

WILLIAM HUMPHREYS ART GALLERY  
**Annual Report**  
2021/2022 FINANCIAL YEAR



William Humphreys  
Art Gallery



an agency of the  
Department of Sport, Arts and Culture



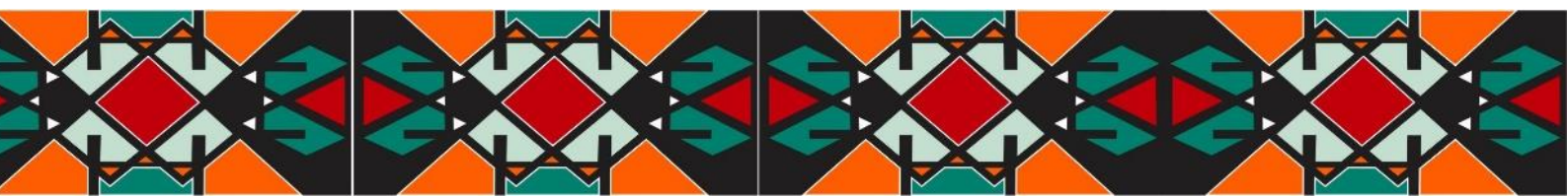
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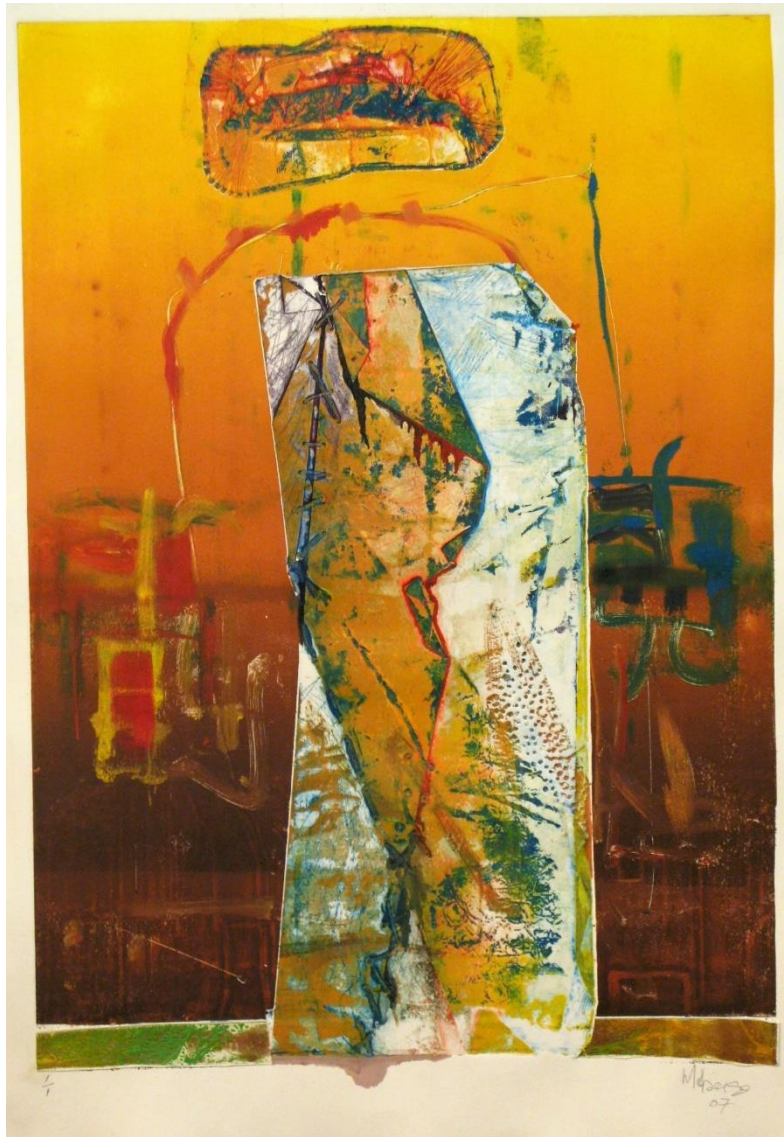
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# PART A: GENERAL INFORMATION



Dumisani Mabaso, 2007



## **1. GENERAL INFORMATION**

<b>REGISTERED NAME:</b>	William Humphreys Art Gallery
<b>PHYSICAL ADDRESS:</b>	1 Cullinan Crescent Civic Centre Kimberley 8300
<b>POSTAL ADDRESS:</b>	PO Box 885 Kimberley 8300
<b>TELEPHONE NUMBER/S:</b>	0027 53 831 1724
<b>FAX NUMBER:</b>	0027 53 832 2221
<b>EMAIL ADDRESS:</b>	enquiries@whag.co.za
<b>WEBSITE ADDRESS:</b>	www.whag.co.za
<b>EXTERNAL AUDITORS:</b>	Auditor-General of South Africa
<b>BANKERS:</b>	Nedbank
<b>COUNCIL SECRETARY:</b>	None

## **2. LIST OF ABBREVIATIONS/ACRONYMS**

<b>AGSA</b>	Auditor-General of South Africa
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CAPEX</b>	Capital Expenditure
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CFO</b>	Chief Financial Officer
<b>DPWI</b>	Department of Public Works and Infrastructure
<b>DSAC</b>	Department of Sport, Arts, and Culture
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HVAC</b>	Heating, Ventilation & Air-condition system
<b>ICOM</b>	International Council of Museums
<b>PAA</b>	Public Audit Act 25 of 2004
<b>PFMA</b>	Public Finance Management Act, Act 1 of 1999
<b>PPE</b>	Property, Plant, and Equipment
<b>SAMA</b>	South African Museum Associations
<b>SCM</b>	Supply Chain Management
<b>TR</b>	Treasury Regulations
<b>WHAG</b>	William Humphreys Art Gallery

### 3. FOREWORD BY THE CHAIRPERSON



**A Masilo**  
**Chairperson**

#### **Introduction**

On behalf of the council and management team of the William Humphreys Art Gallery (WHAG), it gives me great pleasure to present our Annual Report in respect of the 2021/22 financial year. In keeping with our mandate and government imperatives to redress the imbalances of the past, WHAG will always prioritize strategic objectives geared towards diversity, transformation, and social cohesion, amongst others.

#### **High level overview of strategy and performance**

In terms of WHAG's annual performance plan, there were thirteen (13) strategic indicators. Twelve (12) of these indicators were met and/or exceeded and this performance translates to 92% target achievement.

WHAG also embarked on digitisation of collection as a new target, however, this target was the only target not met due to the delay in upgrading the website. Funds were redirected towards the website upgrade in order to house digitised artworks.

Overall, WHAG performed excellently in all the areas of predetermined objectives. In certain areas, targets were exceeded.

However, funds totalling R24 482 000 allocated by DSAC for capital works in 2019/2020 financial year were not utilised. The funds were allocated for the upgrade of the HVAC system but because of WHAG's human resource constraints, the funds were not utilised.

A properly functioning HVAC system is a lifeblood of our collection as we all know that certain artwork must be kept under a humid climate condition and the failure to implement this project will have a dire consequence for our collection.

Plans are, however, already afoot to implement the HVAC project in the next financial year.

Of significance in achieving all the strategic objectives, was the achievement of yet another unqualified audit report without findings.



In order to redress the imbalances of the past and fill gaps and omissions in the art historical record of South Africa, WHAG acknowledges that in comparison to many heritage institutions established in the country prior to democracy, there are important gaps in the art historical record that needs to be closed and corrected.

To this end, WHAG resolved to establish an archive for one of the country's resistance artists, printmaker, and musician, Dumisani Mabaso, who played a significant role in the development of resistance art in South Africa.

Dumisani Mabaso spent the last period of his career up until his death as a resident artist at WHAG Gallery. During this time, he produced several bodies of work whilst establishing the SGUZU WHAG Press on the premises of the Gallery.

WHAG therefore invested close to R197 000 in creating an archive for his work by purchasing his artwork directly from the deceased estate, production press, and the gallery.

Over and above the creation of the Mabaso Archive, WHAG is guided by its Collection Policy to ensure that our collection is reflective of our diversity.

### **Strategic relationships**

Our strategic relationship with MTN assists a lot in alleviating some of the financial constraints faced by the institution in implementing our community outreach programmes. MTN donated R200 000 for one of our programmes which was implemented successfully in line with our annual targets.

In order to reach as many far-flung areas of the Northern Cape as possible, we need to establish more strategic partnerships with the private sector.

De Beers, whose artwork has been part of our permanent exhibition for many years, has been approached with a view to explore a more meaningful relationship with WHAG.

### **Challenges faced by Council**

Although our revenue in Government grants and subsidies from DSAC increased by 28%, more funds are needed to capacitate our staff compliment and to increase our artwork storage facility.

Creation and filing of strategic positions in terms of our organogram is a priority as the Director and CFO are expected to perform certain duties that do not fall within their core responsibilities, and this creates a risk where there is no segregation of powers, duties, and responsibilities. This risk is apparent in SCM and curatorial functions.

There is an urgent need for our corporate structure to be funded more in order to capacitate our human capital resources in areas where several risks have been identified.

Although most of our strategic objectives were met during the period of reporting, it is however noteworthy to mention that the achievement thereof strained our organization financially and in terms of the human capital constraints due to the dismissal of the former director. It is also noteworthy to

mention that although the CCMA ruled in favour of WHAG, the former director elected to take the matter to the labour court on review.

In order to alleviate administrative burden due to this vacancy, certain functions were outsourced to service providers at a cost to the organization. Towards the beginning of the second quarter, the situation improved when the new director, Ms Nelisiwe Mkhize, assumed her duties and responsibilities.

### **The strategic focus over the medium to long term period**

Our strategic focus over the medium to long term period is to implement cost cutting measures and fast track own income generation interventions by forging ahead with strategic partnerships and fully utilise our facilities (cafeteria and auditorium) in order to sustain our operations in the long term.

### **Acknowledgements**

Sincere gratitude and special thanks go to my fellow council members and the entire staff for their continued support and dedication.

The Minister's support and continuous guidance by DSAC officials gave us so much strength to achieve the audit results we are all so proud of.

Many thanks to our staff members for their dedication and the support given to the director to ensure that WHAG becomes an efficient institution.

### **Conclusion**

We are looking forward to doing more in serving all our stakeholders.



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**A Masilo**  
**Council Chairperson**  
**William Humphreys Art Gallery**  
**31 August 2022**

## 4. DIRECTOR'S OVERVIEW



**N Mkhize**  
**Director**

### **Introduction**

We are excited to present to you the overview of the operational and financial performance of the organisation. It is quite remarkable to reflect on how much our Gallery has been able to deliver in the year under review despite so many challenges regarding the limited resources available to the Gallery and vast capacity constraints.

### **General financial review**

During the 2021/22 financial year, revenue increased by 24% (from R11 176 000 in 2020/21 to R13 893 000 in 2021/22). The Gallery was allocated a grant of R11 671 000 by its line department, the Department of Sport, Arts, and Culture (DSAC). There was an increase in government grants and subsidies from DSAC by 28% in the 2021/22 financial year, following a decrease by 17% in the 2020/21 financial year which resulted in an effective increase of only 6% in grants over the previous two years. The reduction in grant for the 2020/21 financial year was as a result of the reallocation of funds to the DSAC's COVID-19 pandemic relief fund. The operational grant represents 84% of the total revenue.

DSAC transferred the funds amounting to R24 305 000 by 2019/20 for the purposes of upgrading the Heating, Ventilation and Air-conditioning system (HVAC) that is responsible for the climate control within the gallery. The process for the appointment of the project manager had a number of challenges in the prior years due to interruptions caused by the human capital constraints and instability caused by COVID 19 pandemic lockdowns, as a result no funds were spent on this grant. Greater collaboration between the Gallery, DSAC's infrastructure directorate, and the Department of Public Works and Infrastructure (DPWI) as the custodian of the building, has resulted in progress made to deal with the HVAC upgrading and other building maintenance related issues.

In addition, DSAC previously transferred the funds amounting to R1 000 000 for the purposes of compliance with heritage assets accounting standards. During the 2020/21 and 2021/22 financial years valuation of heritage assets and maintenance of proper and adequate accounting records were performed at a cost of R480 000.

The Gallery received support of R200 000 from MTN for outreach programmes. Furthermore, an interest income of R190 000 on invested funds and an actuarial gain of R119 000 led to a surplus of R301 000.

### **Spending trends**

The spending trend of the WHAG is dictated by the core objectives it needs to achieve. The core objectives are funded by the operational grant from DSAC, and a funding received from MTN by a way of donation.

Employee costs increased by a consistent 8% in the 2020/22 and 2020/21 financial years. The 2021/22 employees related costs in proportion to Government grants and subsidies is 53% (normal spending trend), as compared to 62% (distorted due to reduction in allocation in the particular year) in 2020/21 and 48% in 2019/20.

General Expense increased by 65% (from R3 624 000 (2021) to R5 974 000 (2022)) from the previous financial year, following a decrease of 41% in the 2020/21 financial year which resulted in an effective decrease of only 3% over the previous two years. The 2021/22 General Expense in proportion to revenue is 43% in the 2021/22 as compared to 32% (distorted due to the pandemic) in the 2020/21 and 41% in the 2019/20 financial years. The general expenditure in proportion to revenue is in line with the previous years' spending trends in the range of 40% of revenue. Furthermore, during 2021/22 artwork to the amount of R599 000 were acquired as compared to R554 000 in 2020/21 financial year.

### **Capacity constraints and challenges facing the Gallery**

Capacity constraints have been a standing issue facing the Gallery for the longest time. The current organogram excludes several key positions required for an entity of this kind such as Human Resource and Supply Chain Management specialists as well as the Chief Curator and that poses a lot of challenges. The existing staff find themselves wearing many hats at once just so the work can progress. With the kind of budget allocation received from DSAC, these critical positions are impossible to add. This leaves the Gallery with demoralized and uninspired staff since their salaries do not match their scope of work. With each year that comes, DSAC subsidy increases insignificantly, and it does not allow us to keep up with the cost to living adjustment. Irrespective of such adversity, the team performs their duties to their optimum best. It would be very encouraging for the DSAC to consider reviewing the subsidy allocation for the entity to perform and develop to its maximum best.

