



2022
2023

ARTSCAPE ANNUAL REPORT

ARTSCAPE



an agency of the
Department of Sport, Arts and Culture

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GENERAL INFORMATION





Registration status

REGISTERED NAME

BUSINESS ADDRESS

POSTAL ADDRESS

TELEPHONE NUMBER

FAX NUMBER

E-MAIL ADDRESS

WEBSITE ADDRESS

EXTERNAL AUDITORS

INTERNAL AUDITORS

BANKERS

COMPANY SECRETARY

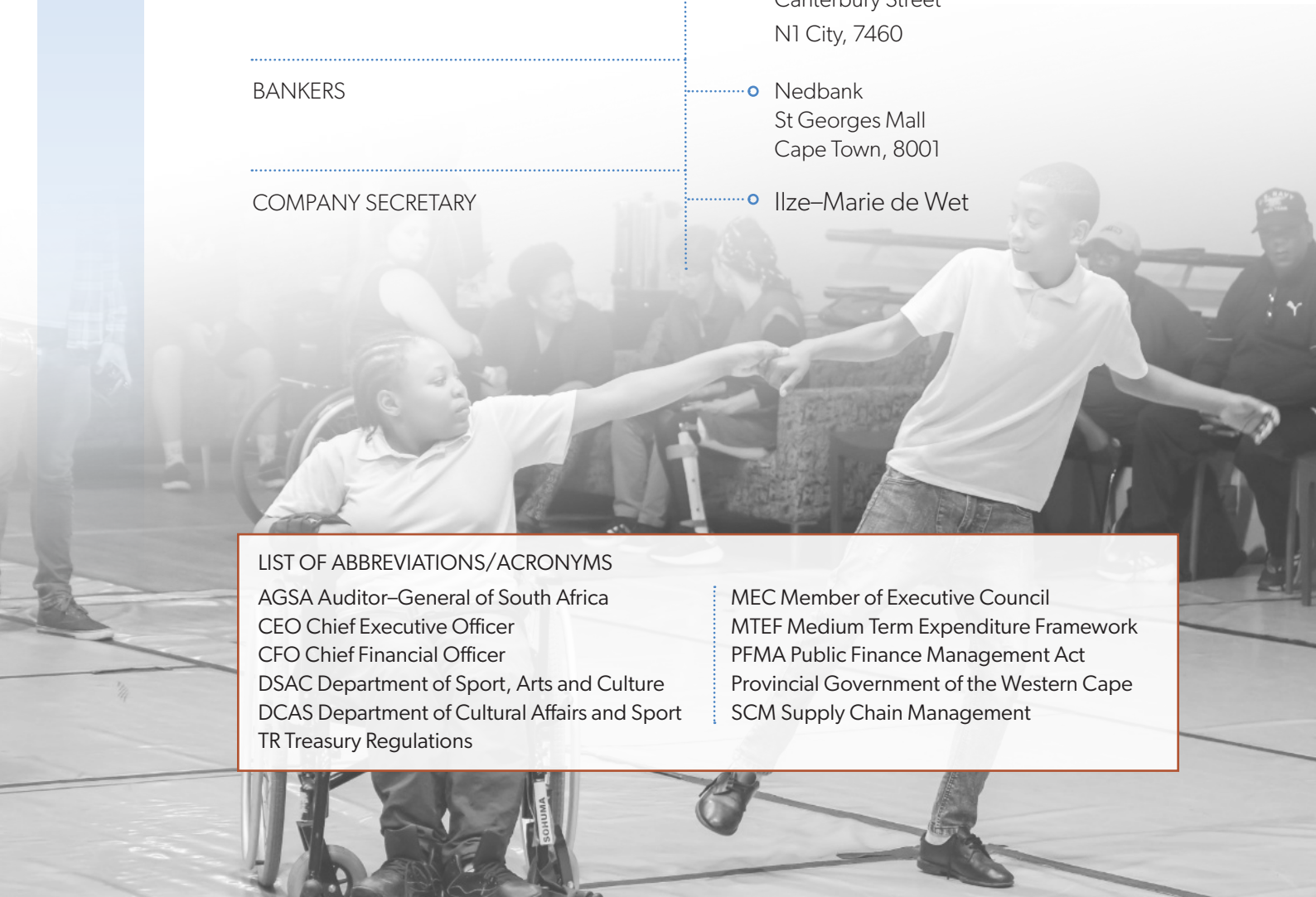
Registration details

- ARTSCAPE
- ARTSCAPE Theatre Centre
DF Malan Street
CAPE TOWN, 8001
- P O Box 4107
CAPE TOWN, 8000
- +27 21 410 9800
- +27 21 421 5448
- artscape@artscape.co.za
- www.artscape.co.za
- Auditor-General of South Africa
19 Park Lane
Milnerton, Cape Town, 7441
- Nexia SAB&T
SAB & T House, Cnr Birmingham &
Canterbury Street
N1 City, 7460
- Nedbank
St Georges Mall
Cape Town, 8001
- Ilze-Marie de Wet

LIST OF ABBREVIATIONS/ACRONYMS

AGSA Auditor-General of South Africa
 CEO Chief Executive Officer
 CFO Chief Financial Officer
 DSAC Department of Sport, Arts and Culture
 DCAS Department of Cultural Affairs and Sport
 TR Treasury Regulations

MEC Member of Executive Council
 MTEF Medium Term Expenditure Framework
 PFMA Public Finance Management Act
 Provincial Government of the Western Cape
 SCM Supply Chain Management



FOREWORD BY THE CHAIRPERSON

The 2022/23 financial year has as per the previous two years remained a challenging one. As it commenced, we slowly emerged out of what has been the most brutal financial knock to the arts and entertainment industry in its recent history. While the annual Department of Sport, Arts and Culture (DSAC) grant kept us administratively afloat to achieve our mandate, other revenue streams to cross-subsidise our continued transformation, education and youth programmes remained strained. But we could finally fully open our doors to provide unrestricted services to both arts practitioners as well as our primary target market viz., the patrons. It was heartening to see the cultural institution slowly emerging like a fledging bird carefully taking flight to spread its wings and soar to new heights.

Artscape has maintained its strategic relationships with both the Provincial Government of the Western and the City of Cape Town. While the former owns the building the latter remains strategic as a funder for the education and youth programmes we offer throughout the year as well as artistic programmes that amplifies core national days such as Youth-, Women- and Heritage Days. Further strategic relations with international governments including the European Union and the Swedish government remain to fund international cultural exchange programmes that remain pivotal to the development of Western Cape based arts practitioners.

The past financial year presented the Council (Accounting Authority) with multifaceted challenges that tested both our resilience and adaptability. The economic downturn instigated by the pandemic placed a significant strain on our resources, compelling us to enact stringent measures. Our first course of action was to critically review and implement robust policies vital to Artscape's smooth operation. This proactive involvement was instrumental in ensuring these policies were relevant and resilient, even amidst rapidly changing circumstances. Simultaneously, the Council shouldered the responsibility of ensuring the financial stability of the organisation.

The year also required us to undertake thoughtful deliberation and careful planning for the



development of the Annual Performance Plan. We aligned it with the organisation's 5-year Strategic Plan, the Medium Term Expenditure Framework (MTSF), and the Minister's priorities. The Council's success in overseeing this process affirmed our strategic objectives' alignment with our mission and the broader objectives of the arts sector.

Throughout this challenging period, Council's attendance remained exemplary, reflecting the commitment of all members to their responsibilities. Balancing the interests of various stakeholders. We ensured that decisions made were in the best interest of all parties involved.

The strategic focus over the medium to long term remains to the 5-year medium term strategic framework (MTSF) which will be encapsulated in consecutive annual performance plans that retains focus on the instability of the South African economy that affects core targets envisaged. While we have emerged from the effects of the previous two financial years' of lock down regulations the industry as a whole remains a struggling one as arts practitioners seek to rebuild their own entities and business structures. To this end Artscape remains a pivotal role player as it can still continue to provide

its services and venues at no-cost or minimal costs and gradually increase service and hiring fees as both the economy and financial stability of these arts practitioners improve. But Artscape needs to financially keep its head above water and thus the DSAC grants remains of paramount importance as well as the continued strategic relationships we maintain with other government and funding sectors of which we seek but only to promote performance arts and making the institution accessible to all..

This challenging financial year could not have been surmounted without the assistance, guidance and tireless efforts of a host of role players. We remain thankful to the DSAC for the annual grant that sustains the building and all its mechanics as well as provincial and local tiers of government for maintenance and programme management support respectively. Without the commitment of my fellow Council members to guide and implement the necessary policies to maintain the functionality of the cultural institution my role as

Chairperson of the Council would not have been fulfilled. The Artscape staff led by its CEO are the oarsmen and women who drive the cultural institution to groundbreaking heights. Their efforts do not remain unnoticed. The constant support from stakeholders, including the international community, is appreciated. However, most of all I wish to thank our patrons who have remained loyal in their support to Artscape as we emerged from the past two previous years of severe disruptions and interruptions. They have returned in their droves to watch their favourite arts genres and artists. Without them the building would but be an empty shell.

