Governance and Risk Management

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 4.1: Compliant with Relevant Legislation, Regulations and Policies						
4.1.1.1 Clean Audit Achieved	External audit report with a clean audit opinion	Unqualified opinion attained.	Clean Audit Opinion	Clean audit opinion with findings.	Not Achieved	Clean Audit Outcome: The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation. Material findings 20 and 21 was raised by the AGSA Audit report.

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
4.1.1.2 Effective Governance Regime in the FPB	Revised Corporate Governance Framework	Implemented 100% of the approved Governance Framework.	100% implementation of the Corporate Governance Framework	Implemented 100% of the approved Governance Framework.	Achieved	None
4.1.1.3 Governance, Risk Management and Control Processes are adequate and functioning as intended.	Implementation of the annual Internal Audit Plan through quarterly reports	100% of Internal Audits conducted as per approved plan.	Implementation of the Annual Internal Audit plan	29/27 Audits projects implemented to date (107%). 2 (Two ad-hoc IA requests were received which were additional to the approved audit plan). At the time of reporting all findings were discussed with management and actions plans were obtained. IA plan successfully implemented.	Achieved	None
	Report on the Implementation of the Enterprise Risk Management Strategy and Plan	N/A	100% Implementation of the Enterprise Risk Management Strategy and Plan	100% of Enterprise Risk Management Strategy and Plan Implemented.	Achieved	None

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
Strategic Objective 4.2: FPB Employees are Engaged and Effective						
4.2.1.1 Highly Engaged Workforce	Change Management Reports	4 Change Management Reports Produced	Implement the Change Management Projects Phase II and Phase III	Phase II and Phase III Change Management not implemented.	Not Achieved	The entity has to undergo internal restructuring to align to changes brought about by the expanded mandate as per the new Act, change management had to be put on hold to allow the process to conclude.
Strategic Objective 4.3: Modernise ICT Capability						
4.3.1.1 Efficient and Effective Business Operations	Quarterly progress reports indicating % achievement against the ICT Plan.	88% of the Annual ICT Plan achieved	95% Implementation of ICT Plan.	41/44 = 93% of planned activities.	Not Achieved	SITA was requested to submit a proposal for Disaster Recovery and Business Continuity services. However, it was not forthcoming even after numerous engagements. FPB decided to commence with a tender process to procure these services. To date, evaluation and adjudication of proposals have been concluded.

Outcome Indicator	Output Indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual Achievement for 2021/22	Comment on deviations
						A submission was sent to FINCOM for approvals. However, it was sent back to management for corrections. Corrections were submitted and submitted to Council for approval. The Council then requested management to explain the processes followed regarding delegation of authority. Appointment is estimated to be in Q1 FY2022/23.
Strategic Objective 4.4: Identify and Develop a Revenue Enhancement Strategy Programme						
4.4.1.1 Increase in additional Revenue Collected and Organisational Sustainability	Quarterly progress reports of implementation of the revenue enhancement strategy.	The Revenue Enhancement Strategy developed.	Approved Revenue Enhancement Strategy and Implementation Plan	Revenue Strategy and Implementation Plan was approved.	Achieved	None

Notes

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