### **Discontinued key activities / activities to be discontinued**

There are no discontinued activities.

### **Proposed key activities**

The Gallery turns 70 years old in December 2022 and would like to mark this milestone by hosting a befitting event subject to the DSAC's financial support. However, all currently existing quarterly and annual activities will be aligned with the celebrations through the use of branding materials. This is a once-off proposed activity.

Subject to the financial support sought from the DSAC, the Gallery would like to host an Art Indaba to mark its 70th anniversary.

### **Requests for roll over of funds**

Request for permission to roll-over funds was made to the National Treasury through DSAC. The funds in question are deferred revenue and surpluses that the Gallery wishes to roll-over in order to continue with the planned infrastructure project and to cover other shortfalls during the course of its operations.

### **Supply chain management**

The Supply Chain Policy has been approved for the entity to be in tune with the changes and processes. The position of the SCM Officer to support management is integral to support the office of the CFO and the Director to ensure continuous compliance with SCM regulations, policies and procedures is however, still vacant due to lack of budget.

### **Challenges experienced**

One of the main challenge the WHAG faced during the year under review was shortage of staff in the Finance section. To remedy the situation, two Accountants were appointed on a six-month basis to assist with all financial matters including auditing, SCM, and reporting.

### **Plans for the future to address financial challenges**

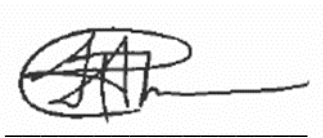
To mitigate the challenges with the financial stance, the entity will seek to form partnerships that will attract institutions looking to collaborate and fund art entities like the WHAG and also attempt to resuscitate the facility hire for conferences and social gatherings.

### **Economic viability**

The Gallery is dependent on the grant allocation from DSAC. Its ability to generate financial resources is limited.

### **Acknowledgements**

All credit goes to the Gallery's staff, management as well as the Council and its subcommittees for their collective effort to ensure that the entity conducts its mandate with dedication, passion, and pride irrespective of all the hurdles. The DSAC through its entity Oversight Management also played a pivotal role in ensuring the Gallery's success.



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**N Mkhize**

**Director**

**William Humphreys Art Gallery**

**31 August 2022**

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

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

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

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

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

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

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully



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**Director**  
**N Mkhize**  
**31 August 2022**



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**Council Chairperson**  
**A Masilo**  
**31 August 2022**

## 6. STRATEGIC OVERVIEW

### 6.1. Vision

A world class art gallery of excellence that is accessible and relevant to all.

### 6.2. Mission

To collect, preserve, and conserve artworks that are representative of the cultural diversity and heritage of South Africa, Africa and beyond.

### 6.3. Values

The values that the institution and staff subscribe to are documented in the South African Museums Association Code of Conduct, the ICOM Code of Ethics for Museums and the Code of Conduct for Public Servants.

#### **The values the WHAG and staff subscribe to are:**

- Ubuntu – Compassion and humanity shown to visitors, and stakeholders.
- Excellence – In everything we do.
- Professionalism – Showcased in all areas of stakeholder engagement.
- Teamwork – is central to creating a shared vision for the institution.
- Community engagement and empowerment – is at the core of all our projects and programmes.

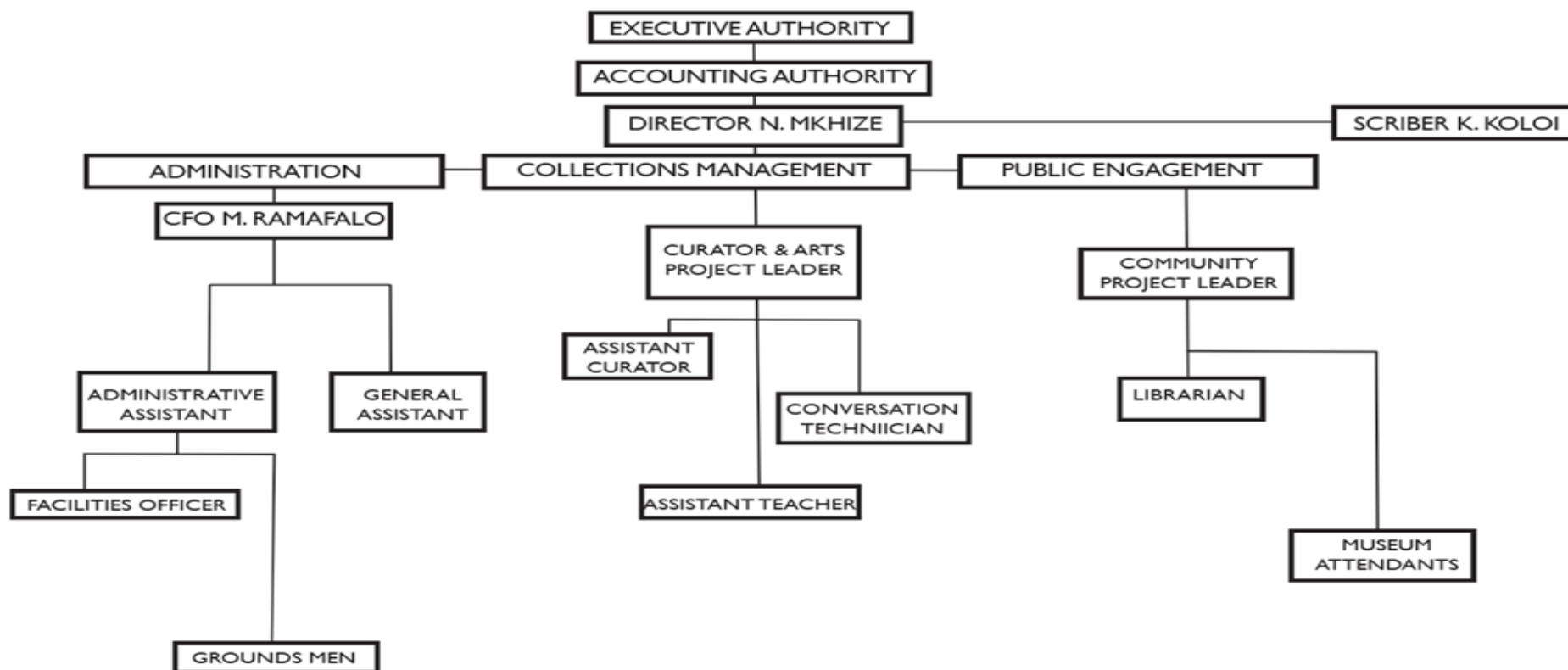
## 7. LEGISLATIVE AND OTHER MANDATES

WHAG has been established in terms of the Cultural Institution's Act 119 of 1998 within the Department of Sport, Arts, and Culture, and operates as a public entity under schedule 3A of the Public Finance Management Act (PFMA) with its mandate prescribed as:

***“To collect, preserve, conserve and document, research as well as to exhibit works of art which represent the artistic heritage of all South Africans and utilises its assets for the edification, enrichment and enjoyment of the people.”***

WHAG is governed by the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) The Public Finance Management Act, 1999 (Act No.1 of 1999) as amended by Act No. 29 of 1999); and the Treasury Regulations, 2001.

## 8. ORGANISATIONAL STRUCTURE





# PART B: PERFORMANCE INFORMATION



Tanish Bhana, 2015



## **1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES**

The AGSA currently performs the necessary audit procedures on the performance information to evaluate the usefulness and reliability of the reported performance information on selected performance indicators. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the 'Report on the annual performance report' section of the auditor's report.

Refer to page 46 of the Report for the Auditor's Report, published as Part E: Financial Information.

## **2. OVERVIEW OF PERFORMANCE**

The Gallery's strategic goals are guided by the President's seven key priorities and the Department of Sport, Arts and Culture's overarching mandate to contribute to the development of an inclusive society that encourages the promotion of social cohesion and nation-building. The Northern Cape and specifically Kimberley in which the Gallery is situated continues to be hampered by a legacy of racial segregation, poverty, and exclusion from socio-economic opportunities of previously and currently excluded groups. The Gallery has been in existence for sixty-nine years and has been affected by these legacies.

The Gallery has in recent years sought more proactive ways to combat these glaring legacies through its various public programmes and projects offered to the general public such as exhibitions that showcase the creative production of artists from more diverse backgrounds, and that provide an insight into the lived realities of the people that make up South Africa. The pandemic has disrupted the strides that the Gallery had been making towards establishing partnerships with local entrepreneurs to provide a platform to showcase their talent to audiences. These events attract visitors from local communities that previously have not stepped into the Gallery's premises.

### **2.1. Service Delivery Environment**

In the year under review, the Gallery focused on assessing the responsiveness to current national and global factors that have affected the delivery of services to stakeholders. The seven areas identified by the President as priorities are as follows:

- Economic transformation and job creation
- Education, skills, and health
- Consolidating the social wage through reliable and quality basic services
- Spatial integration, human settlements, and local government
- Social cohesion and safe communities
- A capable, ethical, and developmental state
- A better Africa and World

Out of the seven key priorities WHAG identified the following three that speak to its core mandate:

### ***Economic transformation and job creation***

This key priority is unpacked through WHAG's Prison Project, an initiative that provides marketable craft skills to female offenders in the Kimberly area. The women can make use of these skills by creating marketable products for sale.

### ***Social cohesion and nation building***

The Gallery's exhibition programme has in recent times made a concerted effort to showcase the work of artists from diverse socio-economic backgrounds. In addition to the workshops and public discussions, the programme has contributed to encouraging social-cohesion and nation-building by attracting visitors from varied backgrounds that would not have previously engaged with the artworks.

### ***A better Africa and World***

WHAG's acquisitions policy addresses the under-representation of Black African creative productions by ensuring that artists who are from excluded communities or are under-represented on conventional platforms are supported through the acquisition of their artworks into the Gallery's collections.

WHAG's membership to the International Committee of Museums (ICOM) provides access to global museum best practice and provide its staff with access to professional development through its exchange programmes and conferences hosted annually.

## **2.2. Unemployment**

In its quest to contribute to the alleviation of the high unemployment rates in South Africa, the Gallery provides youth graduates with additional hands-on training and experience in the museum sector through workshops and workplace learning to assist in preparing them for the job market. In addition to this, WHAG's Prison Project, provides marketable arts and craft skills to female offenders within the Kimberley prison system who then use these newly acquired skills to create sellable products that can financially support their families upon release from the correctional centre.

The Gallery has made a concerted effort to secure its goods and services mainly from organizations and individuals from previously excluded communities through its procurement processes. The development of an acquisitions policy that mandates the Gallery to acquire artworks from emerging artists from previously excluded communities who are not represented by formal art galleries is an important step to provide much needed income to artists who are on the margins of the arts sector.

## **2.3. The 4<sup>th</sup> Industrial Revolution**

The 4<sup>th</sup> Industrial Revolution (4IR) envisions a society in which there is a greater fusion and convergence between digital technologies, virtual reality, and artificial intelligence. The incorporation of technology into the daily operations of WHAG has begun through the use of cloud technology that will safely allow the Gallery to store its data virtually providing for greater assurance of its safety and security.

The Gallery is committed to expanding and leading in incorporating interdisciplinary, experimental and media arts into the collection (directly linked to technological advances from the 4IR) through commission and/or purchasing of work that utilizes technology as a medium itself.

The ongoing digitization of the Gallery's collection also allows for greater access beyond the four walled confines of the physical building, thereby contributing to ensuring greater inclusivity in the dissemination of knowledge through web-based technologies. Digitization also supports the conservation effort of the Gallery's collections by minimizing risks associated with handling artworks.

The Gallery is committed to making a greater effort to utilize other forms of media such as social media in order to ensure that there is a greater awareness of its activities, programmes, and available opportunities to the community.

#### **2.4. Organisational environment**

The Gallery's internal environment has been reviewed to assess and uncover the strategies required to make improvements in all areas of its daily operations. The Gallery built on its strengths and addressed weaknesses to show tangible evidence of change and improvement by ensuring the implementation of its core mandate and the actualization of the national imperatives, as outlined in government's seven key priority areas.

The Gallery continued to strengthen of its internal controls through policy development and improving of its supply chain processes.

##### ***Skills Development***

Post-1994 South Africa continues to have unacceptably high levels of inequality in all levels of society with the gap between the rich and the poor at an all-time high. Within our sector, museum expertise is a rarity with far too many skills being outsourced to international candidates. Greater effort needs to be made to develop tertiary training and development of museum practitioners in South Africa. The Gallery will achieve this by strengthening and continuing to partner with its local secondary and tertiary institutions by engaging students in hands on classes and workshops. Thereby transferring knowledge and skills to the next generation of museum practitioners.

##### ***Human Resources***

The Gallery continues to face human resource challenges. With a small staff complement roles and responsibilities have become blurred as the necessary staff to ensure the adequate day to day activities are lacking. As such the Gallery runs the risk of good governance processes not adequately being adhered to. The services of an HR consultant were acquired to assist in the much-needed development of policies and job evaluations to ensure compliance in line with best practices.

##### ***Infrastructure***

Since the opening of the William Humphreys Art Gallery in 1952 very little has been done to improve the infrastructure of the building. Renovations to its Humidity, Ventilation and Air Conditioning (HVAC) systems, leaking roofs, old electric wiring, deteriorating pipe system which renders the building's water not fit for human consumption. Updated lighting and additional storage spaces is sorely needed. The securing of a project manager to orchestrate renovations will place the Gallery on par with international museums and ensure we meet the stipulated minimum requirements.

## 2.5. Key policy developments and legislative changes

There were no major changes to relevant policies or legislation that may have affected operations during the period under review or future financial periods.

## 2.6. Progress towards achievement of institutional Impacts and Outcomes

### Programme 1: ADMINISTRATION

**Strategic Objective** To ensure that the William Humphreys Art Gallery is compliant with Legislation and Accounting Standards.