While the financial year of 2022/23 has been tough, and as my tenure as Council Chair comes to an end I remain buoyant that Artscape could remain a viable going concern with the continued financial assistance it has at its disposal. Of course, as costs and inflation increase, this financial support would have to be concomitant in its bolstering of the purse strings too



RAJESH JOCK

Chairperson: Artscape

31 JULY 2023



ARTSCAPE COUNCIL



Karen Meiring



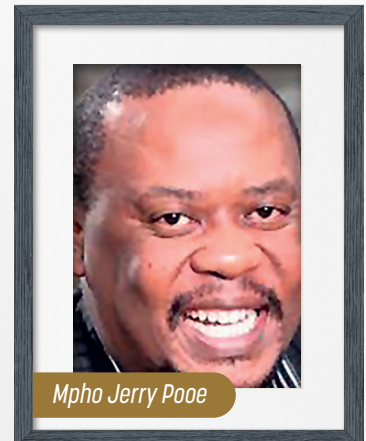
Ndileka Lerato Manana



Rajesh Jock (Chairperson)



Xoliswa Nduneni-Ngema



Mpho Jerry Pooe



Mongezi Menye

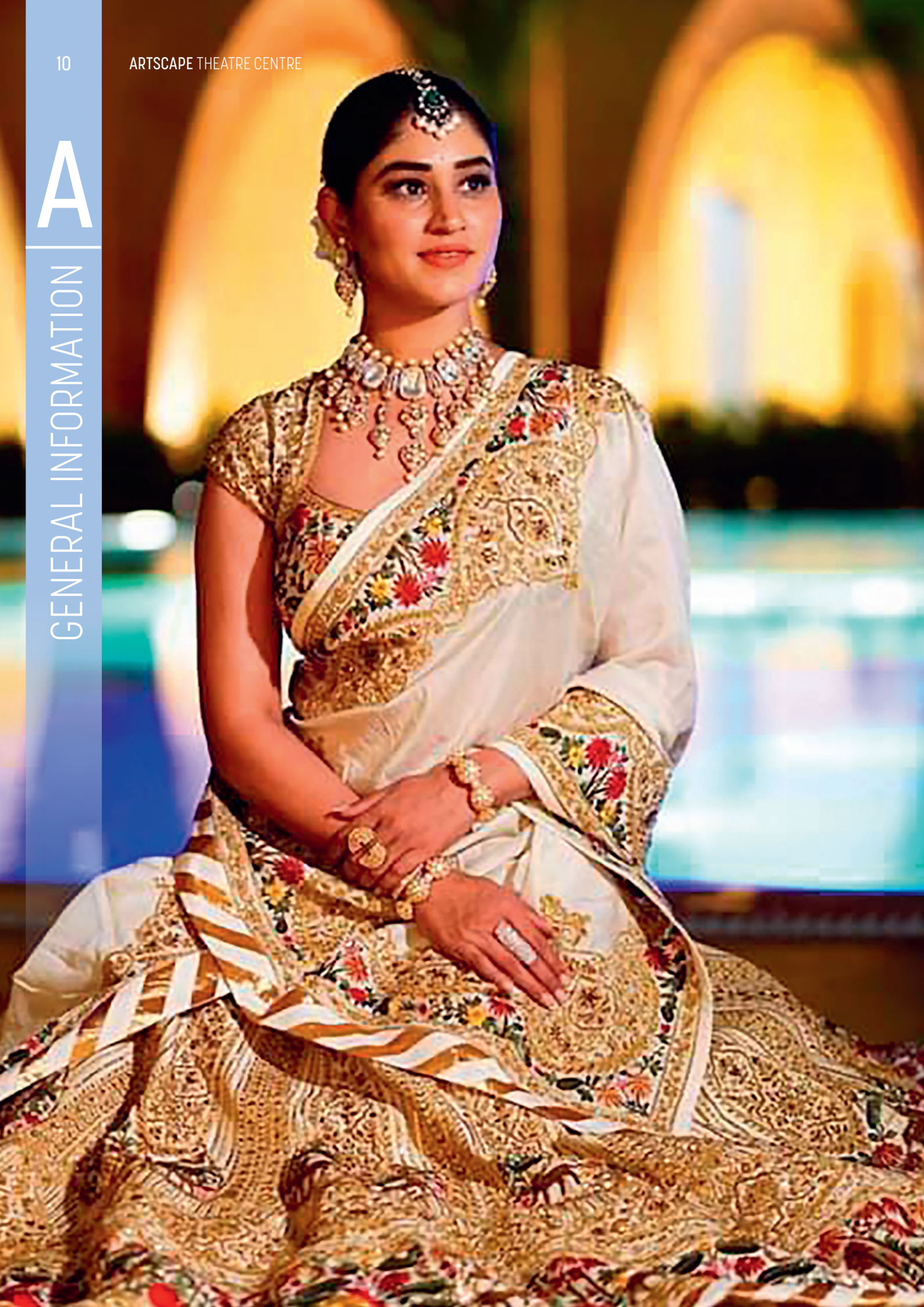


Philip van Ryneveld



A

GENERAL INFORMATION



OVERVIEW

CHIEF EXECUTIVE OFFICER

The 2022/23 financial year has seen the cultural institution slowly emerge towards normality. As the financial year commenced the lockdown measures that had been in place for two years, resulting in a strenuous and tenuous period of financial instability in the Arts sector, had just been lifted and once again there was hope on the horizon.

As a cultural entity of the Department of Sport, Arts and Culture the institution managed to remain afloat, but other revenue streams primarily hiring fees within the ambit of a receiving house as mandated by the Cultural Institutions Act remained a constraint. Associated Arts Companies and Independent Producers still felt the knock-on effect of the past two previous years, and to kick-start the industry we had to afford them some financial leeway.

However, we could thankfully with full force commence a fully functioning theatre, and moreover continue on stage. Despite the upbeat mood, this financial year had its challenges. The normalisation of the presentation of the Arts as the financial year progressed enabled the theatre to offer its full service to its patrons which they deserve and enjoy onstage. While we have not yet reached the pre-Covid attendance the numbers of patrons attending their favourite genres month on month continued on an incremental trend. Their confidence in us remains a testament that we have managed to endure and persevere the challenges that we faced as we strove towards pre-Covid normality.

I am buoyed that we could thus continue with several of our flagship programmes as contained in the Annual Report.

Equally we pride ourselves as an institution that is accessible to all. Artists with Disabilities took centre stage at the Artsability Festival, a celebration of disability and arts through diverse forms of expression. An extended excerpt of the groundbreaking Sensorium Ex opera was showcased as part of the Artscape Artsability Festival. It explores the intersections of disability and technology. Artscape was chosen to partner on this exciting work and to be the host for the first of a series of workshops and auditions to cast the groundbreaking Opera.

Moreover, despite a tight purse we managed to maintain our staff complement without the need



to retrench, which we deemed of paramount importance to sustain job security with the industry.

The outcomes of this financial year would not have been possible without the assistance of all tiers of government from National to the Western Cape Government and the City of Cape Town, the support of the international community, various stakeholders as well as the Artscape Council, led by its Chairperson Rajesh Jock, who remains a pillar of strength towards guiding and securing that the institution's policies and procedures remain above board towards financial stability. Finally, I need to thank our loyal patrons who continue to chose Artscape as the Theatre of Choice. They supported us throughout the trials and tribulations of the most strained previous two financial years to emerge once again as the professional home for all ethos that we espouse as a performing arts institution

MARLENE LE ROUX

Chief Executive Officer

31 JULY 2023

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in support of this information.

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.



Chief Executive Officer

MARLENE LE ROUX

31 JULY 2023



Chairperson

RAJESH JOCK

31 JULY 2023



STRATEGIC OVERVIEW

ARTSCAPE CORE VALUES

- Inclusiveness
- People Centered
- Excellence
- Innovation

MISSION

To promote social cohesion, contribute to nation-building and global solidarity through the pursuit of excellence in performing arts.

VISION

To be the Theatre of choice.

■ LEGISLATIVE AND OTHER MANDATES

Artscape manages the Artscape Theatre Centre, a complex which belongs to the Provincial Government of the Western Cape. Artscape is a facilitator of stage performances, community arts activities, training programmes, as well as audience development initiatives to sustain all forms of the performing arts.

Key mandate

- Artscape was declared a Cultural Institution in terms of section 3 of the Cultural Institutions Act, 1998 (Act No. 119 of 1998). Artscape is listed as a Schedule 3A (national entity) under the Public Finance Management Act, 1999 (Act No. 1 of 1999).
- Artscape's objects were published in the Government Gazette No 25242, 1 August 2003

In addition to this Artscape operates under various legal mandates, including amongst others:

- The Constitution of the Republic of South Africa
- The Public Finance Management Act (PFMA) (Act No. 1 of 1999)
- The Treasury Regulations and Division of Revenue Act, 2010 (Act No. 1 of 2010)
- The Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- The Labour Relations Act, 1995 (Act No. 66 of 1995)
- The Occupational Health and Safety Act, 1993 (Act No. 59 of 1993)
- The Preferential Procurement Policy Framework Act, 2000 (ACT No 5 of 2000)

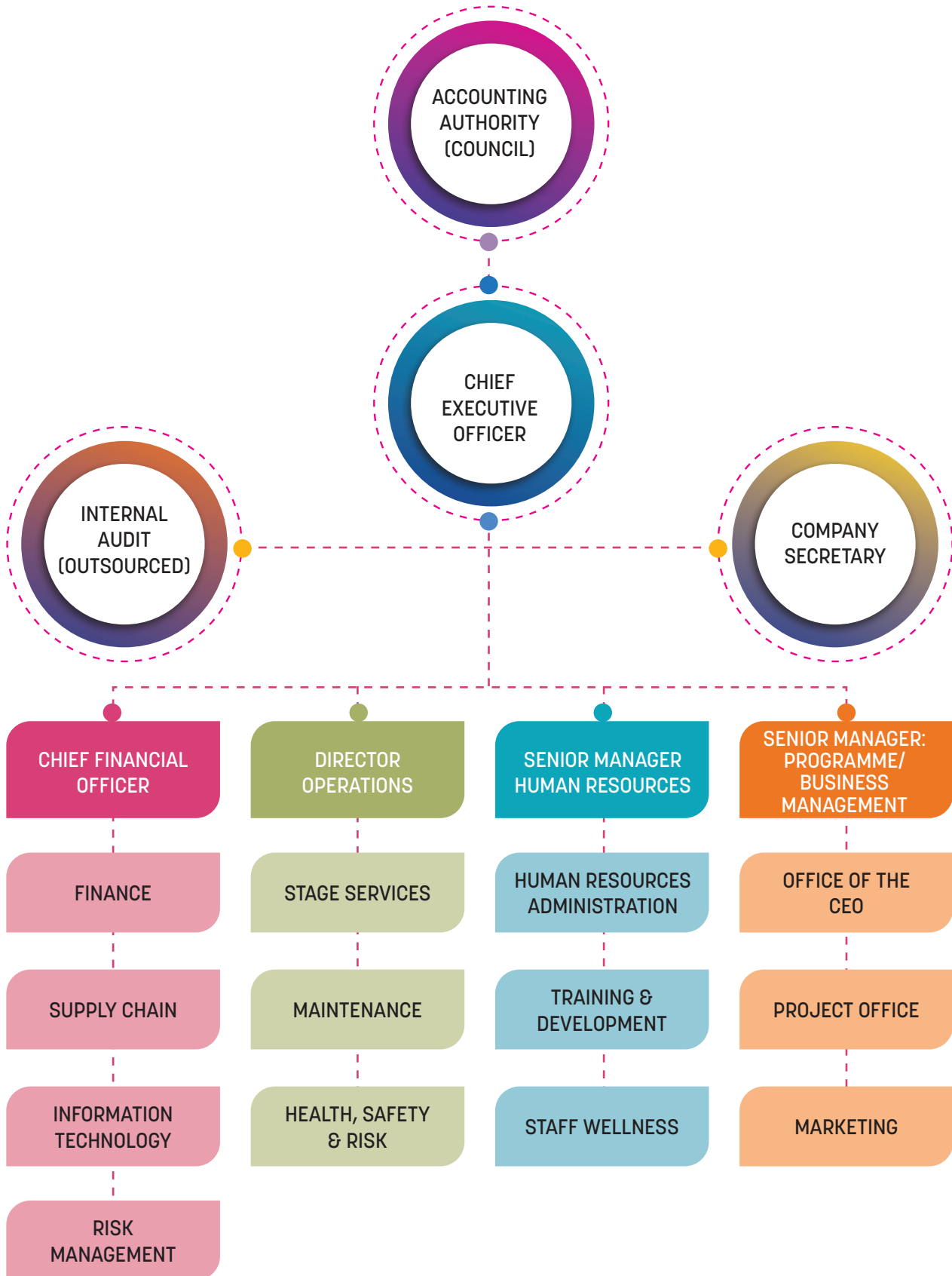
Objectives (in terms of Section 8(5) of the Cultural Institutions Act, 1998, Act No 119 of 1998)