**Goal** Develop an enabling and efficient workforce to deliver on WHAG objectives.

**Priority Focus** The aim is to streamline the internal business processes, systems, and procedures to meet WHAGs' strategic objectives and to ensure compliance with all legislation.

### Programme 2: COLLECTION MANAGEMENT

**Strategic Objective** Grow the collections in line with strategic priorities and to address historic inequalities.

**Goal** Transformation and development of the WHAG permanent collection.

**Priority Focus** Interventions related to this strategic objective will contribute towards a more inclusive representation of the WHAG collection through a collection strategy that focuses on redress.

### Programme 3: PUBLIC ENGAGEMENT

**Strategic Objective** Promote the creative production of South African artists and heritage through the display of temporary and permanent exhibitions and public programmes.

**Goal** Increase awareness of South African culture and heritage. To improve conditions for the collection to ensure greater access. To ensure the efficient development and management of exhibitions and public programmes.

**Priority Focus** Interventions related to strengthening awareness of WHAG activities and showcasing the contributions these programmes make on the socio-economic development and upliftment to local communities.

### 3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

#### 3.1. Programme 1: Administration

This programme is to ensure efficient and effective governance and oversight accountability within the Gallery in line with the Executive Authority and that the Gallery is compliant with legislation and accounting standards. This programme is focused on timeous reporting activities, management of funds, and capacity building efforts of the Gallery towards the realisation of its vision.

#### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

The Administration programme contributes to the following strategic outcome-oriented goals:

- To ensure that the William Humphreys Art Gallery is compliant with legislation and accounting standards.



Kimberley Art Centre learners at WHAG, 2021

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Improved governance by obtaining an unqualified audit opinion	Full compliance with PFMA and Accounting Standards	Unqualified Audit Report without findings	Unqualified Audit Report	Unqualified Audit Report without findings	Unqualified Audit Report	Unqualified Audit Report without findings	Target exceeded	Improved administration
Building a professional and capacitated organisation	Implement programmes geared towards enhancing capacity	Training interventions	7	20	4	4	0	None

**Linking performance with budgets**

Programme 1: Administration	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total</b>	<b>13 440</b>	<b>9 393</b>	<b>4 047</b>	<b>8 611</b>	<b>6 170</b>	<b>2 441</b>

Two (2) accountants were appointed on a contract basis to assist with all administrative matters including financial accounting and reporting, audit facilitation, Supply Chain Management, and reporting as there is shortage of support staff. This is a temporary measure to remedy staff shortages in the Administration section. This has led to the actual achievement of Unqualified Audit Report without findings, exceeding the targeted output.

### **Strategy to overcome areas of under performance**

There were no areas of underperformance in this programme.

### **3.2. Programme 2: Collection Management**

This programme is to manage and grow a collection that is representative of the people of South Africa, to correct unethical collection practices and promote and encourage relevant research development related to the collection.

#### **Strategic objectives, performance indicators planned targets and actual achievements**

The Collections Management programme contributes to the following strategic outcome-oriented goals:

- The transformation and development of the WHAG permanent collection;
- The preservation of the permanent collection; and
- The digitisation of the permanent collection

### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

In the spirit of transforming the Gallery's permanent collection to ensure a gallery experience and visual record that contributes to national identity and social cohesion through the richness of diversity, the financial year under review exceeded the target of collecting works from emerging artists from previously disadvantaged demographics. This was largely due to donations of artworks to the Gallery's collection.

The Gallery also exceeded the target for collecting artworks from previously marginalised established artists for the financial year under review, similarly due to donations. The storage facilities and expertise of the Gallery makes it an attractive option for patrons who would like to donate artworks to a public collection and would like assurance that duty of care will be performed with regards to the preservation of artworks donated.

Through the collection of artworks, there is a strategic focus to collect artworks that speak to contemporary lived realities, and as such, several of the artworks are thematically focussed on addressing elements of gender-based violence, femicide, economic marginalisation, inequality and issues pertaining to human rights.

The Gallery, furthermore, supports the programs of other organisations through the loans of works from the permanent collection for inclusion in other curated exhibitions. This extends the dissemination of the collection. A highlight of how outgoing loans has contributed to the visibility and celebration of female practitioners is the inclusion of works from the collection in the curated exhibition by the Norval Foundation, titled, *When Rain Clouds Gather*. This exhibition focused on the often-neglected contribution of black female artists to South African art from 1940 to the year 2000.

The collection management faces challenges in the inclusion of disabled artists, mainly due to the continued and systemic exclusion of artists living with disabilities from platforms and skills-development opportunities that will capacitate this community's access to the arts. The Gallery



continues to support the development of artists with disabilities through projects in Programme 3 and through the campaigning for equitable access for artists living with disabilities on policy platforms.

Exceeding the collection targets for both emerging and established, coupled with outgoing loan requests resulted in an increased need for preventative conservation to ensure that works are ready for storage or display, whilst maintained to strict archival standards. The progress on the digitisation of the collection had encountered infrastructure challenges relating to visual data-management systems, thus resources were diverted towards the development of new database systems to service digitisation.



WHAG Outreach Programme, 2022

Programme 2: Collection Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Transformed and developed WHAG permanent collection	To purchase artwork for the WHAG permanent collection in order to redress imbalance and representivity	Number of artworks acquired from previously disadvantaged emerging artists	New indicator	2	16	23	+7	Target Exceeded – Substantial donation of prints in Quarter 4 by the Artists for Human Rights Trust
Transformed and developed WHAG permanent collection	To purchase artwork for the WHAG permanent collection in order to redress imbalance and representivity	Number of artworks acquired from artists from previously disadvantaged established artists	New indicator	13	24	38	+14	Target Exceeded – Substantial donation of prints in Quarter 4 by the Artists for Human Rights Trust. Additional artworks were acquired from the Mabaso estate to build Mabaso Archive at WHAG.
Preservation of collections	To maintain an optimum environment for the preservation of the art collection environment for the preservation of the art collection	Number of artworks conserved	2	4	6	17	+11	Target Exceeded – High demand of special loan request from Javette Art Centre and Norval Foundation.
Preservation of collections	Digitisation of collection	Number of artworks digitised	0	0	24	21	-3	Target not Met – Resources redirected towards the upgrading of the website under development that will house the digitised artworks.

**Linking performance with budgets**

Programme 2: Collection Management	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total</b>	<b>3 205</b>	<b>1 667</b>	<b>1 538</b>	<b>2 107</b>	<b>1 604</b>	<b>503</b>

The underutilisation of the budget for collection management is largely due to donations of artworks from artist and production houses and the lower price-point for emerging artists and works on paper, both categories constituting a large percentage of works acquired in the financial period.

**Strategy to overcome areas of under performance**

The Collection Management programme presented with adequate performance on outputs for the financial year, except for outputs linked to the digitisation of the collection. The under-performance with regards to digitisation will be recovered in the following financial year, after database infrastructure has been upgraded.

**3.3. Programme 3: Public Engagement**

This programme is to increase awareness of South Africa's culture and heritage, improve conditions for the collection to ensure greater access and to ensure the efficient development and management of exhibitions and public programs.

**Strategic objectives, performance indicators planned targets and actual achievements**

The public engagement programme contributes to the following strategic outcome-oriented goals;

- Increased awareness of South African cultural identity
- An integrated and inclusive society by bringing people of diverse socio-economic backgrounds together
- A professional and capacitated arts, culture, and heritage sector

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievement**

The Gallery supports the increased awareness of South African identity through public engagement projects, this includes exhibitions, film screenings, artist incubation and community projects. The Gallery, furthermore, disseminates South African visual identity through the collection, preservation, and dissemination of South African heritage artworks.

The Gallery achieved the target of presenting four temporary exhibitions in the past financial year, where two of these exhibitions focussed on the promotion of young emerging artists. The bi-annual *Northern Cape Artist Exhibition* focuses on showcasing the artworks from one of the most rural and marginalised artistic communities in South Africa. The Gallery also hosted *Tla O Le Jaalo/ Kom Net Soos Jy Is*, a group exhibition of works by young emerging artists from the collection of the Art Bank of South Africa.

Through the curated exhibitions from the Gallery's collection, the target of producing six permanent exhibitions that largely align itself with the national celebration calendar was achieved. The exhibition,

*Behind the Yellow Line*, included works by the trans activist and artist, Robert Hamblin, and supported the visibility and vulnerabilities of the transsexual community, especially in the context of access to social services and gender-based violence.

Both the temporary loan exhibitions as well as the curated exhibitions of artworks from the Gallery's permanent collection are supported by public engagements such as walkabouts, panel discussions and other engagements that add context and depth to the programming for visitors, thus contributing to visual literacy through engagement and education.

The Gallery aligns itself through its special community project to service vulnerable and marginalised communities. This is done through the ongoing engagement with disabled artists from Yonder, which takes the form of skills transfer workshops pertaining to arts and crafts. The WHAG Prison Project invests in the upliftment of women who have entered correctional facilities, through skills transfer in arts and crafts, equipping them with marketable income-generating skills. Keadumela Early Childhood development is a program for underserved minors on the premises of the Gallery. This helps contribute to the development of an equal society through access to education for all.

WHAGfilm opens significant possibilities for the promotion of social cohesion by screening South African and African films. This program has a regular film program that includes screenings of local and/or international films. This platform is also used to celebrate national commemorative days. A request from an external partner for a partnership with regards to a movie festival during November 2021 contributed to extra screenings resulting in exceeding the target.

The WHAG Reference Library is a valuable resource for school learners and students taking art as a subject. We continue to improve this facility by acquiring new publications as they become available. During the financial year under review, the target for this program was exceeded due to a donation of books from an external partner.

Through innovative partnership brokering, the WHAG Outreach Programme addresses the resource gap, knowledge divide and geographic sparseness of the province that isolates and excludes primary and intermediary phase learners from participating in cultural heritage. It does this through situating arts and culture teaching activities and resources for learners at their respective school districts on a rotational basis. During the financial year under review, the team visited Witput, Vanderkloof Dam, Richmond, and Lime Acres.

The lack of human resources, ageing infrastructure and financial constraints are the most prominent obstacles to leveraging the programming to reach vulnerable audiences and artists alike. The artist incubator program that is to support the production of new South African artworks in the form of a residency has been suspended due to critical refurbishments that are needed on the Gallery's residency studio that at current is not fit for purpose.

Where there were additional financial constraints on growing the audience and involvement of especially youth and learners, additional partnerships with the private sector have capacitated the Gallery to continue implementing the outreach activities.

Programme 3 has been able to address some of the financial and staffing constraints through partnerships with local creative NGOs, especially regarding servicing gender-based violence campaigning and advocacy.

Programme 3: Public Engagement								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Increased awareness of South African cultural identity	Showcasing the heritage assets for the enrichment and education of domestic and international audiences	Number of temporary loan exhibitions presented	6	3	4	4	0	None
Increased awareness of South African cultural identity	Showcasing the heritage assets for the enrichment and education of domestic and international audiences	Number of permanent collection exhibitions presented	10	8	6	6	0	None
Increased awareness of South African cultural identity	Showcasing the heritage assets for the enrichment and education of domestic and international audiences	Number of outreach programmes presented	4	2	4	4	0	None
Increased awareness of South African cultural identity	Showcasing the heritage assets for the enrichment and education of domestic and international audiences	Number of artist residencies presented	0	0	0	0	0	Target met – WHAG Artist residency not implemented due to pending refurbishments on the residency apartment and studio
Mainstream role of arts, culture and heritage	Implementation of specific community projects	Number of special community projects implemented	12	0	3	3	0	None

Access and Audience development	Film, music, and literature set work screenings to add value to visitor experience	Number of film screenings presented	40	1	24	37	+13	Target Exceeded – Additional screenings implemented to service the national celebration calendar and to absorb requests for partnerships from external organisers on screenings/ film festivals at the museum
Access and Audience development	Developed specialist reference library	Number of publications acquired	87	25	40	44	+4	Target Exceeded – The WHAG received 44 donations of publications for the Children’s Library and Special Reference Library during this financial year

**Linking performance with budgets**

Programme 3: Public Engagement	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total</b>	<b>2 398</b>	<b>2 232</b>	<b>166</b>	<b>3 160</b>	<b>2 504</b>	<b>656</b>

Due to financial constraints, the museum has relied heavily on partnerships to realise outcomes and free up funds to service escalating costs in other areas of the entity’s budget.

### **Strategy to overcome areas of under performance**

There were no areas of underperformance in this programme.

## **4. REVENUE COLLECTION**

Sources of revenue	2021/2022			2020/2021		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Transfer and subsidies	11 671	12 151	(480)	9 144	9 144	-
Interest income	200	190	10	180	220	(40)
Other income	222	340	(118)	120	658	(538)
<b>Total</b>	<b>12 093</b>	<b>12 681</b>	<b>(588)</b>	<b>9 444</b>	<b>10 022</b>	<b>(578)</b>

### **Transfer and subsidies**

The R480 000 over collection is a deferred conditional grant for purposes of GRAP 103 Heritage assets compliance that was collected in the previous years which was unspent and therefore was recognised as a deferred income liability. The portion of the conditioned grant was spent in 2021/22 and was recognised in revenue this year after meeting the recognition criteria.

### **Other income**

The R118 000 over collection was as a result of rental of facilities and equipment, VANSA Internship programme subsidy and donations that could not be budgeted with reasonable amount of certainty.

## **5. CAPITAL INVESTMENT**

The building that houses the Gallery is on lease from the Department of Public Works and Infrastructure (DPWI). The building is slowly deteriorating with the HVAC system needing attention as it is not fully functional and was last upgraded in November 2014. The Gallery received capital grant allocations and received funds from DSAC for the purpose of upgrading the HVAC system that is responsible for the climate control within the gallery. Due to the large scope of this facility upgrade project, and the lack of the required skills within the institution, the implementation of the capital works requires that a tender process be followed to appoint a project manager. The appointment of the project manager is in progress. Greater collaboration with DPWI is needed to have progress on this project as the building belongs to DPWI.

Infrastructure projects	2021/2022			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital Grant	24 482	-	24 482	23 985	-	23 985
<b>Total</b>	<b>24 482</b>	<b>-</b>	<b>24 482</b>	<b>23 985</b>	<b>-</b>	<b>23 985</b>

# PART C: GOVERNANCE



Mbali Tshabalala, 2021





## 1. INTRODUCTION

The William Humphreys Art Gallery is governed by a Council that is appointed by the Executive Authority, the Minister of the Department of Sports, Arts and Culture, for a period of three years. The Council is the accounting authority and is governed by the Cultural Institutions Act No. 119 of 1998. The Council and Management are committed to ensuring compliance in all aspects of corporate governance. Adherence to processes and procedures ensuring that the institution practises ethical and transparent measures in reaching its strategic objectives and goals.

## 2. PORTFOLIO COMMITTEES

No meetings were held with Parliament's Portfolio Committee on Sports, Arts and Culture during the 2021/22 financial year.

## 3. EXECUTIVE AUTHORITY

The Gallery has submitted quarterly performance and financial reports to the Department of Sports, Arts and Culture. The reports were submitted on these dates:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
30 July 2021	30 October 2021	30 January 2022	30 April 2022

The reports are compiled by management and quality assured by the internal audit function which reports to the Audit and Risk Committee. The reports are then submitted to Council for review and approval.

## 4. THE ACCOUNTING AUTHORITY: COUNCIL

### *Introduction*

The William Humphreys Art Gallery Council consists of independent Non-Executive Members appointed by the Minister of Sports, Arts, and Culture. The responsibilities of the Council are to ensure that the Gallery adheres to all relevant laws and regulations in line with corporate governance and best practice and provides oversight over the operations of the Gallery.

### *The role of the Council is as per the Charter as follows:*

- The Council is responsible for the performance of the Gallery and is fully accountable to the Executive Authority (the responsible Minister). As a result, the Council gives strategic direction to the Gallery's Management and Staff.
- The Council retains full and effective control over the Gallery and monitors management in implementing plans, strategies, and resolutions. This includes the operational performance.
- The Council ensures that Management and Staff are fully aware of and comply to applicable laws, regulations, policies, and code of business practice in dealing with communities and stakeholders openly and promptly with substance prevailing over form.

- The Council ensures that there are effective policies, procedures, practices, and systems of internal control in place that protect the Gallery's assets, resources, and reputation.
- The Council must ensure that management has implemented an effective system of risk management.
- Council members should ensure that they have unrestricted access to accurate, relevant, and timely information of the Gallery and act on fully informed basis, in good faith, with diligence, skill and care and in the best interest of the Gallery, whilst taking into account the interests of the various stakeholders, including employees, creditors, suppliers and local communities.
- The Council must monitor closely the process of disclosure and communication and exercise objective judgement on the affairs of the Gallery.
- The Council should monitor and manage potential conflicts of interest of Council members and management. The Council as a whole and each individual member must not accept any payment of commission, any form of bribery, gift, or profit for themselves.
- The Council should develop a clear definition of the levels of materiality or sensitivity to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself. Delegated authority must be in writing.
- The Council must ensure that financial statements are prepared for each financial year, which fairly represents the affairs of the Gallery.
- The Council shall appoint sub-committees when necessary and shall require reports from each of these committees are presented and approved by Council.
- The Council should at least annually assess its performance.

### **Council Charter**

The Council Charter serves to set out the high-level responsibilities of the William Humphreys Art Gallery Council, read in conjunction with the Cultural Institutions Act, the PFMA and applicable Treasury Regulations. The Council has fully complied with the Charter.



WHAG Council and Staff, 2022

### Composition of the Council

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Council Directorships	Other Committees or Task Teams	No. of Meetings attended
Mr AS Masilo	Chairperson	27 Nov 2017		<ul style="list-style-type: none"> <li>Baccalaureus Procurationis</li> <li>Certificate in Finance for Directors</li> <li>Certificate in Municipal Finance Management Act</li> </ul>	<ul style="list-style-type: none"> <li>Legal advisor</li> <li>Leadership</li> <li>Management</li> <li>Financial management leadership</li> </ul>	<ul style="list-style-type: none"> <li>Law Society of the Northern Provinces Johannesburg Law Council</li> <li>Johannesburg Development Agency</li> <li>Department of Agricultural and Rural Development</li> <li>Gauteng Liquor Council</li> </ul>	<ul style="list-style-type: none"> <li>EDC REMCO</li> </ul>	22
Ms C Fani	Deputy Chairperson	09 Dec 2020		<ul style="list-style-type: none"> <li>Bachelors Administration</li> <li>Bachelors Administration Honours</li> <li>Corporate Governance and Council Effectiveness (IoDSA)</li> </ul>	<ul style="list-style-type: none"> <li>Policy and Planning</li> <li>Corporate Governance Management</li> <li>Leadership</li> <li>Public Management</li> </ul>	<ul style="list-style-type: none"> <li>Western Cape Gambling</li> <li>Western Cape Cultural Commission</li> <li>Western Cape Liquor Licensing Tribunal</li> <li>uMsunduzi and Ncome Museum</li> </ul>	<ul style="list-style-type: none"> <li>uMsunduzi and Ncome Audit and Risk Committee</li> </ul>	22
Ms T Moeeng	Council Member	09 Dec 2020		<ul style="list-style-type: none"> <li>Master of Business Leadership (MBL)</li> <li>LLB Degree Bluris Degree (Cum Laude)</li> </ul>	<ul style="list-style-type: none"> <li>Legal; Cooperate Governance;</li> <li>Audit &amp; Risk management; Investigations;</li> <li>Strategy Management; Leadership management</li> </ul>	<ul style="list-style-type: none"> <li>The Performing Arts Centre of the Free State</li> <li>FETC</li> <li>EAPASA</li> </ul>	<ul style="list-style-type: none"> <li>W&amp;RSETA (Audit &amp; Risk Committee);</li> <li>Ephraim Mogale Municipality (Audit &amp; Performance committee)</li> </ul>	28
Mr B Mgijima	Council Member	09 Dec 2020		<ul style="list-style-type: none"> <li>Bachelor of Arts</li> <li>PG Dip Museology &amp; Heritage</li> <li>Hons Bachelor of Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>Museum management and governance</li> <li>Heritage Resource Management</li> </ul>	<ul style="list-style-type: none"> <li>Yakhanani Tourism</li> <li>Solutions Heritage Western Cape</li> <li>SA Heritage Resources Agency</li> </ul>		22

				<ul style="list-style-type: none"> <li>• Master of Public Administration</li> <li>• Master of Philosophy</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated Reporting Scenario Planning</li> </ul>	<ul style="list-style-type: none"> <li>• WC Geographical Names Committee</li> </ul>		
Mr A Latchu	Council Member	09 Dec 2020		<ul style="list-style-type: none"> <li>• Masters, Bachelors, Dip in Networking, MCSE, MCSD, MCDDBA, MCSA</li> </ul>	<ul style="list-style-type: none"> <li>• Information Systems Governance, PFMA, CGICT, DPSA, Public Sector Governance</li> </ul>	<ul style="list-style-type: none"> <li>• The Performing Arts Centre of the Free State</li> <li>• The National Arts Council</li> <li>• Tertiary Education and Research Network of South Africa</li> <li>• Social Housing Regulatory Authority</li> <li>• Ekurhuleni East TVET College</li> <li>• Gauteng Industrial Development Zone</li> <li>• Southern African Trust</li> <li>• Council for the Built Environment</li> <li>• Mpumalanga Community Education and Training College</li> <li>• Edenvale Hospital</li> </ul>		27
Mr PN Phukubje	Council Member	19 Dec 2018		<ul style="list-style-type: none"> <li>• BCom Accounting</li> <li>• Diploma in Accounting Hons BCom Acc</li> <li>• Diploma in Accounting Hons BCom Acc/ CTA.</li> </ul>	<ul style="list-style-type: none"> <li>• Auditing Financial management Accounting and taxation</li> </ul>	<ul style="list-style-type: none"> <li>• South African Institute of Government Auditor</li> <li>• South African Institute of Directors</li> <li>• South African Institute of Business Accountants</li> <li>• South African Institute of Tax Practitioner</li> </ul>		28
Ms D Maraka	Council Member	09 Dec 2020		<ul style="list-style-type: none"> <li>• Bachelor of Arts</li> <li>• Bachelor of Arts Hons</li> <li>• Bachelor of Education</li> <li>• Masters Diploma in HRM</li> <li>• Further Diploma in Education Certified</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources and Employment Relations</li> <li>• Agile HR Systems Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>• South African Library for the Blind</li> <li>• Heraldry National Council and Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Classifier: Film and Publications Council</li> <li>• National School of</li> </ul>	21

				Ethics Officer (TEIUSB-ED)	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Ethics Leadership Strategic Management</li> <li>• Psychometrist</li> <li>• Governance of Psychological Assessments</li> <li>• HR Auditing</li> </ul>	<ul style="list-style-type: none"> <li>• South African Health Products Regulatory Authority</li> <li>• South African Council for People Practice</li> <li>• Health Professions Council of South Africa</li> </ul>	Government - Panel of Experts	
Dr R Peach	Council Member	27 Nov 2017	31 Apr 2021	<ul style="list-style-type: none"> <li>• PhD; BA Arts Honours; Diploma in Art and Design</li> </ul>	<ul style="list-style-type: none"> <li>• Festival Director, Publishing, Research, Community Development</li> </ul>			0

## Committees

Committee	No. of meetings held	No. of members	Name of members
Human Resources Management Committee	6	3	Ms D Maraka Mr AS Masilo Adv. T Moeeng
Audit and Risk Committee	13	4	Mr PN Phukubje Ms P Sibiya Mr A Latchu Ms V Khuse
Core Functions Committee	6	3	Ms C Fani Adv. T Moeeng Mr B Mgijima

## Remuneration of Council members

Council members are remunerated for meetings attended in line with the applicable tariffs as approved by the National Treasury. Subsistence and travel expenses are reimbursed in line with actual expenditure and the Department of Transport tariffs respectively.

Name	Remuneration	Subsistence & Travel	Total
Mr AS Masilo	119 053	57 750	176 803
Ms C Fani	97 252	32 447	129 699
Ms T Moeeng	99 544	9 607	109 151
Mr B Mgijima	78 338	9 780	86 678
Mr A Latchu	97 902	-	97 902
Mr PN Phukubje	110 858	19 420	130 278
Ms D Maraka	44 496	17 568	62 064
Dr R Peach	-	-	-

## 5. RISK MANAGEMENT

The William Humphreys Art Gallery in line with the Public Finance Management Act No. 1 of 1999, amended by Act No. 29 of 1999, continues to improve in lessening the risks related to financial transactions and specific operational activities. Approval processes are in place to ensure compliance with policies and legislation. The Audit and Risk Committee, which advises on and monitors the effectiveness of risk management system, continued to serve a vital oversight role in ensuring that risk management process is implemented.

The review of the risk management policy and strategy is a continuous process undertaken by the Gallery throughout the year. The risk register is updated regularly as and when new and emerging risks are identified. In the year under review, the improved management of risks has resulted in better than expected operational and financial performance despite the limited budget.

The Gallery is also currently working on a disaster management policy and plan. Attention to these factors will go a long way in reducing the institution's risks by ensuring a safe work environment, and safe keeping of the heritage assets.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEE

### Internal Audit

Due to capacity constraints, the Gallery outsources its internal audit function. The outsourced internal audit function has performed financial and non-financial information audits at a quarterly basis, as well as reviews of expenditure and SCM compliance.

The internal audit function has:

- Provided reasonable assurance whether the key management controls in place are adequate, effective, and efficient to eliminate and or minimize high-risk areas within the process and manage these risks to an acceptable level.
- Provided reasonable assurance that the controls in place are adequate, effective, and efficient and are operating as intended.
- Provided reasonable assurance, where applicable to the process being audited, on the following:
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations;
  - Safeguarding of assets; and
  - Compliance with applicable laws, regulations, and contracts.
- Highlighted deficiencies and areas of improvement and make recommendations to management, which if implemented will improve the system of internal control, risk management and governance processes.

### Audit Committee

The audit committee reviews the internal audit work and ascertain that the internal audit function is adequately resourced and that it has appropriate standing within the Gallery and reviews the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting, and risk management.

The audit committee reviews the annual financial statements to ensure compliance with accounting standards and legal requirements before submission to the council for approval, as well as the adequacy, maintenance, and effectiveness of the Gallery systems of internal controls, including internal financial controls business risks management, computerised information system controls and security.

The audit committee is also tasked with reviewing and monitoring the corporate governance practices, in particular the ethical conduct of the Gallery, its council members, and officials.

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

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr PN Phukubje (Chairperson)	BCom (Accounting) Advance Diploma in Accounting and Business	Internal	Council Member	19 Dec 2018	Active	12

	Hons B COMM Degree Hons B COMM Accounting/CTA					
Mr A Latchu	Doctorate (current study) Masters, Bachelors, Dip in Networking, MCSE, MCSD, MCDBA, MCSA	Internal	Council Member	9 Dec 2020	Active	12
Ms V Khuse	BCom (Accounting) BCom (Accounting) Honours	External		28 Feb 2021	Active	12
Ms P Sibiya	Bachelor of Accountancy Postgraduate Diploma in Accounting Chartered Accountant (SA) Advanced Short course in Business rescue practice	External		28 Feb 2021	24 Jan 2022	7

## 7. COMPLIANCE WITH LAWS AND REGULATIONS

The Gallery has in place internal control, internal audit and governance structures that regularly review the adequacy, maintenance, and effectiveness of the internal controls to ensure compliance with laws and regulations.

## 8. FRAUD AND CORRUPTION

Management makes use of the PFMA, Treasury Regulations and SCM policy processes to minimise issues of fraud and corruption. The Gallery is in the process of developing a fraud prevention plan. Information sessions are periodically held with staff to improve their understanding on prevention, identification, and reporting of fraud and corruption.