To advance, promote and preserve the performing arts in South Africa, but predominantly in the Western Cape, by, inter alia, and without limiting the generality of the aforesaid:

- Promoting, presenting, co-presenting, co-producing, producing, investing in and sponsoring or entering into partnership for any performing arts initiative;
- Making the performing arts accessible to the general public and ensuring that productions are a true reflection of the cultural diversity of South Africa;
- Evaluating, maintaining and upgrading the Artscape Theatre Centre and its facilities so that the full range of performing arts productions can be presented in a world class environment;
- Making the Artscape Theatre accessible to the general public;
- Promoting the appreciation, understanding and enjoyment of the performing arts among the general public;
- Providing high quality arts education and development with due consideration of the needs of the general public;
- Encouraging artists to adopt the stage and associated arts as their profession;
- Encouraging and promoting the writing and producing of new performing art works for presentation on stage;
- Encouraging indigenous art and creativity, including, but not limited to, script, writing, musical composition and choreography;
- Encouraging tours of performing arts and art products;
- Facilitating manufacturing services for décor and costumes to enable arts practitioners to stage their productions;
- Concluding all such activities as may be considered ancillary to any of the aforesaid.

To be the appropriate legal recipient and accountable reporting body for funding received from the Department of Sport, Arts & Culture and grants received from third parties, and for expending such grants, in accordance with the terms and conditions under which same were received.

ORGANISATIONAL STRUCTURE



PERFORMANCE INFORMATION





STATEMENT OF RESPONSIBILITY

FOR PERFORMANCE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

The Chief Executive Officer, together with the Chief Financial Officer, is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

These include the responsibility for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2023.

Artscape's performance information for the year ended 31 March 2023 has been examined by the external auditors and their report is presented on page 70.

The performance information of the entity set out on page 19 to page 32 were approved by the Council.



MARLENE LE ROUX

Chief Executive Officer

31 JULY 2023



VERNON VAN DER LINDE

Chief Financial Officer

31 JULY 2023



■ Auditor's Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 70 of the Report of the Auditors Report, published as Part F: Financial Information.

■ Situational Analysis

Artscape has already achieved significant success as the leading public Performing Arts venue in the Western Cape and the country. Artscape has distinguished itself as an organisation which has not only presented a diverse artistic programme in its theatre complex but has also taken the arts to communities outside of the complex. We have also distinguished ourselves with regard to disability access and continue to implement measures to further reduce our environmental impact. Artscape has progressively expanded its role in technical training and ensuring that skills transfer take place so that Artscape stage staff are sought after nationally and internationally.

Artscape has achieved this success in spite of the fact that Performing Arts has over the last number of years been significantly underfunded. With increased commitments to fund facilities and the Performing Arts generally, Artscape now finds itself with the opportunity to significantly expand its facilities, activities and contribution to the economy and communities of the Western Cape.

Artscape aims to ensure that the artistic content presented is based on a multicultural consciousness which ensures the promotion of all artistic products which attract and entertain audiences.

The key challenges that Artscape is facing include:

- Ageing stage equipment – we need to stay abreast with the changes in the industry so as to make the venue attractive for hirers
- Decreasing funding for productions – this continues to present challenges when trying to present a diverse programme.
- Scarcity of technical skills within the industry – the availability of suitably qualified technical skills places a strain on the resources
- Competition – the number of entertainment options within the city is increasing and competition for audience is at an all-time high
- The overall impact of the current macro-economic situation
- The long-term impact of Covid-19 on the arts industry

Despite these challenges Artscape continues to explore new opportunities such as:

- Partnering with various education institutions to enhance the technical training opportunities available
- Exploring new types of theatre performances to remain at the forefront of artistic expression
- Continuing to find new and innovative ways of attracting audiences
- Continuing with partnerships that will enhance future funding



■ Overview of Performance

SERVICE DELIVERY ENVIRONMENT

The Covid-19 regulations were relaxed and abolished which resulted in Artscape being able to produce and present more productions on our stages. This resulted in an increase in the number of patrons attending these productions which had an impact on our box office income.

Artscape managed to achieve 100% (11 out of 11) of our annual performance targets despite budget challenges. Artscape contributed to socio-economic transformation by providing opportunities to historically disadvantaged groups and entrepreneurs to participate, grow and develop within the sector. Management reports to Council on a quarterly basis. Artscape provides employment by procuring goods and services where possible from small and micro enterprises owned and operated by previously disadvantaged people.

Artscape has active community engagement with artists, arts companies and the public at large through our resource centre. We also provide artists and arts companies and suppliers with the necessary guidance to enable them to register on the National Treasury Central Supplier Database.

ORGANISATIONAL DEVELOPMENT

Despite the financial challenges, Artscape, managed to remain financially viable and in a sound financial position. We have also provided our theatre venues and rehearsal rooms at reduced rates to struggling artists and producers to enable them to practice their craft.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The following policies were implemented during the financial year:

- Harassment Policy
- Remuneration and Benefits Policy

National Treasury issued Preferential Procurement Regulations (PPR) 2022 towards the end of 2022 for implementation with effect from 16 January 2023. Artscape was not aware of the publishing and implementation of these new regulations, and accordingly, for the period from 16 January 2023 to 30 June 2023 we did not apply the PPR 2022. We have however applied these regulations with effect from 1 July 2023 and we have introduced processes and controls to ensure that we become aware of legislative changes for implementation on a timeous basis.



■ Progress towards Achievement of Institutional Impacts and Outcomes

INTRODUCTION

During 2022/2023, COVID-19 continued to have a major impact on the arts sector, although things improved from the 2021/2022 financial year as lockdown levels were reduced and eventually discarded. Tough economic conditions continue to prevail due to unemployment, inflation and continued interest rate hikes. As we look ahead to the 2023/2024 financial year, it is important to start reimagining how the arts can continue to have an impact. The overall goal is to make a meaningful contribution to social cohesion, nation building and youth development. We will continue to expand on the experiences of utilizing virtual platforms and incorporate them into our programmes.

No amendments were made to the 2020/ 2025 Business Strategy during the financial year under review.

The progress made towards the achievement of the institutional impacts and outcomes can be summarized as follows:

Programme 1: Administration

Artscape managed to achieve its aim to ensure a robust and sustainable financial future for the entity and operated on a financially sustainable basis by achieving a surplus on a cash basis.

The entity continued to strive towards sustaining employee competence and culture and building a competent and motivated workforce. Performance Management Agreements have been concluded with all members of staff.

A clean audit has been achieved by the entity for the 2021/2022 financial year, ensuring achievement of its aim to operate effectively and sustainably and ensure good governance and compliance. No irregular expenditure has been reported and no incidents of fraud have been detected.

Artscape achieved its target to remain a venue of choice and to enhance the Artscape brand and achieved 100% of its targets in terms of its Marketing Plan.

Programme 2: Business Development

Despite COVID 19, Artscape managed to significantly exceed its targets and presented 26 diverse arts productions and 4 festivals through partnerships and/or funded programmes by presenting productions both virtually and physically.

Artscape also managed to exceed its targets and presented 7 educational programmes through successful partnership with educational organizations.

Programme 3: Infrastructure

The entity continued to achieve infrastructure excellence and offered a safe, functional and universal facility to all theatre goers on an equal theatre going experience.

By presenting on both physical and virtual platforms, the entity managed to exceed its target and presented 26 productions and 4 festivals and 256 events during the financial year. Relaxed restrictions on audiences numbers due to the abolishment of COVID-19 regulations, however resulted in the entity reaching 162 827 audience members.

The entity achieved 100% of its targets in terms of its Annual Maintenance Plan.

In order to develop and leverage on existing digital technology to promote digital engagements, interactions and ticketing, the entity strives to achieve 100% of its targets in terms of its approved Annual IT Plan. The entity achieved 100% of its targets in terms of its IT Plan.

■ Performance Information by Programme / Activity / Objective

Artscape undertakes all its activities whilst being mindful of the role that we can play in contributing to social cohesion, nation building, education, poverty alleviation and job creation through the arts.

Artscape's Annual Performance Plan for the 2022/2023 financial year identified the following strategic outcome oriented goals and objectives:

PERFORMANCE INFORMATION BY PROGRAMME / ACTIVITY / OBJECTIVE

PROGRAMME 1: ADMINISTRATION

Sub programme 1.1 | ENSURE A ROBUST AND SUSTAINABLE FINANCIAL FUTURE

Objective: *Operate on a financially sustainable basis*

PERSPECTIVES

Financial sustainability is vital as it will enable Artscape to cover its administration costs and to prioritise activities in order to achieve its mandate. Financial sustainability also ensures the survival and continuity of the organisation in the long run. Striving for Financial sustainability will encourage effective and efficient planning.

Funding challenges include:

- Funding received from Donors is ear-marked for specific programmes
- Funding received from DSAC is not sufficient to cover fixed administration costs
- DSAC funding does not increase at the same rate as the expenditure
- Economic conditions affect third stream income predictions and the organisation has no control on these conditions
- Continuity of programmes that are successful as far as achieving our mandate is concerned, cannot be maintained due to lack of funds
- We are currently not registered as a PBO and therefore cannot attract donations from private companies so that they can get Tax benefits as per section 18 A

The need to achieve financial sustainability is achievable in the long run, however the challenge is the tough decisions that need to be made to get there. These decisions may not be ideal, but necessary.

Artscape is feeling the crunch as business is not improving from the third-stream income's point of view. Artscape experienced tremendous challenges with regards to its cash flow since December 2018. A turnaround strategy was implemented where we reduced operating expenses to ensure that we meet our monthly obligations and to ensure that we remain a going concern.