## 9. MINIMISING CONFLICT OF INTEREST

Supply Chain Management processes are followed in line with National Treasury regulations. To secure approval for a permissible deviation, the staff at the WHAG must show that all efforts have been made to follow the necessary procurement processes, along with the required supporting documents. Management of conflict of interest does not only extend to service providers who are required to declare any interests or relationships with WHAG staff member but is also required at Council level. The regular scrutiny by Council of Management's procurement processes continues to be a vital mechanism in minimising potential conflicts of interest.

## 10. CODE OF CONDUCT

WHAG's Museum best practice principles are guided by the code of ethics as prescribed by the South African Museums Association (SAMA) as well as the International Council of Museums (ICOM).



## **11. AUDIT AND RISK COMMITTEE REPORT**

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

### **Audit and Risk Committee Responsibility**

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Committee also reports that it has adopted appropriate formal terms of reference as its Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### **Terms of Reference**

The Committee has adopted formal terms of reference (charter), which were approved by the Council. The Committee further reports that it regulated its affairs and discharged its responsibilities in compliance with this charter and the PFMA, read in conjunction with the National Treasury regulations. The Committee has carried out its functions through attendance of Committee meetings and discussions with Management, Internal and External Auditors, where appropriate. The Committee meets at least four times per annum, with authority to convene additional meetings as circumstances require.

### **Committee's Role and Responsibilities**

The Committee assists the Council in fulfilling its oversight responsibilities, such as the evaluation of the adequacy and efficiency of accounting policies, internal controls, financial reporting processes, and technology and information governance.

The Chairperson of the Committee reports to the Council quarterly, regarding the Committee's deliberations, decisions, and recommendations in line with the approved Terms of Reference.

The key focus areas of the Committee for the 2021/22 financial year were as follows, amongst others:

- Provide assurance over the integrity of the Gallery's financial statements and accounting policies;
- Provide assurance on the effectiveness of the internal control, governance, and risk management systems;
- Review the internal audit, risk management and compliance;
- Review of key risk and opportunity management, including mitigation plans;
- Monitor the performance against predetermined objectives/performance information.

### **Internal Audit**

During the year under review, the Internal Audit function was outsourced to a service provider. Although some concerns were noted regarding the work of internal audit, the Committee has recommended appropriate remedial action regarding the resourcing of internal audit. The internal audit charter and the internal audit plan were approved by the Committee. Internal audit has access to the Committee, primarily through its chairperson.

Internal audit work conducted during the year focused on key areas of risk. Weaknesses revealed have been raised with management and the Council. Corrective actions have been agreed by management and will be monitored by the Committee.

### **Risk Management**

The Gallery has a Risk Management policy that directs the management of strategic and operational risks that allows for risk-based decision making and provides a process for evaluating risks to determine the potential exposure to the Gallery.

### **In-Year Management and Monthly/Quarterly Report**

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

### **Evaluation of Financial Statements**

The Committee has:

- Reviewed and discussed the audited annual financial statements and performance report to be included in the annual report with the AGSA and the Director, and recommended the same for approval by Council;
- Reviewed the AGSA's audit report and management report on the findings of the audit and management's response;
- Reviewed all changes in accounting policies and practices;

### **Auditor's Report**

We have reviewed the Gallery's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The Committee has noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined.

The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



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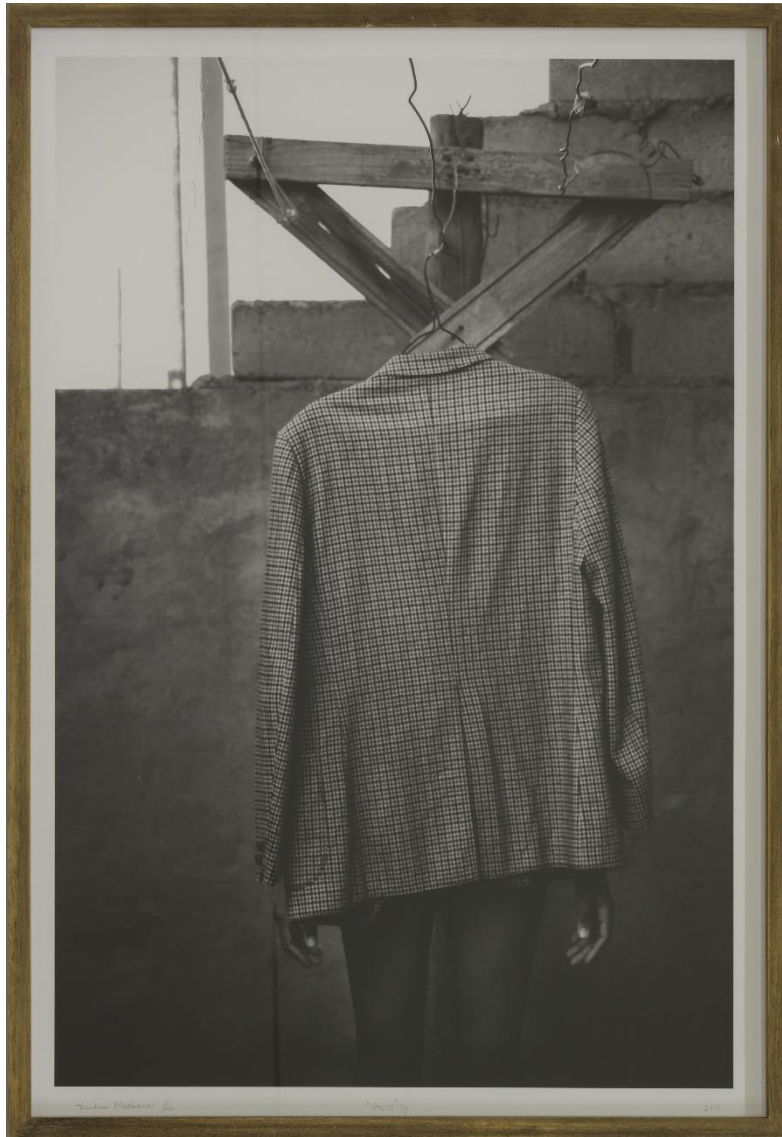
**P Phukubje**  
**Chairperson of the Audit and Risk Committee**  
**William Humphreys Art Gallery**  
**31 August 2022**

## 12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	Supply Chain Management Policies were developed and approved.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

# PART D: HUMAN RESOURCE MANAGEMENT



Thandiwe Msebenzi, 2016



## 1. INTRODUCTION

The William Humphreys Art Gallery's staff complement consists of sixteen staff members. Two senior staff members, the Director and CFO, are on fixed term contracts. The rest of the employees are on long term appointment. The Gallery had six interns during the year, and two contract workers were appointed to mitigate the challenge of capacity constraint the Gallery is plagued by.

To this end the Gallery also availed opportunities to staff to acquire new skills through formal and informal training to meet the needs of a changing work environment, and for personal development.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### 2.1 Personnel related expenditure

#### Personnel cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	9 393	3 279	35%	8	410
Collections Management	1 667	1 068	64%	3	356
Public Engagement	2 232	1 816	81%	13	140

#### Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	871	18%	1	871
Senior Management	1 208	19%	1	1 208
Professional qualified	1 183	24%	3	394
Skilled	1 474	5%	6	246
Semi-skilled	317	20%	7	45
Unskilled	1 110	14%	6	185
<b>TOTAL</b>	<b>6 163</b>	<b>100%</b>	<b>24</b>	<b>257</b>

#### Training costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee (R'000)
Administration	3 279	-	-	-	-
Collections Management	1 068	-	-	-	-
Public Engagement	1 816	44	2.4%	3	15

**Employment and vacancies**

Programme	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Administration	5	5	8	-	-
Collections Management	3	3	3	-	-
Public Engagement	8	8	13	1	12.5%

Programme	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	1	1	1	-	-
Professional qualified	3	3	3	-	-
Skilled	4	4	6	-	-
Semi-skilled	1	1	7	-	-
Unskilled	6	6	6	1	1.7%
<b>TOTAL</b>	<b>16</b>	<b>16</b>	<b>24</b>	<b>1</b>	<b>1.7%</b>

The vacancy remained unfilled for three months, this is an average period to fill a vacancy.

**Employment changes**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	1	-	-	1
Professional qualified	3	-	-	3
Skilled	4	2	-	6
Semi-skilled	6	1	6	1
Unskilled	6	-	1	5
<b>Total</b>	<b>21</b>	<b>3</b>	<b>7</b>	<b>17</b>

**Reasons for staff leaving**

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	1	14%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	6	86%
Other	-	-
<b>Total</b>	<b>7</b>	<b>100%</b>

**Labour Relations: Misconduct and disciplinary action**

There were no misconduct or disciplinary action in this financial year.

**Equity Target and Employment Equity Status**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	1	1	-	-	-	-	1	1
Skilled	4	4	-	-	-	-	-	-
Semi-skilled	3	3	-	-	-	-	-	-
Unskilled	1	1	2	2	-	-	1	1
<b>TOTAL</b>	<b>9</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	-	-	-	-	-	-
Senior Management	1	1	-	-	-	-	-	-
Professional qualified	-	-	-	-	-	-	1	1
Skilled	1	1	1	1	-	-	-	-
Semi-skilled	2	2	1	1	1	1	-	-
Unskilled	1	1	-	-	1	1	-	-
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>





## 1. REPORT OF THE EXTERNAL AUDITOR

### Report of the auditor-general to the Parliament on William Humphrey's Art Gallery

#### Report on the financial statements

1. I have reviewed the financial statements of the William Humphrey's Art Gallery set out on pages 52 to 99, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, statement of cash flows 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.

#### Conclusion

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the William Humphrey's Art Gallery as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Emphasis of matters

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

#### Restatement of corresponding figures

4. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the entity and for the year ended 31 March 2022.

#### An uncertainty relating to the future outcome of exceptional litigation

5. With reference to note 27 to the financial statements, the litigation involving the former director at the Commission for Conciliation, Mediation and Arbitration (CCMA) has been finalized in favour of the Gallery. The case has been referred to the Labour Court for review. The timing and amount of the contingent liability is uncertain and no reasonable estimate can be made at this point.

#### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and

for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor-general's responsibilities for the review of the financial statements**

8. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with the relevant ethical requirements.
9. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.
10. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

### **Report on the annual performance report**

11. 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.
12. 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.
13. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.

14. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. 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.
16. I selected the following material performance indicators contained in Programme 2: Business development presented in the entity's annual performance report for the year ended 31 March 2022 set out on pages 21 to 24. I selected the indicators that measure the entity's performance on its primary mandated functions and which are of significant national, community or public interest.

<b>Performance indicators- Programme 2: Business development</b>
2.1. Number of artworks acquired from previously disadvantaged emerging artists - 23
2.2. Number of artworks acquired from artists from previously disadvantaged established artists - 38
2.3. Number of artworks conserved - 17
2.4. Number of artworks digitised - 21

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

### **Achievement of planned targets**

18. Refer to the annual performance report on pages 19 to 28 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

### **Report on compliance with legislation**

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with applicable legislation relating to financial

matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

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

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

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(a)(iv); 38(1)(b); 44; Sections 45(b); 51(1)(a)(iv); Sections 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a) - (b); 55(1)(c)(i); Sections 57(b); 66(3)(c); 66(5)
Treasury regulations	TR 8,2,1; 8,2,2 TR 16A3.2(a); 16A 3.2 (fairness); TR 16A6.1; 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; TR 16A6.5; 16A6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; 16A8.4 TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); TR 30.1.3(d); TR 30.2.1; 31.2.1; TR 31.2.5; 31.2.7(a) TR 32.1.1(a) - (c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2;

Legislation	Sections or regulations
	Regulations 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 05 of 2009-10	Par 3.3
NT SCM Instruction Note 04 of 2015-16	Par 3.4
NT SCM Instruction Note 03 of 2016-17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016-17	Par 6
NT SCM Instruction Note 07 of 2017-18	Par 4.3
NT SCM Instruction note 03 of 2019-20 [Annexure A - FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019-20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020-21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020-21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020-21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020-21	Par 1
NT Instruction Note 11 of 2020-21	Par 3.1; 3.4(b); 3.9

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

#### Internal control deficiencies

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

#### Professional ethics and quality control

24. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant

to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

25. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

*Auditor - General*

Kimberley

30 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 2. ANNUAL FINANCIAL STATEMENTS

### General Information

Country of incorporation	South Africa
Nature of Business	A National Heritage Institution in terms of the Cultural Institutions Act No.119 of 1998.
Council Members	Mr AS Masilo - Chairperson Ms C Fani - Deputy Chairperson Mr PN Phukubje - Member Ms T Moeeng - Member Mr B Mgijima - Member Mr A Latchu - Member Ms D Maraka - Member Dr R Peach - Member
Registered office	Cullinan Crescent Civic centre Kimberley 8301
Business address	Cullinan Crescent Civic centre Kimberley 8301
Executive authority	Minister of the Department of Sports, Arts, and Culture
Bankers	Nedbank
External auditors	Auditor-General of South Africa
Director	Nelisiwe Mkhize
Chief Financial Officer	Martha Ramafalo
Reporting framework	South African Standards of General Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Council.
Published date	31 August 2022

The reports and statements set out below comprise the Financial Statements for the year ended 31 March 2022

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Accounting Policies	61
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## Accounting Authority's Responsibilities and Approval

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

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

The annual financial statements set out on pages 55 to 99 which have been prepared on the going concern basis was approved by the accounting authority on 31 May 2022 and were signed on its behalf by:



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P Masilo  
Chairperson of Council  
Date: 31 May 2022



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N Mkhize  
Director  
Date: 31 May 2022

**Statement of Financial Performance for the year ended 31 March 2022**

	Notes	2022 R'000	2021 R'000 Restated
<b>Revenue</b>		<b>13 893</b>	<b>11 176</b>
<b>Revenue from non-exchange transactions</b>		<b>13 580</b>	<b>10 548</b>
Government grants and subsidies	2	12 151	9 144
Other non-exchange revenue	3	217	250
Rental value received	4	1 212	1 154
<b>Revenue from exchange transactions</b>		<b>313</b>	<b>627</b>
Rental of facilities and equipment		13	-
Interest earned - External investments	5	190	220
Other income	6	110	408
<b>Expenditure</b>		<b>13 711</b>	<b>10 824</b>
Employee related costs	7	6 163	5 703
Repairs and maintenance		40	94
Depreciation	12	279	201
Finance costs		43	48
Rental no value	4	1 212	1 154
General expenses	8	5 974	3 624
Operating surplus/(deficit)		<b>182</b>	<b>352</b>
Profit/(loss) on PPE		-	1
Actuarial gain/(loss)	16	119	(26)
<b>Surplus/(Deficit) for the year</b>		<b>301</b>	<b>326</b>

**Statement of Financial Position for the year ended 31 March 2022**

	Notes	2022 R'000	2021 R'000 Restated
<b>Assets</b>			
<b>Current assets</b>		<b>31 807</b>	<b>32 040</b>
Trade and other receivables from exchange transactions	9	-	10
Prepayments	10	113	91
Cash and cash equivalents	11	31 694	31 939
<b>Non-current assets</b>		<b>167 959</b>	<b>167 446</b>
Property, plant, and equipment	12	3 506	3 592
Heritage assets	13	164 453	163 854
<b>Total assets</b>		<b>199 766</b>	<b>199 485</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>26 134</b>	<b>26 057</b>
Trade and other payables from exchange transactions	14	580	479
Deferred income	15	25 257	25 240
Short term portion of retirement benefit obligation	16	36	46
Short term accruals	17	261	292
<b>Non-current liabilities</b>		<b>302</b>	<b>399</b>
Long term retirement benefit obligation	16	302	399
<b>Total Liabilities</b>		<b>26 436</b>	<b>26 456</b>
<b>Net Assets</b>		<b>173 330</b>	<b>173 029</b>
<b>Reserves</b>		<b>173 330</b>	<b>173 029</b>
Accumulated surpluses		29 848	29 547
Revaluation surplus		143 482	143 482

**Statement of Changes in Net Assets for the year ended 31 March 2022**

Notes	R'000	R'000	R'000
	<b>Accumulated surpluses</b>	<b>Revaluation surpluses</b>	<b>Total</b>
Balance at 01 April 2020	29 221	-	29 221
Net surplus for the year - 2021	889	143 596	144 485
Prior period error restated	(562)	(114)	(676)
Balance at 31 March 2021	29 547	143 482	173 029
Net surplus for the year - 2022	301	-	301
Balance at 31 March 2022	<u>29 848</u>	<u>143 482</u>	<u>173 330</u>

**Statement of Cash Flows for the year ended 31 March 2022**

	Notes	2022 R'000	2021 R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	18	13 892	11 683
Cash paid to suppliers and employees	19	(13 344)	(10 634)
<b>Net Cash inflows from operating activities</b>	20	<b>548</b>	<b>1 049</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment		(194)	(987)
Purchase of Heritage Assets		(599)	(554)
<b>Net cash outflows from investing activities</b>		<b>(793)</b>	<b>(1 541)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(245)</b>	<b>(492)</b>
Cash and cash equivalents at the beginning of the year		31 939	32 432
<b>Cash and cash equivalents at the end of the year</b>		<b>31 694</b>	<b>31 939</b>

**Statement of Comparison of Budget and Actual Amounts as at 31 March 2022**  
**Budget on Accrual Basis**

	<b>Approved budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>%</b>
<b>Statement of Financial Performance</b>						
<b>Revenue from non-exchange transactions</b>	<b>11 671</b>	<b>6 950</b>	<b>18 621</b>	<b>12 368</b>	<b>(7 213)</b>	
Government grants and subsidies	11 671	-	11 671	12 151	(480)	-4%
Other non-exchange revenue	-	-	-	217	217	100%
Retained surplus	-	6 950	6 950	-	(6 950)	-100%
<b>Revenue from exchange transactions</b>	<b>422</b>	<b>-</b>	<b>422</b>	<b>313</b>	<b>(109)</b>	
Interest earned - External investments	200	-	200	190	(10)	-5%
Other income	222	-	222	123	(99)	-45%
<b>Total revenue</b>	<b>12 093</b>	<b>6 950</b>	<b>19 043</b>	<b>12 681</b>	<b>(7 322)</b>	
<b>Expenditure</b>						
Employee related costs	5 972	640	6 612	6 163	(449)	-7%
Repairs and maintenance	100	1 050	1 150	40	(1 110)	-97%
Depreciation	300	50	350	279	(71)	-20%
Finance costs	43	-	43	43	-	0%
General expenses	4 488	4 446	8 934	5 974	(2 960)	-33%
<b>Total expenditure</b>	<b>(10 903)</b>	<b>(6 186)</b>	<b>(17 089)</b>	<b>(12 499)</b>	<b>4 590</b>	
Operating Surplus/(deficit)	1 190	764	1 954	182	(2 732)	
Actuarial gain/(loss)	-	-	-	119	119	100%
<b>Surplus/(Deficit) before capex</b>	<b>1 190</b>	<b>764</b>	<b>1 954</b>	<b>301</b>	<b>(2 613)</b>	
Capex (excl. depreciation)	1 190	764	1 954	793	1 161	59%
<b>Net Surplus/Deficit after capex</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(492)</b>	<b>(1 452)</b>	

**Material variances between budget and actual amounts.**

An excess of actual over budget of 15% is regarded as being a material deviation from the final budget.

Explanations for each material line-item differences are included below:

**Other non-exchange revenue**

MTN donation was not budgeted for as there was no commitment.

**Other income**

Visual Arts Network of South Africa (VANSA) secondment allowance for their interns paid via WHAG not budgeted for as there was no commitment.

**Actuarial Gain**

The experience items were favourable and resulted in an overall gain. However, the gains were not sufficient to offset the losses due to the economic assumptions.

**Depreciation**

The assets purchased during the year were less than the planned and budgeted assets for the year.

**Repairs and maintenance**

Repairs and maintenance conducted during the year which resulted in the expenditure being under the budgeted amount can be largely attributed to the pending appointment of a project manager, resulting in the allocated funds being deferred awaiting the finalisation of the tender.

**General Expenses**

The underspending was affected by the late approval for the use of retained funds as well as the suspension of the procurement process by National Treasury whereby the exemption was subsequently granted to proceed which delayed the process and resulting in the procuring of goods and services after year end.

**Capex**

There underspending was affected by the actual costs of artworks purchased being less than the estimated costs acquired during the year.

The underspending was affected by the late approval for the use of retained funds as well as the suspension of the procurement process by National Treasury whereby the exemption was subsequently granted to proceed which delayed the process and resulting in the procuring of goods and services after year end.

The planned and budgeted display, audio visual, restoration and conservation equipment could not be purchased due to minimal implementation as a result of human resource capacity constraints.

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Council in accordance with section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with the historic cost convention as the basis of measurement, except as otherwise indicated.

These accounting policies are consistent with the previous period. The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The following GRAP Standards have been issued and are effective:

- GRAP 1 Presentation of financial statements
- GRAP 2 Cash flow statements
- GRAP 3 Accounting policies, changes in accounting estimates and errors
- GRAP 4 The effect of changes in foreign exchange rates
- GRAP 5 Borrowing cost
- GRAP 6 Consolidated and separate financial statements
- GRAP 7 Investments in associates
- GRAP 8 Interest in joint ventures
- GRAP 9 Revenue from exchange transactions
- GRAP 10 Financial reporting in hyperinflationary economies
- GRAP 11 Construction contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events after reporting date
- GRAP 16 Investment property
- GRAP 17 Property, plant, and equipment
- GRAP 18 Segment Reporting
- GRAP 19 Provisions, contingent liabilities, and assets
- GRAP 20 Related Party Disclosures
- GRAP 21 Impairment of non-cash-generating assets
- GRAP 23 Revenue from non-exchange transactions
- GRAP 24 Presentation of budget information in the financial statements
- GRAP 25 Employee benefits
- GRAP 26 Impairment of cash-generating assets
- GRAP 27 Agriculture
- GRAP 31 Intangible assets



GRAP 100 Discontinued operations  
GRAP 103 Heritage assets  
GRAP 104 Financial instruments  
GRAP 105 Transfer of functions between Entities under common control  
GRAP 106 Transfer of functions between Entities not under common control  
GRAP 107 Mergers  
IPSAS 20 Related parties  
IFRS 3 Business combinations  
IFRS 4 Insurance contracts  
IFRS 6 Exploration for and evaluation of mineral resources  
IAS 12 Taxes  
SIC 20 Income taxes – recovery of revaluated non–depreciated assets  
SIC 25 Income Taxes – changes in the tax status of an entity or its shareholders  
SIC 29 Service concession arrangements - Disclosures  
IFRIC 2 Members shares in co–operative entities and similar instruments  
IFRIC 4 determining whether an arrangement contains a lease  
IFRIC 9 Reassessment of embedded derivatives  
IFRIC 12 Service concession arrangements  
IFRIC 13 Customer loyalty programmes  
IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction  
IFRIC 15 Agreement for the construction of real estate  
IFRIC 16 Hedges in net investments in a foreign operation  
IFRIC 20 Stripping costs in the production phase of a surface mine  
IFRIC 21 Levies

### **1.1.1 Critical judgements, estimations, and assumptions**

In the application of the entity's accounting policies, which are described below, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the entity's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

### **1.1.2 Revenue recognition**

Accounting policy note 1.2 describes the conditions under which revenue will be recorded by the management of the entity. Management considered the detailed criteria for the recognition of revenue as set out in:

#### **GRAP 9**

Revenue from exchange transactions; as far as revenue from non-exchange transactions is concerned management considered the detailed criteria of GRAP 23 for the recognition of revenue.

In particular, when goods are sold, had been transferred to the buyer, when the significant risks and rewards of ownership of the goods and services are rendered. Also, of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

### **1.1.3 Useful lives of property, plant, and equipment**

As detailed in accounting policy note 1.7 depreciation is charged over the estimated useful lives of the assets. Depreciation is charged so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives, which is determined when assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

### **1.1.4 Impairment of property, plant and equipment and intangible assets**

Accounting policy note 1.8 describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to property, plant, and equipment impairment testing.

The measurement of loans receivable is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors with similar risk profiles so that the effect of any impairment on a group of receivables or loans would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions, and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the debtors/loans based on their past payment history and risk profile.

### **1.1.5 Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes, when applicable. Provisions are discounted where the effect of discounting is material using actuarial valuations.

### **1.1.6 Presentation currency**

The Annual Financial Statements are presented in South African Rand, which is the entity's functional currency. Rounding to the nearest thousand (R1000) has been applied in the Annual Financial Statements.

### **1.1.7 Offsetting**

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

### **1.1.8 Comparative information**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.1.9 Going concern assumption**

The Annual Financial Statements have been prepared on a going concern basis as there is no intention to liquidate the entity or to cease operations. Management has assessed whether any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist and have found none.

## **1.2 Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Government grants are recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no future obligations arising from receipt of the grant.

Interest income is allocated to the specific applicable fund related to the investment and therefore directly capitalised against funds and reserves.

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include grants from other tiers of government and revenue from trading activities, interest and other services provided. Revenue is recognised when it is probable that future economic benefits or service

potential will flow to the entity and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of returns, rebates, and discounts. The entity recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

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

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### **Revenue from exchange transactions**

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

#### **Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

### **Services rendered**

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.
- 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 other acts, the recognition of revenue is postponed until the significant act is executed.

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

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

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

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

### **1.3 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

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

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### **Recognition**

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

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

### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net asset recognised by the entity.

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

### **Transfers**

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

### **Gifts and donations, including goods in kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

#### **1.4 Retirement benefit cost**

The entity contributes to a defined contribution and a defined benefit plan for pension fund purposes which is administered by a third party. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

#### **1.5 Post-retirement medical benefit cost**

The entity is liable for the post-retirement medical benefit cost of employees that is currently retired from its service. This amount is capped as per the council agreement. This liability is determined by taking into account the life expectancy of the retired employees as well as projected future medical aid contributions discounted back to the current value. The Institution has made a decision to remove this benefit for employees still in service and for all new appointees.

#### **1.6 Heritage assets**

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

An item is recognized as a heritage asset in terms of GRAP 103 when:

- It meets the definition of an asset.
- It meets the definition of a heritage asset.
- It is probable that future economic benefits or service potential associated with the asset will flow to the entity and its costs can be measured reliably.

### **Recognition**

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

asset can be reliably measured. The Museum will assess the degree of certainty attached to the flow of future service potential or economic benefits:

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

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

## **Measurement**

### ***Initial measurement***

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

### ***Subsequent measurement***

The WHAG has elected the revaluation model and shall apply this policy. An independent revaluation will be conducted after every 5 years.

### ***Valuation of heritage assets***

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

The valuation of heritage assets is performed by a member of the valuation profession.

### ***(a) Valuation Techniques***

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

### ***(b) Inability to Value***

Where no value can be placed on an item, it will not be recognised, but information should be



disclosed about such items and the reason why such items cannot be valued (GRAP 103.17). Where the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements. These items are controlled in the asset register.

**(c) Valuing an entire collection**

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

**Heritage assets on loan to other institutions**

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

**Impairment**

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

**Transfers**

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

**Derecognition**

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

**1.7 Property, plant, and equipment**

**Initial recognition**

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

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.

Where an asset is acquired by the entity for no or nominal consideration (i.e., a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. Major spare parts and servicing equipment qualify as property, plant, and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant, and equipment, they are accounted for as property, plant, and equipment.

***Subsequent measurement-cost model***

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity, or the future economic benefits associated with the asset.

Depreciation is charged so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives, which is determined when assets are available for use. The useful lives and residual values of the assets are based on industry knowledge and are set out below:

Office equipment	20 years
Equipment	25 years
Computers	20 years
Fittings	25 years
Vehicles/trailers	10 years
Leasehold improvements-building	25 years
Leasehold improvements-equipment	5 years
Library	25 years

Depreciation only commences when the asset is available for use, unless stated otherwise. Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment.