Artscape commits to in-house programmes which are financially viable and adhere to DSAC objectives. This does not always yield the result we based our planning on. Funds therefore have to be sourced from funds ear-marked for administration costs, and that is one of the reasons why we are operating at a low surplus. It is imperative that, as mentioned above, we only roll out programmes that have been funded, and use Third stream income as funds to bridge any funding gap as well as work toward future financial sustainability.

The following aspects have to be attended to, in order to ensure **financial sustainability**:

- Ensure continuous monitoring of the Budget vs Actual costs, and have acceptable commentary on the variances and take action where necessary.
- Ensure that all programmes that are rolled out, are fully funded.
- Ensure that Artscape has a financial plan over and above the annual budget. A financial plan that is dynamic and can be changed depending on the circumstances, in order to meet short term and long term goals without compromising the long-term goals.
- Ensure that we continue to implement measures in place that encourage costs savings throughout the organization.
- Ensure that the positive attitude towards cost savings starts from Senior management in the organisation and drills down to the employee in the lower levels of the organisation.
- Ensure that we have set deadlines of how much income should be generated before committing to Transformation Programmes.
- Ensure that we adopt an attitude that clearly shows that we cannot spend funds we do not have.
- Engage with current and future partners well in advance, so as to manage financial expectations.
- Continuous monitoring of the various business areas to ensure that they will contribute to achieving Artscape mandate and are not detrimental to Artscape's long term financial sustainability goal.

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

Establish partnerships for corporate social investments and/or capital raising – along the value chain

Sub programme 1.2 | SUSTAINING EMPLOYEE COMPETENCE AND CULTURE

Objective: *Competent and motivated workforce achieving their performance targets*

PERSPECTIVES:

To achieve Artscape's mandate and vision, will require a competent workforce. Competency development is a crucial driving force for increasing employee effectiveness and employability in the industry. Mature entities develop their employees not only for self, but for serving in the industry or any organ of the state. Artscape will therefore partake on initiatives that will stimulate competency development as well as creating a conducive environment for performance. Focusing on developing and sustaining employee competence is very important for Artscape and this will result in the following:

- The creation and sustaining of a high-performance culture
- Unleashing employee interest on continuous learning/ self-development
- Superior service by employees thereby position Artscape as a theatre of choice
- Trust and confidence in the entity by all relevant stakeholders
- Improve staff morale and improving staff retention rate

In order to ensure employee competence is sustained, Artscape must ensure a clear functional post structure, ensure role clarity for all employees through signed job profiles, ensure a functional performance management system is implemented and sustained. Artscape must create the understanding by all that Performance Management is a journey and not a destination and create a conducive environment for performance management. Artscape should prioritize employee wellness and ethics of care as key business deliverables

Excellence in Leadership and Staff – Artscape will continue to strive to maintain strong leadership in its executive management and continue to develop excellence within its management and staff at all levels. Artscape should have a competent, motivated and client centred work force which is representative of the South African and Provincial demography

LINKING TO GOVERNMENT PRIORITIES

Artscape operates within the ambit of the broader DSAC priorities and Artscape's HR objective are linked to the following Government priorities:

PRIORITY 2: EDUCATION, SKILLS AND HEALTH

Develop skills along the value chain (human capital development pipeline) – core and support functions

PRIORITY 6: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

Honest and capable state with professional, ethical and meritocratic public servants contributing to an improved level of trust in the public sector and credibility of public institutions

Sub programme 1.3 | ENSURE EFFECTIVE AND SUSTAINABLE OPERATIONS AND GOVERNANCE

Objective: *Efficient and compliant operations and processes*

PERSPECTIVES:

Artscape received unqualified audit opinions for the 6 years leading up to the year ending 31 March 2018. An unqualified audit report provides current and potential funders the assurance that internal controls are in place and that their donations will be managed in terms of the conditions applicable, and in terms of the Public Finance Management Act.

For the year that ended 31 March 2019, Artscape received a qualified audit opinion.

The challenges to ensure an Unqualified Audit Opinion

- Inconsistent interpretation and application of GRAP standards by the Auditor General from year to year
- Inconsistent interpretation of GRAP by different offices of the AG
- Non-compliance by staff of SCM policies and the PFMA
- Failure of systems of Internal Control
- Artscape not being a going concern if it is unable to reduce its operating expenses in line with its income, resulting in Artscape not being able to pay its suppliers and staff on time
- Implement improvements on audit findings of previous year
- Ensure that audit findings for new year are managed and not material to result in a qualification

Subsequent to the 2019 financial year, Artscape achieved an unqualified audit opinion with an emphasis of matter for the years ending 31 March 2020 and 31 March 2021. Artscape received a clean audit outcome for the year ending 31 March 2022. For the year ending 31 March 2023, the Auditor General has identified that the preference point system was not applied in the procurement of goods and services as required by section 2(a) of the Preferential Procurement Act 5 of 2000 and Treasury Regulations 16A6.3(b). Artscape has subsequently implemented the regulations since 1 July 2023.

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 6: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

Compliance with regulations and organisations that operate in a fair and transparent manner

Sub programme 1.4 | DEVELOP ARTSCAPE BRAND

Objective: *Enhanced Artscape Brand*

PERSPECTIVES:

Artscape will continue to strive to develop its brand to be known in both the local and international tourism markets. Artscape will strive to be a must-see attraction for any visitor to Cape Town. Its appearance, atmosphere and character should support its attraction through its distinctive and African culture.

LINK TO GOVERNMENT PRIORITIES

PRIORITY 5: SOCIAL COHESION AND SAFE COMMUNITY

Promoting social cohesion across society through increasing interaction across race and class – Sharing of space across race and class – winning nation and active nation

PROGRAMME 2: BUSINESS DEVELOPMENT

Sub-programme 2.1 | DIVERSE PROGRAMMES

Objective: *Create arts programme that serves the community*

PERSPECTIVES:

Artscape's vision is to create a platform for emerging arts practitioners and so enrich the collective art and culture experience. The various Artscape programmes encompasses development, inclusivity and outreach. Participants are given opportunities to develop and showcase their skills through workshops, mentorships and productions. The programmes that have been presented to date have contributed greatly to youth development, social cohesion, job creation and nation building. The programmes continue to have an impact on both those that participate and those that attend the performances. It is important to continue to create opportunities, through the arts, for everyone.

- Education & development – this will include workshops, mentorship programmes and productions with a strong focus on youth
- Inclusivity – to ensure that there is a platform for marginalised art forms and artists, this includes the encouragement of new works
- Social cohesion – a focus on nation building through the celebration of national days
- Outreach – to enable accessibility and exposure to the opportunities that exist within the arts industry. This will include roadshows that will engage those in rural and peri-urban areas

The current economic climate has meant that funding for the various programmes have continued to become scarce. The impact of this is that decisions need to be made with regard to the programmes that are to be done as well as the extent of these programmes.

The following concepts will underpin the programme offering at Artscape:

Multicultural Programme – Artscape has in both its vision statement and mission statement the focus on multicultural performing arts to achieve growth and transformation. The primary strategic objective of Artscape will be to fulfil this vision and mission by ensuring an artistic programme in its complex which achieves transformation and growth in the performing arts while acknowledging, supporting and developing the multiple cultures of its stakeholders. The focus on multiculturalism must ensure that the sum of the individual performing arts programme creates a whole which is more than the sum of the individual parts. In other words, Artscape will focus, on a holistic approach to ensure a multicultural performing arts programme where Western arts, Indigenous Arts, and other cultural programmes do not just co-exist, but in fact contribute to one another.

Aspirational Artscape – Artscape will focus its development activities on developing itself as an aspirational venue in which to perform. This will focus on developing multiple art forms and programmes where the objective will eventually be to present and perform these programmes in the Artscape facilities. The aspiration of excellence in Artscape should mean that performers have “not arrived” until they have performed at Artscape.

Diverse Educational Programmes – Artscape should continue to place a significant strategic emphasis on the participation of the younger generations in the performing arts.

Diverse Programmes– The development of the programmes and the delivery through the facilities should continually balance the objectives of quality product with development and the provision of opportunities for growth and transformation.

Rural Outreach Programme – In Artscape's endeavours to embrace all communities in the Western Cape, Artscape embarks on an annual programme of structured community outreach programmes, in partnership with local government. Through these programmes the interest in the performing arts is enhanced in non-urban areas.

LINK TO GOVERNMENT PRIORITIES

PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

Creating job opportunities for youth within the arts sector

PRIORITY 5: SOCIAL COHESION AND SAFE COMMUNITY

Equal opportunities, inclusion and redress – honour men and women, fast track the promotion and implementation of indigenous languages, as well as active citizenry and leadership – Celebrate National Days on an intercultural basis and ensure that they are fully inclusive of all South Africans.

Sub-programme 2.2 | DIVERSE EDUCATIONAL PROGRAMME

Objective: *Create educational programme that serves the community*

PERSPECTIVES:

Artscape's vision is to create a platform for emerging arts practitioners and so enrich the collective art and culture experience. The various Artscape education programmes also encompass development, inclusivity and outreach. Participants are given opportunities to develop and showcase their skills through workshops, mentorships and productions. The programmes that have been presented to date have contributed greatly to youth development, social cohesion, job creation and nation building. It is important to continue to create opportunities, through the arts, for everyone. Specific activities to achieve this include:

Internship Programme – The internship programme provides training and skills transfer in arts administration and management and is fully dependent on dedicated funding.

Continental Exchange – Artscape should aim to develop its Academy as the leading and aspirational location for technical performing arts training and should establish links with festivals and theatres across the continent to develop technical exchange programmes and establish the demand for the technical training and education through the Academy.

Resource Centre – In order to ensure that emerging artists, arts practitioners and arts organisations have access to the necessary resources, Artscape's Resource Centre facilitates training programmes and workshops to build capacity and in some instances, a base from which to operate administratively.

The Artscape Resource Centre aims to be at the centre of the artistic network and artistic community of the Western Cape while improving the overall arts administration skills of the industry through various workshops, training programmes and access to resources. The Resource Centre also provides the following services to the arts community:

- Physical space – a place to work and meet
- IT infrastructure – access to computers, printing and internet
- Networking events – opportunities to meet and engage with others in the arts community (including professionals) as well as those in business
- Library – access to various media
- Career guidance – expos and help desk sessions

LINKING TO GOVERNMENT PRIORITIES

PRIORITY 2: EDUCATION, SKILLS AND HEALTH

Place young people in international internship and or exchange programmes established through bilateral and multilateral partnerships and develop and implement cultural programmes in schools and communities that raise awareness of career opportunities in the creative industries



PROGRAMME 3: INFRASTRUCTURE

Sub-programme 3.1 | INFRASTRUCTURE EXCELLENCE

Objective: *Safe, functional, universal design facilities*

Over the years, the Artscape leadership has strived to achieve Infrastructure Excellence by adopting a strong maintenance ethic and has systems in place to ensure effective and efficient maintenance of the building infrastructure. The failure of, or a lack of maintenance, could have serious economic, social, health, safety or security consequences.