The residual value, useful life of an asset and the depreciation method is reviewed annually, and any changes are recognised as a change in accounting estimate in Statement of Financial Performance. The gains or losses arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Repairs and maintenance costs are expensed through the Statement of Financial Performance, except where the value of the asset or its expected useful life has been increased, then it is capitalised.

### **Subsequent cost**

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

### **Derecognition**

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.8 Impairment of non-current assets**

At each statement of financial position date, the carrying amount of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less cost to sell of any asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its fair value less cost to sell.

An impairment loss is recognised immediately in the statement of financial performance. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial performance.

## **1.9 General and specific funds**

The general fund relates to the accumulated surplus of income over expenditure.

## **1.10 Provisions**

A provision is a liability where the timing or amount of the outflow of resources embodying economic benefits or service potential is uncertain.

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision shall be the present

value of the expenditure expected to be required to settle the present obligation. The discount rate shall reflect current market assessments of the time value of money risks specific to the liability.

### **1.11 Comparative figures**

#### ***Current-year comparatives***

Budgeted amounts have, in accordance with GRAP 1, been included in the financial statements and form part of the audited Annual Financial Statements.

#### ***Prior-year comparatives***

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

### **1.12 Employee Benefits**

#### ***Short-term employee benefits***

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The gallery treats its provision for leave pay as an accrual. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a payable in the Statement of Financial Position.

The gallery recognises the expected cost of bonuses only when the gallery has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

#### ***Post-employment benefits***

The gallery provides retirement benefits for its employees in terms of defined benefit plans.

#### ***Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

#### ***Post-retirement health care benefits***

The gallery has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the gallery is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the gallery is liable for a certain portion of the medical aid membership fee.

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

The plan is unfunded. The present value of the defined benefit obligation is calculated using the

projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries. Actuarial gains or losses are recognised in full in the period in which they occur. Actuarial gains and losses are recognised in the Statement of Financial Performance in the period in which they occur.

Past services are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### **1.13 Related parties**

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

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

### **1.14 Assumptions made by management**

No material assumptions were made by management that could have a significant effect on the amounts recognised in the financial statements.

### **1.15 Financial instruments**

The entity recognises 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. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets, or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset, or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e., to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

#### ***Initial recognition and measurement***

When a financial instrument is recognised, the entity measures it initially as its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **Subsequent measurement**

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost, or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- a) Financial instruments at fair value
  - Derivatives.
  - Compound instruments that are designated at fair value, i.e., an instrument that includes a derivative and a non-derivative host contract.
  - Instruments held for trading.
  - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
  - An investment in a residual interest for which fair value can be measured reliably.
  - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
  
- b) Financial instruments at amortised cost  
Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those that the entity designates at fair value at initial recognition or are held for trading.
  
- c) Financial instruments at cost  
Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost, or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

### **Derecognition**

A financial asset is derecognised at trade date when the cash flows from the asset expire, are settled, or waived, i.e.:

- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

### **Gains and losses**

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

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

### **Offsetting**

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

### **Impairments**

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### **For financial assets held at amortised cost**

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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

#### **For financial assets held at cost**

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

#### **Investments at amortised cost**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits, and short-term deposits invested in registered commercial banks, are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

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

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Cash and cash equivalents are subsequently measured at fair value.

### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment.

All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments.

Impairment adjustments are made through the use of an allowance account. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current.

Trade and other receivables are subsequently measured at amortised cost.

### **Trade and other payables**

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables are subsequently measured at amortised cost.

## **1.16 Risk management of financial assets and liabilities**

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.



The entity has exposure to the following risks from its use of financial instruments:

- a) Market risk;
- b) Credit risk;
- c) Liquidity risk.

Risks and exposure are disclosed as follows:

**Market risk**

- a) Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
- b) The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk.
- c) Sensitivity analysis for each of the market risks.

**Credit risk**

- a) Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fail to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.
- b) Each class of financial instrument is disclosed separately.
- c) Maximum exposure to credit risk not covered by collateral is specified.
- d) Financial instruments covered by collateral are specified.

**Liquidity risk**

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

- a) A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- b) Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**1.17 Events after reporting date**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

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

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

### **1.18 Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as income in the Statement of Financial Performance.

### **1.19 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No 1 of 1999), The National Treasury Regulations on Supply Chain Management and National Treasury Practise Note 8 of 2007/08, Preferential Procurement Regulations and Preferential Procurement Policy Framework Act.

Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance.

### **1.20 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

### **1.21 Budget information**

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

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

The financial statements and the budget are prepared using the same basis of accounting; therefore, an additional column approach has been followed.

The final budget reflected in the financial statements covers the period 1 April 2021 to 31 March 2022. Comparative information is not required.

### **1.22 Commitments**

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the entity commits itself to future transactions that will normally result in the outflow of resources

### **1.23 Contingent assets and liabilities**

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events, but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements.

### **1.24 Changes in accounting policies, estimates and errors**

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities, and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in

accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities, and net assets for the earliest period for which retrospective restatement is practicable.

**Notes to the Financial Statements**

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
<b>2 Government grants and subsidies</b>		
Transfers from National Department	11 671	9 144
GRAP 103 Grant	480	-
	<u><b>12 151</b></u>	<u><b>9 144</b></u>
<b>3 Other non-exchange revenue</b>		
Gifts, donations, and sponsorships received	217	250
	<u><b>217</b></u>	<u><b>250</b></u>
<b>4 Rental value received</b>		
Revenue		
Value of benefit received in respect of use of building at no cost	<u><b>1 212</b></u>	<u><b>1 154</b></u>
Expenditure		
Value of benefit received in respect of use of building at no cost	<u><b>1 212</b></u>	<u><b>1 154</b></u>
Rental received value is calculated at marked related increment of 5%		
<b>5 Interest earned - External investments</b>		
Interest received - Art Purchasing Acc	58	66
Interest received - Provisions	118	139
Interest received - Maint & serv	-	-
Interest received - Utility	10	10
Interest received - Educational Fund	4	4
	<u><b>190</b></u>	<u><b>220</b></u>
<b>6 Other income</b>		
Other income	92	408
Leave payments	18	-
	<u><b>110</b></u>	<u><b>408</b></u>
<b>7 Employee related costs</b>		
Salaries and wages	5 502	5 024
Basic salaries	4 681	4 037
Periodic payments	572	569
Non-pensionable allowances	169	169
Leave payments	-	203
Overtime	79	45

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
Social contributions - Employer's contribution	90	86
Medical aid	58	59
UIF	32	27
Defined pension benefit plan expense	548	566
Other employee benefits	23	27
Total	<b>6 163</b>	<b>5 703</b>
<b>8 General expenses</b>		
Advertising	63	174
Audit fees	596	487
Bank charges	13	12
Cleaning	112	90
Consulting fees	1 061	209
Consumables	146	21
Electricity	1 466	621
Entertainment	-	4
Fuel and Oil	24	6
Insurance	285	268
Legal fees	211	301
Levies paid	4	11
Licence fees (Vehicles)	9	3
Other	423	456
Printing and stationery	91	69
Remuneration and travel and subsistence: Council	905	616
Security costs	3	24
Subscription and publication	36	30
Telephone	131	51
Training	44	5
Travel and subsistence - Local	257	106
Uniforms & overalls	41	17
Water	51	41
	<b>5 974</b>	<b>3 624</b>

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
<b>9 Trade and other receivables from exchange transactions</b>		
Trade receivables	-	<b>10</b>
The age analysis of the trade receivables is as follows:		
Not impaired nor past due date	-	-
Not impaired and past due date between 30 and 60 days	-	-
between 60 and 90 days	-	-
more than 90 days	-	-
	-	-

*Trade receivables that are less than 30 days outstanding are not considered past due. Trade receivables that are more than 120 days outstanding are not considered impaired unless specific circumstances exist that indicate the recoverability of a specific account balance.*

*In 2022 financial period, the total amount recognised as net impairment losses on receivables was Rnil (2021: Rnil).*

*The entity does not consider the effect of amortisation of the effective interest rate to be material and as such no adjustment has been made to this effect.*

## **10 Prepayments**

Expenses paid in advance	113	91
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*Prepaid expenses to suppliers for services and goods not delivered at year end.*

*Insurance is paid annually in July. The portion paid in advance for three months of the next financial year is accounted for as a prepayment.*

## **11 Cash and cash equivalents**

Cash on hand	3	5
Cash at bank	198	337
Call deposits	31 493	31 597
	<b>31 694</b>	<b>31 939</b>

## 12 Property, plant, and equipment

Year ended 31 March 2022	Motor Vehicles	Computer Equipment	Furniture and Fittings	Equipment	Leasehold Improvement	Library	Total
Cost	1 394	641	760	853	411	996	5 054
Accumulated depreciation	(187)	(125)	(266)	(393)	(176)	(314)	(1 462)
Opening carry value at 01 April 2021	1 207	515	494	459	234	682	3 592
Movement	(40)	12	20	(34)	(13)	(30)	(86)
Additions	87	44	53	-	-	10	194
Depreciation - Annual	(127)	(32)	(33)	(34)	(13)	(40)	(279)
Disposals/Scrapping	-	-	-	-	-	-	-
Carry amount at 31 March 2022	<b>1 166</b>	<b>528</b>	<b>514</b>	<b>425</b>	<b>221</b>	<b>652</b>	<b>3 506</b>
Reconciliation							
Cost price	1 481	685	813	853	411	1 006	5 248
Cost price	1 481	685	813	853	411	1 006	5 248
Disposals/ scrapping at cost	-	-	-	-	-	-	-
Accumulated depreciation	(314)	(157)	(299)	(427)	(189)	(354)	(1 741)
Accumulated depreciation	(314)	(157)	(299)	(427)	(189)	(354)	(1 741)
Disposals/Scrapping	-	-	-	-	-	-	-
	<b>1 166</b>	<b>528</b>	<b>514</b>	<b>425</b>	<b>221</b>	<b>652</b>	<b>3 506</b>



Year ended 31 March 2021	Motor vehicles	Computer equipment	Furniture and Fittings	Equipment	Leasehold improvement	Library	Total
Cost	850	512	676	835	411	981	4 264
Accumulated depreciation	(324)	(99)	(238)	(360)	(165)	(274)	(1 459)
Opening carry value at 01 April 2020	526	413	439	475	246	707	2 805
Movement	681	102	55	(15)	(12)	(25)	786
Additions	792	139	84	18	-	15	1 047
Depreciation - Annual	(59)	(29)	(29)	(33)	(12)	(40)	(201)
Disposals/Scrapping	(52)	(7)	-	-	-	-	(59)
Carry amount at 31 March 2021	<b>1 207</b>	<b>515</b>	<b>494</b>	<b>459</b>	<b>234</b>	<b>682</b>	<b>3 592</b>
Reconciliation							
Cost price	1 394	641	760	853	411	996	5 053
Cost price	1 642	650	760	853	411	996	5 311
Disposals/ scrapping at cost	(248)	(10)	-	-	-	-	(257)
Accumulated depreciation	(187)	(125)	(266)	(393)	(176)	(314)	(1 462)
Accumulated depreciation	(383)	(127)	(266)	(393)	(176)	(314)	(1 660)
Disposals/Scrapping	196	2	-	-	-	-	198
	<b>1 207</b>	<b>515</b>	<b>494</b>	<b>459</b>	<b>234</b>	<b>682</b>	<b>3 592</b>

	<b>2022</b>	<b>2021</b>
	<b>R'000</b>	<b>R'000</b>
<b>13 Heritage assets</b>		
	<b>Works of</b>	<b>Works of</b>
	<b>Art</b>	<b>Art</b>
Year ended 31 March 2022		
Opening balance	163 854	19 818
Additions	599	554
Revaluation surplus	-	143 482
Closing balance at 31 March 2022	<u><b>164 453</b></u>	<u><b>163 854</b></u>

There was a change in accounting policy from the cost model to the revaluation model in the prior year, and 74% of heritage assets were revalued to their fair values. The plan is to revalue the balance of 26% of heritage assets to their fair values on a rolling basis by the end of the 2022/23 financial year, to avoid reporting amounts that are a mixture of costs and fair values over a long period.

Management's judgement is that the planned two-year period is a short period as per GRAP 103 based on the scarcity of valuers specialising in works of art heritage asset class and the complexity of the process of revaluation, as inspection and extensive research has to be undertaken for the collections. The valuer uses primary and secondary markets to arrive at value. For items that are no longer being produced, the secondary market becomes the primary market. Items such as antiques, collectables, historical works of art, obsolete militaria, obsolete agricultural implements, unique documents, and photographs as well as any item no longer being produced. These items are only obtainable from auction houses, dealers, and internet websites and in some case yard sales.

**14 Trade and other payables from exchange transactions**

Trade creditors	282	224
Staff related creditors	298	255
	<u><b>580</b></u>	<u><b>479</b></u>

**15 Deferred Income**

Library	382	382
HVAC Air-conditioning	24 482	23 985
GRAP 103	393	873
	<u><b>25 257</b></u>	<u><b>25 240</b></u>

Library: An amount of R1 200 000 was received on 31 March 2015 from the Department of Arts and Culture in respect of capital works. The deferred income represents the unspent portion of the funds received. No monies were spent in the current financial year.

**2022**                      **2021**  
**R'000**                              **R'000**

HVAC: An amount of R1 000 000 was received on 6 March 2017 and R1 000 000 was received on 2 March 2018 from the Department of Arts and Culture in respect of capital works and R4 103 000 was received in 2018/19 financial year. An additional amount of R17 000 000 was received in the 2019/ financial year. No monies were spent in the current financial year. The deferred income represents the unspent portion of the funds received and interest earned.

GRAP103: Total funding received from the Department of Arts and Culture amounted to R1 000 000. R479 912 was spent in the current financial year. The deferred income represents the unspent portion of the funds received.

## 16 Retirement benefit obligation

Balance at the beginning of year	445	414
Interest costs	43	48
Service costs	5	3
Actuarial gain/(loss)	(119)	26
Expected employer benefit payment	(36)	(46)
Total post-retirement healthcare benefit liability	<u><b>338</b></u>	<u><b>445</b></u>
Non-current portion	302	399
Current portion	<u>36</u>	<u>46</u>
	<u><b>338</b></u>	<u><b>445</b></u>

The subsidies of all the members are at the subsidy cap or will be at retirement. Consequently, the net discount rate is equivalent to the nominal discount rate. The nominal discount rate decreased from 10% to 9.63% resulting in an actuarial gain of R118 662.

The Gallery provides certain post-retirement healthcare benefits by funding the medical aid contributions of qualifying retired members of the gallery.

A member (who is on the current Conditions of Service) is entitled to remain a continued member of such a medical aid on retirement, in which case the Gallery is liable for a certain portion of the medical aid membership fee. The Gallery operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to employees.

The most recent actuarial valuation's plan assets and the present value of the defined benefit obligation were carried out at 31 March 2022 by African Origins Actuarial Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit valuation method.



	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
<b>19 Cash paid to suppliers and employees</b>		
Employee related costs	6 145	5 703
Repairs and maintenance	40	94
Finance costs	43	48
Rental no value	1 212	1 154
General expenses	5 974	3 624
Actuarial gain/(loss)	(119)	26
Increase/(Decrease) in receivables	(10)	10
Increase/(Decrease) in prepayments	22	(139)
(Increase)/Decrease in trade payables	(101)	262
(Increase)/Decrease in provisions	31	(116)
(Increase)/Decrease in provision for post-retirement benefit obligations	107	(31)
	<b>13 344</b>	<b>10 634</b>
<b>20 Reconciliation of profit/(loss) before taxation to cash generated from operations</b>		
Net income before taxation	301	326
Adjusted for:		
Depreciation	279	201
Increase/(Decrease) in provisions	(31)	116
Increase/(Decrease) in provision for post-retirement benefit obligations	(107)	31
<b>Operating surplus before working capital changes</b>	<b>443</b>	<b>675</b>
<b>Movement in working capital</b>	<b>105</b>	<b>374</b>
(Increase)/Decrease in trade receivables	10	(10)
(Increase)/Decrease in prepayments	(22)	139
Increase/(Decrease) in deferred income	17	506
Increase/(Decrease) in trade payables	101	(262)
<b>Net cash flows from operating activities</b>	<b>548</b>	<b>1 049</b>
<b>21 Financial instruments</b>		
Classification of Financial Instruments		
Financial assets at fair value		
Cash and cash equivalents	31 694	31 939
Trade and other receivable	113	91
Total	<b>31 807</b>	<b>32 030</b>

	<b>2022</b>	<b>2021</b>
	<b>R'000</b>	<b>R'000</b>
Financial Liabilities at fair value		
Trade and other payables	411	479
Deferred income	25 257	25 240
Retirement benefit obligation	338	445
Short term accruals	261	292
Total	<u><u>26 268</u></u>	<u><u>26 456</u></u>
	<u><u>5 539</u></u>	<u><u>5 573</u></u>
Financial assets at carry value		
Cash and cash equivalents	31 694	31 939
Trade and other receivable	113	91
Total	<u><u>31 807</u></u>	<u><u>32 030</u></u>
Financial Liabilities at carry value		
Trade and other payables	411	479
Deferred income	25 257	25 240
Retirement benefit obligation	338	445
Short term accruals	261	292
Total	<u><u>26 268</u></u>	<u><u>26 456</u></u>

## 22 Related party transactions

### Relationships

#### Council members with significant influence

Mr AS Masilo - Chairperson  
Ms C Fani - Deputy Chairperson  
Mr PN Phukubje - Member  
Ms T Moeeng - Member  
Mr B Mgijima - Member  
Mr A Latchu - Member  
Ms D Maraka - Member  
Dr R Peach - Member (Resigned)

#### Key management personnel

Ms N Mkhize - Director  
Ms E White - Director (Terminated)  
Ms M Ramafalo - Chief Financial Officer

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
<b>Controlling department with significant influence</b>		
National Department of Sports, Arts and Culture		
<i>The William Humphreys Art Gallery is an entity of the National Department of Sports, Arts and Culture. All grant funding is received from the controlling department. Refer to Note 2 and 15 for details of transactions between the William Humphreys Art Gallery and the National Department of Sports, Arts and Culture</i>		
<b>Building owner</b>		
National Department of Public Works & Infrastructure		
Rental benefit received in kind	<u><u>1 212 033</u></u>	<u><u>1 154 318</u></u>
Rental expenditure in kind	<u><u>1 212 033</u></u>	<u><u>1 154 318</u></u>

*The building in which the museum resides belongs to the National Department of Public Works & Infrastructure. No rental is levied by the Department or payable by the William Humphreys Art Gallery. The value of the revenue received in kind together with the related expenditure is disclosed above.*

Ms N Mkhize  
June 2021 - March 2022

Basic Salary	768	-
Pension contribution	31	-
Medical aid contribution	7	-
Housing subsidy	9	-
13th Cheque	12	-
Discretionary Bonus	10	-
Back pay	34	-
Total	<u><u>871</u></u>	<u><u>-</u></u>

Ms M Ramafalo  
April 2021 - March 2022

Basic Salary	870	816
Pension contribution	60	44
Housing subsidy	11	11
13th Cheque	68	12
Acting allowance	44	103

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
Discretionary Bonus	10	-
Back pay	146	10
<b>Total</b>	<b>1 208</b>	<b>996</b>
Ms E White - Director April 2020 - November 2020		
Basic Salary	-	618
Pension contribution	-	58
Allowances	-	-
Housing subsidy	-	7
13th Cheque	-	95
Leave Pay Paid Out (Terminate)	-	87
Back pay	-	9
<b>Total</b>	<b>-</b>	<b>874</b>

*The salaries paid to the Director and Chief Financial Officer are included in the normal staff expenditure. There have been no additional payments such as fees, performance bonuses, expense allowances, commissions, gains, or profit sharing or share options paid to the employees of this institution, other than normal expenses payable to employees.*

*Ms M Ramafalo acted as the Director from 24 March 2020 to 23 July 2020, 29 July 2020 to 23 October 2020, and from 23 November 2020 to 6 June 2021. An acting allowance was paid in October 2021 for the period 1 January 2021 to 6 June 2021, the prior period amount has been restated accordingly.*

#### **Travel and subsistence: Key Management**

Ms M Ramafalo	-	14
Ms N Mkhize - Director	63	-
	<b>63</b>	<b>14</b>

#### **Remuneration and travel and subsistence: Council**

Mr AS Masilo - Chairperson	177	154
Ms C Fani - Deputy Chairperson	130	15
Ms T Moeeng - Member	109	11
Mr B Mgijima - Member	87	10
Mr A Latchu - Member	98	22
Mr PN Phukubje - Member	130	123
Ms D Maraka - Member	62	-
*Ms P Sibiyi	26	-
*Ms V Khuse	51	-
**Ms TC Mngadi - Member	35	116



	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
Dr R Peach - Member	-	54
Ms BG Kubheka - Member	-	20
Ms N Mkhaliphi	-	51
Ms L Matlala	-	52
*K Nkoe	-	10
*M Mothapo	-	3
	<b>905</b>	<b>640</b>

\* Independent Audit and Risk Committee members

\*\* Former council member required for current council related matter

### **Grant received from controlling department with significant control**

National Department of Arts and Culture		
Annual allocation	11 671	9 144
	<b>11 671</b>	<b>9 144</b>

## **23 Financial risk management**

The gallery's financial instruments consist mainly of cash and cash equivalents, trade and other receivables and trade and other payables.

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

### **Principles of risk management**

The Gallery is exposed in particular to risks from movement in interest rates that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and financial activities.

The fundamentals of the Gallery's financial policies are established by the council. Implementing the financial policies and ongoing risk management rests with council. Certain transactions require the prior approval of the council which is also regularly briefed on the extent and the amount of the current risk exposure.

### **Interest rate risk**

The Gallery is exposed to the interest rate risk in South Africa. The Gallery does not make use of interest rate derivatives and therefore 100% of the interest-bearing financial assets and liabilities had a variable interest rate.

	<b>2022</b>	<b>2021</b>
	<b>R'000</b>	<b>R'000</b>

### **Sensitivity analysis**

Interest rate risk are presented by way of sensitivity analysis. These show the effect of changes in the market interest rate on interest payments, interest income and expenses, other income components and, if appropriate, equity. The interest rate sensitivity analysis is based on the following assumptions:

Changes in the market interest rates affect the interest income or expense of non-derivative variable interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against the interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

A one percentage movement in the effective interest rate would have the following effect on the net income for the year.

	+1%	-1%
Cash and cash equivalents	317	(317)

### **Other price risk**

No other price risk with respect to investment exists.

### **Foreign currency risk**

No foreign currency exchange rate risk with respect to investments exists.

### **Credit risk**

Financial asset which potentially subject the Gallery to the concentration of credit risk consist of cash and cash equivalents and receivables. The Gallery's cash is placed with the high-quality financial institutions.

Trade receivables are disclosed net of provision for impairment.

### **Liquidity risk**

Liquidity risk is the risk that the Gallery will not be able to meet its financial obligations as they fall due. The Gallery's approach to management its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet it liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the Gallery. The Gallery monitors its cash flow requirements on an ongoing basis which takes into account the servicing of financial obligations but excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

	<b>2022</b> <b>R'000</b>	<b>2021</b> <b>R'000</b>
<b>Net fair values</b>		
The estimated values of the Gallery's financial instruments are:		
Financial Assets at fair value		
Cash and Cash Equivalents	<u>31 694</u>	<u>31 939</u>
Financial Assets at carry value		
Cash and Cash Equivalents	<u>31 694</u>	<u>31 939</u>

#### 24 Irregular expenditure

Opening balance	133	-
Irregular expenditure		1 092
Current year	<u>-</u>	<u>1 092</u>
Prior year, but identified in the current year	<u>-</u>	<u>-</u>
Less: Condoned	-	-
Less: Prior period error	-	(654)
Less: Recovered	-	(304)
Less: Approved and written off	-	-
Closing balance	<u>133</u>	<u>133</u>

The balance is currently under determination for possible referral to Internal Audit for Investigation.

Irregular expenditure of R654 487 has been identified as a prior period error. This was expenditure identified by AGSA as irregular, however management made a determination to the contrary and it was independently reviewed by the internal auditor.

#### 25 Fruitless and wasteful expenditure

Opening balance	20	182
Fruitless and wasteful expenditure		20
Current year	<u>-</u>	<u>20</u>
Prior year, but identified in the current year	<u>-</u>	<u>-</u>
Less: Approved and written off	(20)	(182)
Closing balance	<u>-</u>	<u>20</u>

## 26 Prior period error

The correction made to the prior year financial statements relates to the restatement of employee related costs, general expenses, leave provisions, performance bonus, property, plant, and equipment incorrectly depreciated, interest on deferred income not capitalised, heritage assets revaluation surplus incorrectly computed, and irregular expenditure incorrectly classified. The correction will influence the surplus reported in the Statement of Financial Performance for the year ended 31 March 2021 and the net assets reported in the Statement of Financial Position as detailed in the tables below.

	31-Mar-21 Restated	Change	31-Mar-21	31-Mar-20 Restated	Change	31-Mar-20
<b>Statement of Financial Performance</b>						
Interest earned - External investments	220	(506)	726	-	-	-
Other non-exchange revenue	250	129	121	-	-	-
Other income	408	(129)	537	-	-	-
Employee related costs	5 703	(33)	5 670	-	-	-
General expenses	3 624	(28)	3 596	-	-	-
Depreciation	201	5	206	-	-	-
Net effect on surplus for the year	<b>10 405</b>	<b>(562)</b>	<b>10 857</b>	-	-	-
<b>Statement of Financial Position</b>						
Deferred income	25 240	(506)	24 734	24 734	429	24 305
Property, plant, and equipment	3 592	5	3 587	-	-	-
Heritage Assets	163 854	(114)	163 968	-	-	-
Trade and other payables from exchange transactions	479	(72)	407	741	62	679
Short term accruals	292	11	303	-	-	-
Net effect on net assets for the year	<b>193 457</b>	<b>(676)</b>	<b>192 999</b>	<b>25 475</b>	<b>491</b>	<b>24 984</b>

	31-Mar-21 Restated	Change	31-Mar-21	31-Mar-20 Restated	Change	31-Mar-20
<b>Statement of Changes in Net Assets</b>						
Accumulated surpluses	29 547	(562)	30 109	29 221	(491)	29 712
Revaluation surpluses	143 482	(114)	143 596	-	-	-
Net effect on accumulated surpluses for the year	<b>173 029</b>	<b>(676)</b>	<b>173 705</b>	<b>29 221</b>	<b>(491)</b>	<b>29 712</b>
<b>Irregular expenditure</b>						
Opening balance	133	(654)	788			
	<b>133</b>	<b>(654)</b>	<b>788</b>			
<b>Related party transactions</b>						
Remuneration and travel and subsistence: Council	640	(6)	646			
	<b>640</b>	<b>(6)</b>	<b>646</b>			
<b>Financial risk management</b>						
Trade and other payables	479	134	345			
Deferred income	25 240	25 240	-			
Retirement benefit obligation	445	445	-			
Short term accruals	292	292	-			
	<b>26 456</b>	<b>26 111</b>	<b>345</b>			

## 27 Contingencies

The litigation involving the former director at the CCMA has been finalized in favour of the Gallery. The case has been referred to the Labour Court for review. The timing and amount of the contingent liability is uncertain, and no reasonable estimate can be made at this point.

## 28 Events after the reporting date

The litigation involving the former director has been referred to the Labour Court for review and was filed after year end.

## 29 Going concern

WHAG has built up reserve funds in cash over a number of financial years amounting to R6 437 056 and current liabilities of R877 277 (excluding the conditional grants that were reported as deferred income), which indicates that WHAG is able to settle the short-term debt with the funds immediately available. We also draw your attention to the fact that WHAG at 31 March 2022 has a surplus amounting to R300 627.

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

This basis presumes funds will be available to finance the future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



# William Humphreys Art Gallery



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an agency of the  
**Department of Sport, Arts and Culture**