We have developed and implemented asset management plans for our building infrastructure, which includes strategic infrastructure that Artscape cannot do without to achieve its mandate. Maintenance plays an important role as it ensures that limited maintenance and capital works resources achieve the best possible outcome for the organisation.

It is also mandatory for the accounting officer of a public entity, in terms of the GIAMA (Government Immovable Asset Management Act), the PFMA and Public Service Act, 1994, to assess the utilisation and functional performance of its immovable assets in terms of service delivery objectives and to prioritise the need for repair, upgrade or refurbishment of state-owned immovable assets. The Accounting authority should also ensure appropriate steps are taken to implement the provisions of the OHSA.

LINK TO GOVERNMENT PRIORITIES:

In line with the Government's overarching priorities, we have identified PRIORITY 4: SPATIAL INTEGRATION, HUMAN SETTLEMENTS AND LOCAL GOVERNMENT which will be addressed by ensuring that the building is accessible to all communities including persons with disability

Sub-programme 3.2 | LEVERAGE TECHNOLOGY

Objective: *Leverage on Technology to achieve its mandate and objectives and improve Artscape's service to its stakeholders*

PERSPECTIVES:

The ICT function plays an important role in supporting the various business strategies and activities of Artscape. It is the enabler within the organisation ensuring that the organisation remains effective and efficient.

Leveraging Information technology faces a number of challenges, including the rapidly changing technology and the fact that most stage technology developers are in the USA and Europe and Asia and few of these products have distributors in South Africa. This means that while we may be aware of new products we do not always have the opportunity to see them in operation and if they will be useful to Artscape. The financial constraints mean that certain projects take longer to implement.




LINK TO GOVERNMENT PRIORITIES

Government Priority 4 (Spatial Integration, Human Settlements and Local Government) will be addressed by:




- A spatially integrated sport, arts, culture and heritage infrastructure space
- Using technology to enhance the experience of arts facilities and programmes
- Leveraging technology to engage with audiences

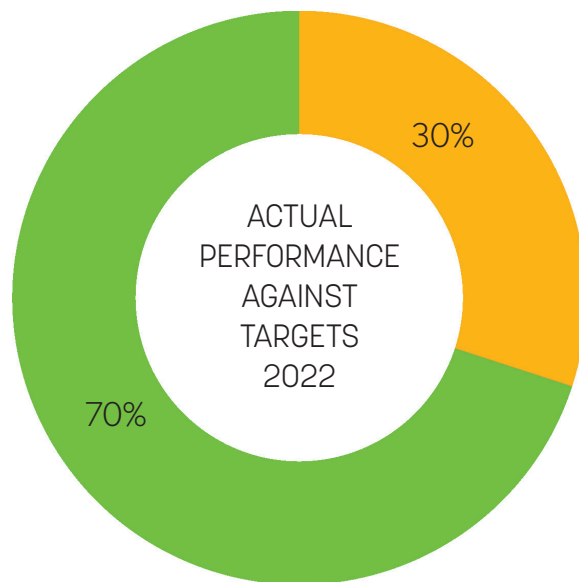
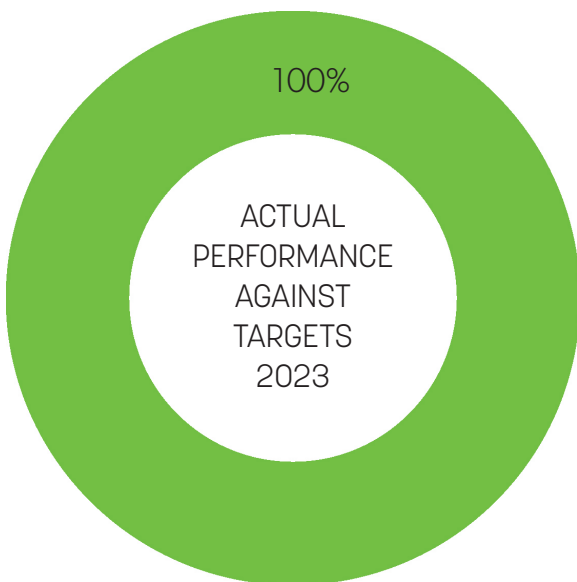
PERFORMANCE INFORMATION BY PROGRAMME

SUMMARY OF ACTUAL PERFORMANCE AS AT 31 MARCH 2023

		Total Targets	Achieved 	Partially Achieved 	Not Achieved 
Programme 1	Administration	4	4		
Programme 2	Business Development	3	3		
Programme 3	Infrastructure	4	4		
		11	11	0	0
			100%	0%	0%

SUMMARY OF ACTUAL PERFORMANCE AS AT 31 MARCH 2022

		Total Targets	Achieved 	Partially Achieved 	Not Achieved 
Programme 1	Administration	4	3	1	
Programme 2	Business Development	2	2		
Programme 3	Infrastructure	4	2	2	
		10	7	3	0
			70%	30%	0%



ACHIEVED

Indicates that the annual target was achieved or exceeded



PARTIALLY ACHIEVED

Indicates that the annual target was not fully achieved, but that progress was made towards achieving the target



NOT ACHIEVED


Indicates that the annual target was not achieved or that the level of achievement was not significant. Reasons for non-achievement to be noted

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 1.1: Operate in a financially sustainable organisation

PURPOSE: To ensure a robust and sustainable financial future for the Artscape

OBJECTIVE: *Ensure a robust and sustainable financial future*


Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for Over/Under Achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
To operate on a financially sustainable basis	Achieve a breakeven surplus/deficit	Zero deficit on budget presented	The budget submitted for the 2020/2021 fy was a balanced budget. However during the 2020/2021 fy, an overall accounting deficit was recorded.	A surplus was achieved on a cash basis	Achieve breakeven (zero deficit) or better on a cash budget basis (excluding depreciation)	A surplus of R21,2m was achieved for the 2022/2023 fy on a cash basis (excluding depreciation)			

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 1.2: Competent and motivated workforce achieving their performance targets

PURPOSE: To develop and sustain an employee competent culture

OBJECTIVE: *Sustaining Employee Competence and Culture*


Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for Over/Under Achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Competent and motivated workforce achieving their performance targets	Performance Management Agreements (PMA) signed	Signed Performance agreements	PMA's for all EXCO Management were signed by 30 November 2020. Final assessments were not concluded.	PMA's for all EXCO Management were signed for the 2021/22 financial year and the mid-year reviews have been done, but final assessments were not concluded.	Signed Performance agreements for all employees	PMA's for all employees were signed for the 2022/2023 fy			

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 1.3: Efficient and compliant operations and processes

PURPOSE: To develop and sustain compliance throughout Artscape

OBJECTIVE: *Effective and Sustainable Operations and good Governance*


Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for Over/Under Achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Efficient and compliant operations and processes	Unqualified audit and no material non-compliance or fraud events	Unqualified audit report with no material findings	For the 2019/2020 financial year Artscape received an Unqualified Audit outcome	For the 2020/2021 financial year Artscape received a Clean Audit outcome	Unqualified Audit Achieved (1 Annual Statutory Audit)	For the 2021/2022 financial year Artscape received a Clean Audit outcome			

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 1.4: To ensure that Artscape is a venue of choice

PURPOSE: To develop Artscape Brand

OBJECTIVE: To ensure that Artscape is a venue of choice


Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for Over/Under Achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Enhanced Artscape Brand	Communications and Marketing Strategy	Approved Annual Marketing Plan	The Communications and Marketing Strategy has been drafted and approval is pending	100% of targets achieved	Achieve Targets as per approved Annual Marketing Plan (100%)	100% of targets achieved			

PROGRAMME 1: ADMINISTRATION

SUB PROGRAMME 2.1: Diverse and Inclusive Programmes

PURPOSE: To facilitate Artscape Programmes that are Diverse and Inclusive

OBJECTIVE: Diverse Arts Programme



Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for over/under achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Annual arts programme that serves the entire community	Annual arts programme	Present annual arts programme	29 Productions and 3 festivals were presented during the 2020/2021 fy	33 Productions and 6 festivals were presented during the 2021/2022 financial year.	Present diverse arts programme through partnerships and/or funded programmes (physical or virtual) <ul style="list-style-type: none"> • 12 productions • 2 festivals 	26 Productions and 4 festivals were presented during the 2022/2023 fy		14 Productions 2 Festivals	Funding received from government enabled Artscape to present additional productions and festivals.

PROGRAMME 2: BUSINESS DEVELOPMENT

SUB PROGRAMME 2.2: Diverse Educational Programme

PURPOSE: To evolve Artscape's offering to include more Diverse and Inclusive Educational Programmes

OBJECTIVE: Diverse Educational Programme




Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for over/under achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Educational programme that serves the entire community	Diverse educational programme	Present educational programme	6 educational programmes were completed (4x setwork Q&A's and 2 x video series workshops)	6 educational programmes were presented	Present 4 educational programmes through partnerships and/or funded programmes (physical or virtual)	7 educational programmes were presented		3 Educational Programmes	With the securing of funding and then working with partners/producers we were able to present additional programmes
	Partnerships signed	Relevant quality Partnerships	Not applicable	Not applicable	Conclude 1 partnership	3 unique partnerships were concluded with the producers of the setwork productions		2 partnerships	

PROGRAMME 3: INFRASTRUCTURE

SUB PROGRAMME 3.1: Infrastructure Excellence

PURPOSE: To ensure that Artscape facilities are safe, functional and accessible to all.

OBJECTIVE: *Infrastructure Excellence*


Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for over/under achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Safe, functional, Universal Design facilities	All theatre goers to have an equal theatre going experience	No of Events (physical or virtual)	62	186	140	256		116	The relaxing and eventual removal of COVID-19 restrictions led to an increase in number of events taking place
		No of patrons	0	54 127	50 000	162 827		112 827	The removal of COVID-19 restrictions led to an increase in allowed attendance and also led to an increase in number of events taking place
		Approved Annual Maintenance Plan	87.5% of tasks completed as per the Annual Maintenance Plan	100% of tasks completed	Achieve tasks as per approved annual maintenance plan (100%)	100% of tasks completed			

PROGRAMME 3: INFRASTRUCTURE

SUB PROGRAMME 3.2: Leverage on Technology

PURPOSE: To develop and leverage on existing digital technology to promote digital engagements, interactions and ticketing.

OBJECTIVE: *Leverage on Technology*

Outcome	Output	Output Indicator	Audited Performance		Annual Target	Actual Performance	Achievement	Deviation From Planned Target	Reason for over/under achievement
			2020/2021	2021/2022	2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
Effective IT systems that supports all business operations	Efficient IT Systems	Approved Annual IT Plan	100% of tasks were completed as per the Annual IT Plan	87.5% of tasks were completed	Achieve targets as per approved IT plan (100%)	100% of tasks were completed			

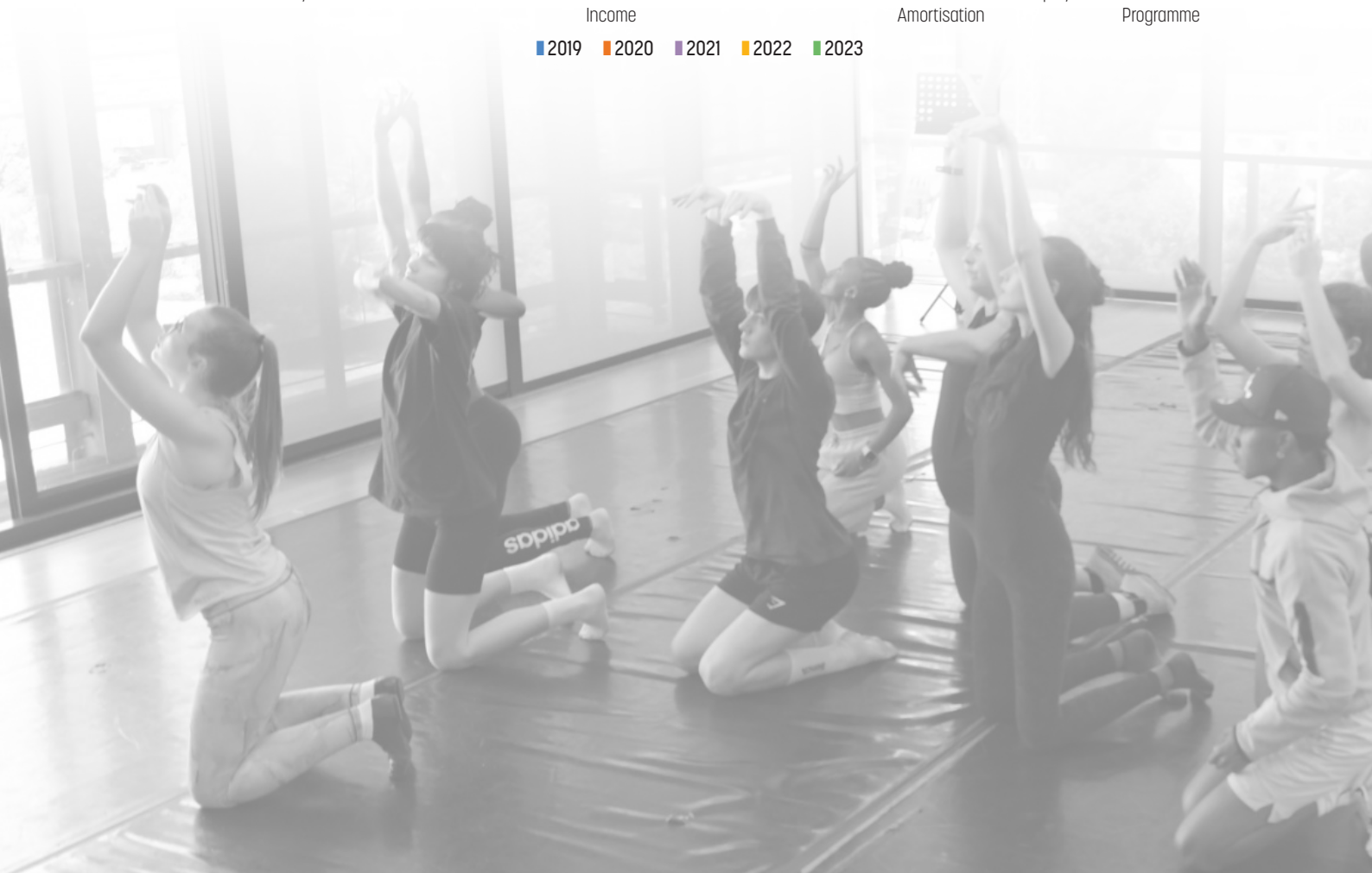
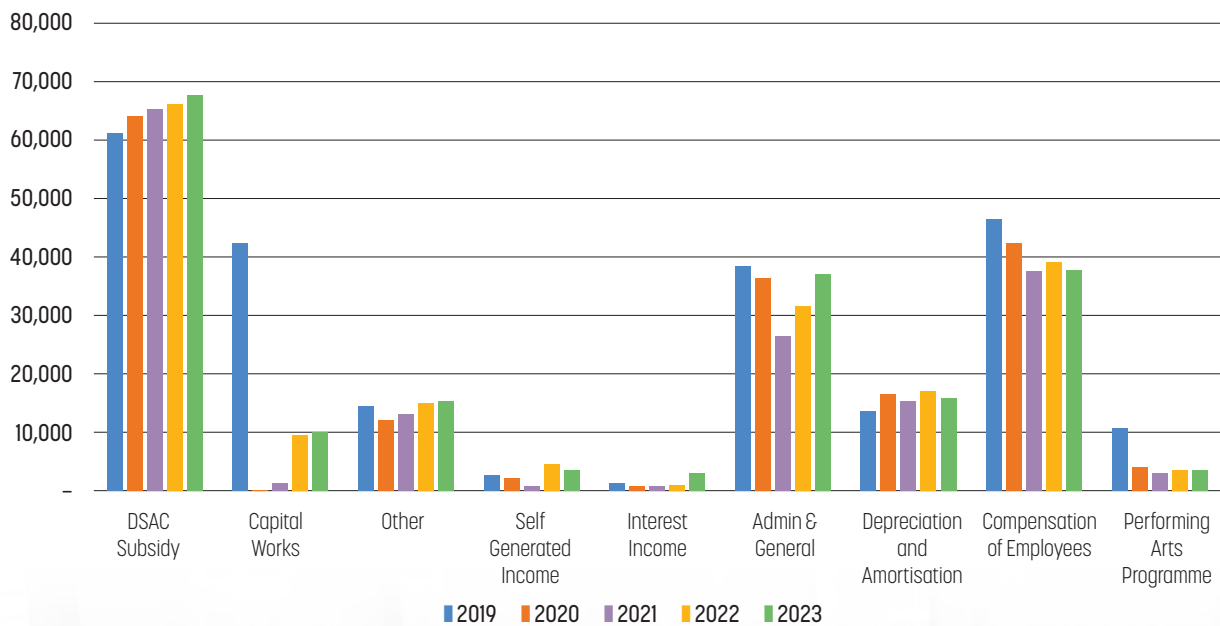
SUMMARY OF

FINANCIAL INFORMATION

OPERATING SURPLUS

An operating surplus of R5,2m (2022 surplus of R3,7m) was achieved for this financial year. The operating surplus is mainly the result of the managing of costs much more effectively through our turnaround strategy, a substantial increase in the venue rentals and interest income.

Clustered Performance 2019 - 2023



PROGRAMME EXPENDITURE

Programme/activity/objective	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R	R	R	R
Administration	100 811 000	80 870 445	19 940 555	91 422 000	80 224 641	11 197 359
Business development	3 812 000	3 471 906	340 094	3 781 000	3 469 589	311 411
Infrastructure	9 979 000	9 555 140	423 860	10 447 000	7 669 000	2 778 000
TOTAL	114 602 000	93 897 491	20 704 509	105 650 000	91 363 230	14 286 770

Due to cost containment measures, lower than inflation salary increase, and the non-filling of vacant positions resulted in Administration expenditure being below budget.

REVENUE COLLECTION

Sources of revenue	2022/2023			2021/2022		
	Budget	Actual amount collected	Over/(Under) Collection	Budget	Actual amount collected	Over/(Under) Collection
	R	R	R	R	R	R
Grants – Operational DSAC	67 478 000	67 478 000	-	65 849 000	65 849 000	-
Grants – Capital (DSAC)	10 385 000	9 870 598	-514 402	-	9 604 615	9 604 615
Grants – Incubator Programme (DSAC)	1 650 000	1 013 664	-636 336	1 781 000	1 187 656	-593 344
Grants – PGWC	-	247 340	247 340	-	491 402	491 402
Grants – City of Cape Town	2 000 000	2 028 683	28 683	2 000 000	2 000 000	-
Sponsorship – General	162 000	131 292	-30 708	-	121 339	121 339
Lease (Service-in-kind)	11 620 000	11 704 561	84 561	10 759 000	10 877 845	118 845
Venue rental	2 150 000	2 902 796	752 796	5 965 000	971 947	-4 993 053
Other operating revenue	906 000	670 963	-235 037	R996 000	3 457 501	2 461 501
Interest earned	750 000	2 872 002	2 122 002	1 800 000	1 083 170	-716 830
TOTAL	97 102 000	98 919 898	1 817 900	89 150 000	95 644 475	6 494 475

Due to the relaxation of the COVID-19 lockdown conditions, venue rental improved. Interest income improved due to higher interest rates and an improved cash flow position.

CAPITAL INVESTMENT

Infrastructure projects	2022/2023			2021/2022		
	Budget '000	Actual Expenditure '000	(Over)/Under Expenditure '000	Budget '000	Actual Expenditure '000	(Over)/Under Expenditure '000
Facilities Management	2 458	2 321	137	4 062	2 104	1 958
Streaming equipment				1 268	1 118	150
LED Lighting and Equipment				8 000	3 916	4 084
Stage Machinery Upgrade	4 500	90	4 410			
Audio Visual Equipment	5 000	3 135	1 865			
Upgrade IT Infrastructure	250	217	33			
Equipment	137	37	100			

Due to supply chain challenges, capital projects identified for the period under review could not be completed as initially planned. Some projects due to the nature thereof can only be implemented over multiple years. Completed projects include Facilities Management and Upgrade of IT infrastructure.

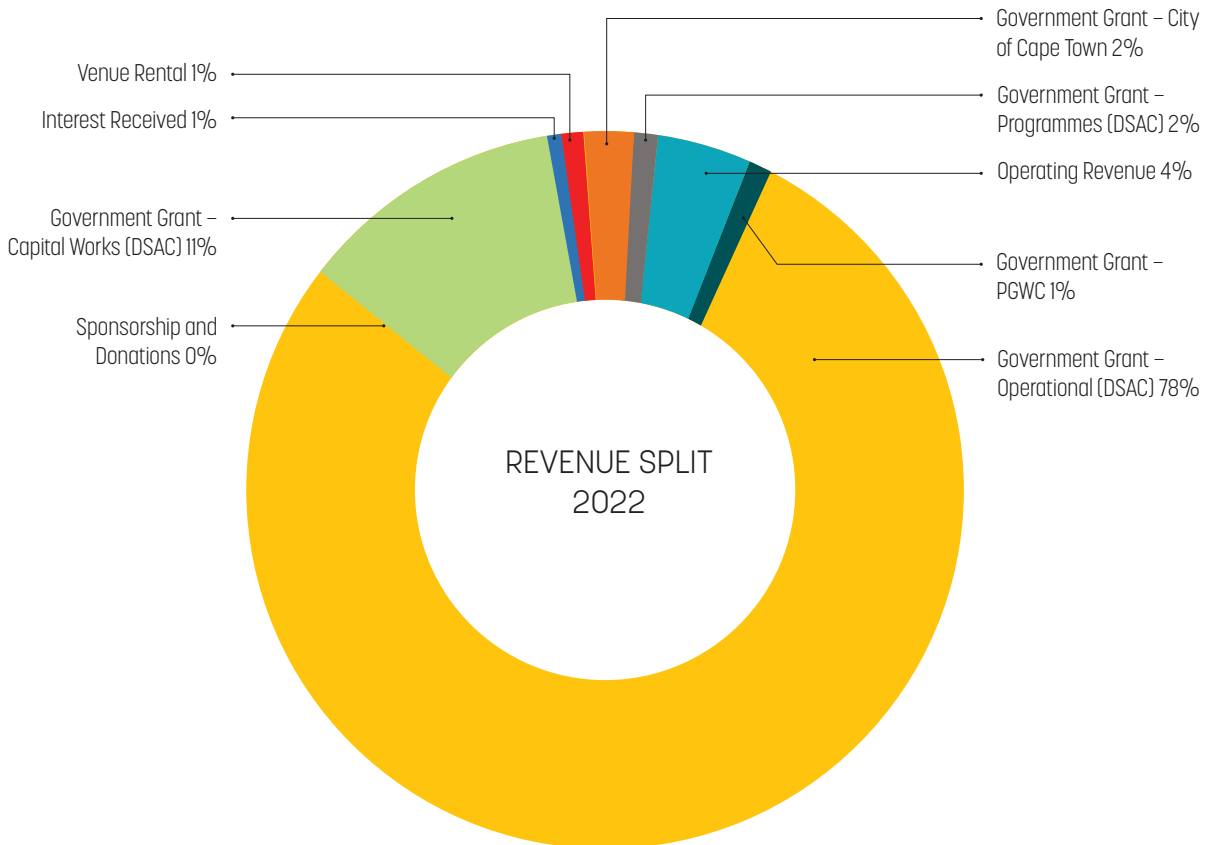
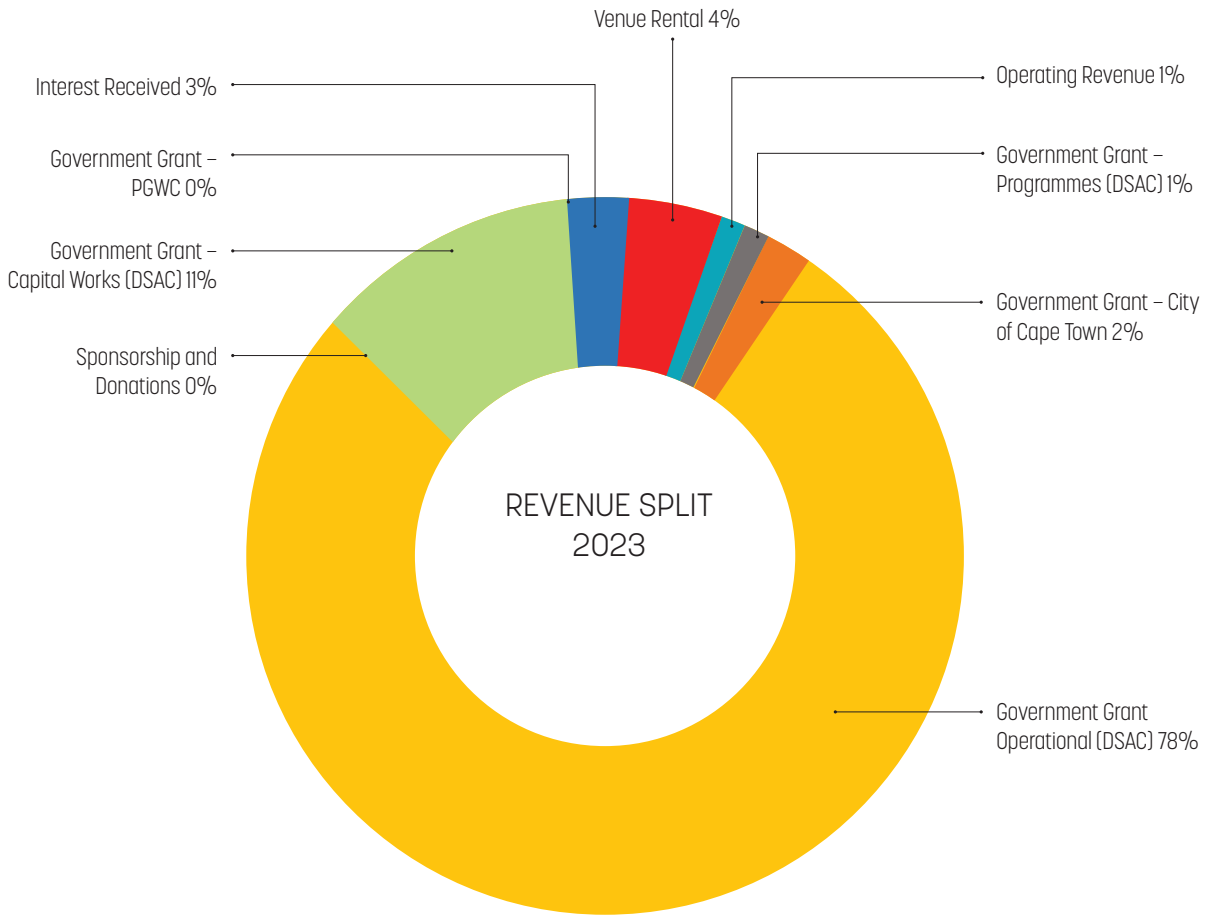
All facilities and venues are extensively used and as intended. Artscape therefore has a maintenance strategy which provides the structure within which to strategically manage the maintenance and to assist in managing optimization of the life cycle of Artscape assets in accordance with the business needs of the organisation. In addition, we have a MOA in place with the landlord, Provincial Government Western Cape who continues to meet its maintenance obligations.

Several assets had been written off during the period under review. These include vehicles and old equipment used in stage productions which no longer meets the technical expectations of clients. Vehicles were disposed of through an open bidding process whilst lighting and sound equipment were donated to community theatres.

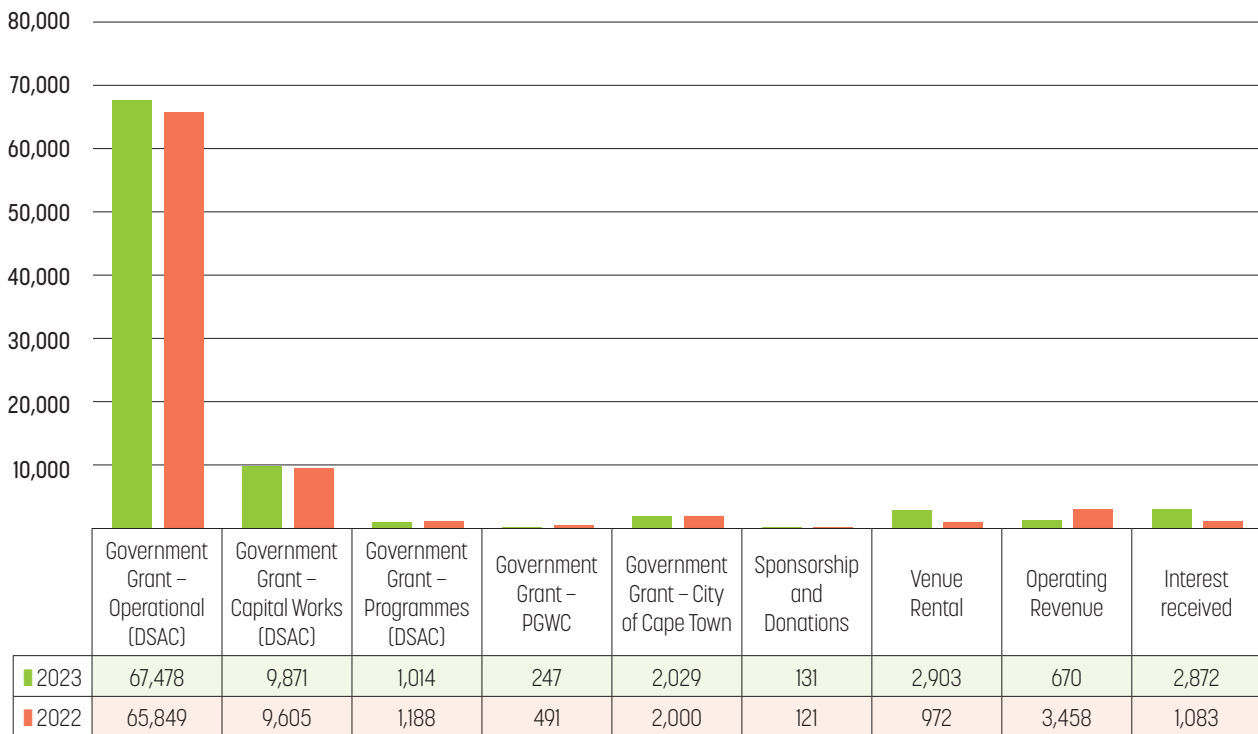
Artscape recognize and continually pursue best practices for the purpose of enhancing employee and public safety, maintenance projects undertaken, included the replacement of building elements original to the building which posed safety risks and not compliant with current building regulations.

Much of the assets are in a good condition. Approximately 10 % of movable assets are in a fair working condition and has been identified for replacement in the coming financial year 2024/2025 These include equipment used in stage productions including lighting and sound equipment. The general building is in good condition and approximately 10 % is in fair condition and requires attention. This include rehearsal facilities which are earmarked for refurbishment in the current financial year (2023/2024).

REVENUE



Revenue Comparison



Total revenue increased by 3,30% in 2023, from R95,6m to R98,9m, mainly due to a nominal increase in the Government operational grant. The annual grant from the Department of Sport, Arts and Culture (DSAC) increased by 2,5% from R65,8, m to R67,5m.

It should be noted that the insurance claim received for business interruption because of the COVID-19 pandemic, which was received in the previous financial year, was a once-off event and not repeated in the 2023 financial year. The total government grants for 2023 increased slightly by 2,6% from 2022 to 93% of total revenue (2022: 94%), while other operating income generated contributed 0,7% of total revenue. Other Government Grants utilised in the current year included R9,8m from DSAC for Capital Works, R1,0, m for the Incubator Programme and R2 m from the City of Cape Town.

Other operating revenue (Revenue from exchange transactions) increased by 17% from R5,5m to R6,4m, mainly because of the increase in venue rentals and Interest received (the once-off insurance claim for business interruption was received in 2022).

Interest revenue contributed 2,9% of total revenue. Interest received increased substantially from R1,1m to R2,9,m due to significantly higher interest rates and an improved cash flow.

OPERATING EXPENSES

A comparison between 2023 and 2022 shows an increase of R2,5 million in total expenses incurred.

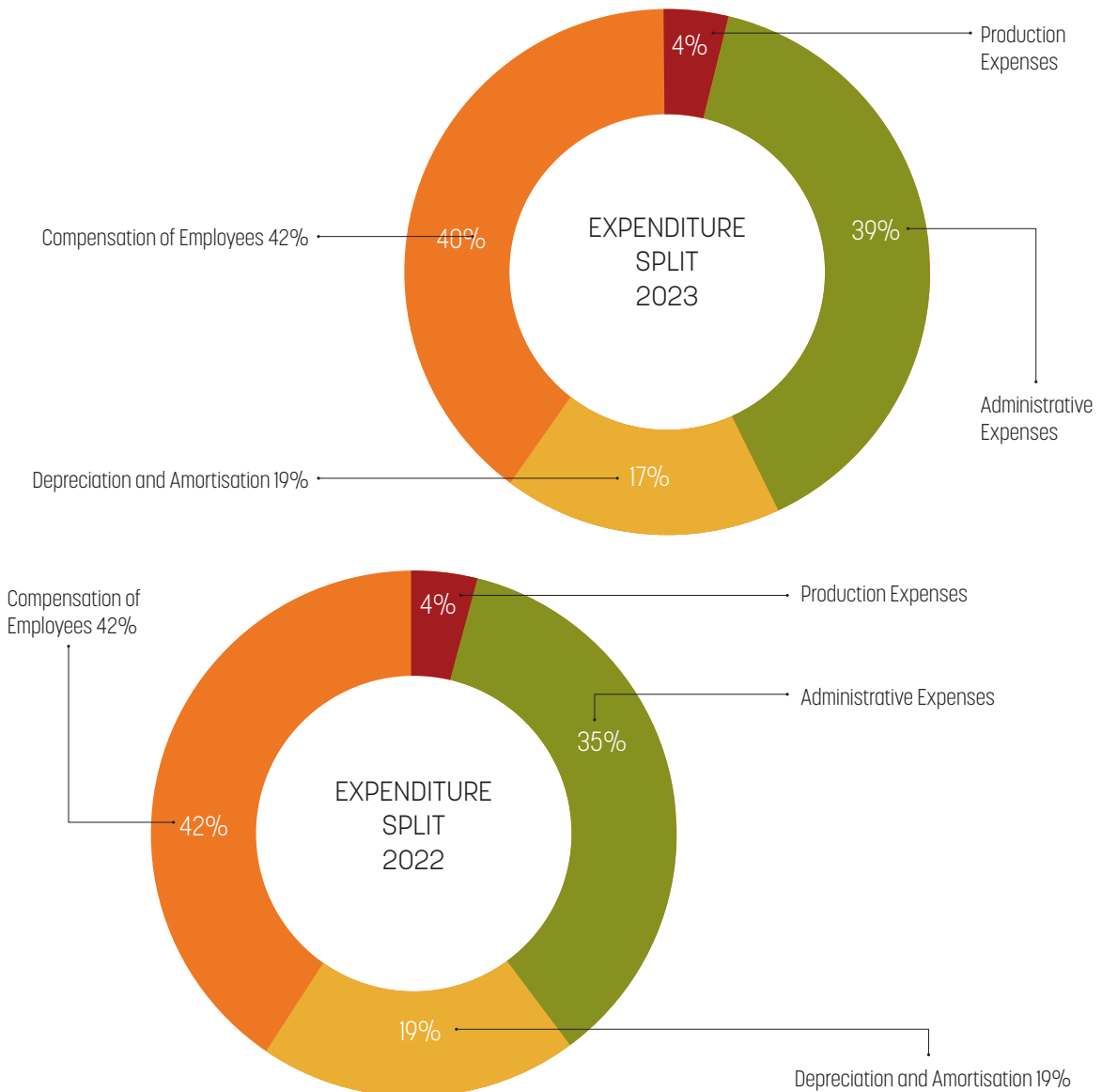
Administrative expenses (excluding amortisation and depreciation) increased from R32,5m to R37,0m in 2023.

Substantial changes include:

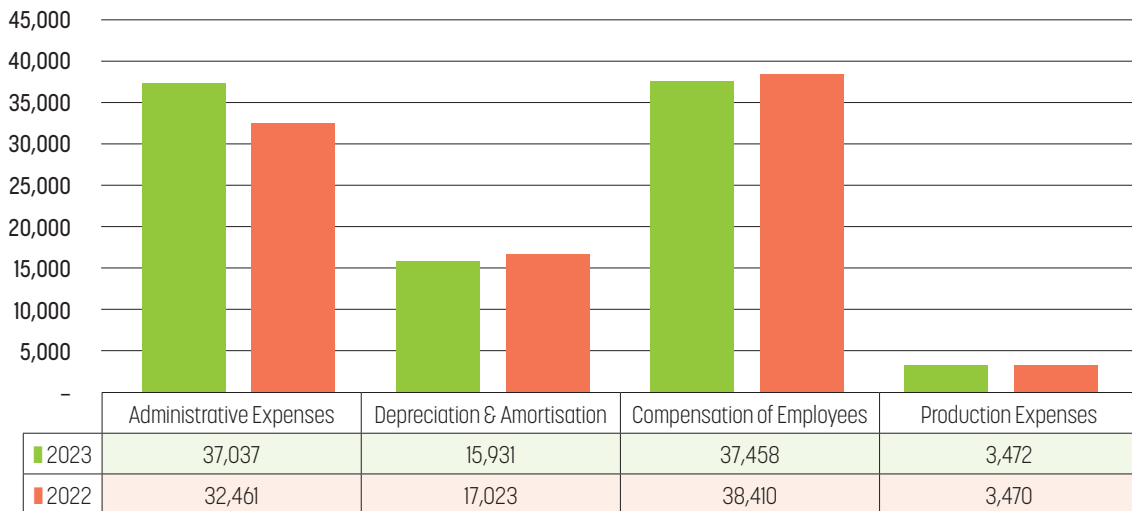
- Repairs and maintenance increased by 29% from R1,0m to R1,4m due to an increase in infrastructure facilities management project expenditure.
- Electricity and water consumption increased by R1,4 million from R6,1 m to R7,5 m due to the theatre being opened to a lot more productions during the current financial year as well as tariff increases.
- Transport related expenses increased from R469 089 in 2022 to R964 865 in 2023 due to an increase in activities because of the relaxation of the Covid-19 lockdown regulations.

Compensation of employees decreased by 2,5% from R38,4m to R37,5m. This was mainly because of a below inflation salary adjustment for the 2023 financial year, minimal overtime worked, and where positions became vacant, no replacements were appointed.

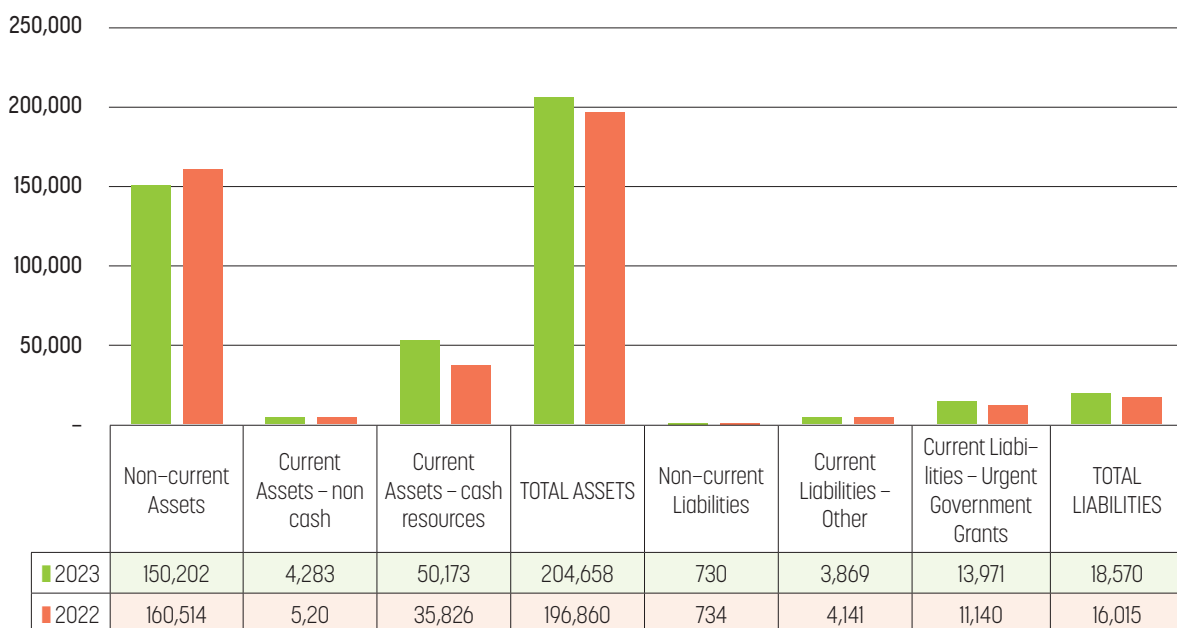
Production costs only increased by 0,1% to R3,5m.



Expenditure Comparison



Financial Position



The decrease in non-current assets is due to limited additions to property, plant and equipment and a significant depreciation charge of R15,9 m for the year.

The increase in trade and other receivables is due to the cancellation of a tender which resulted in the equipment being returned to the supplier. Artscape negotiated a 12-month repayment plan with the supplier who was unable to refund the full value of the transaction to Artscape. The last instalment is payable on 29 February 2024.

The increase in cash resources can be attributed to our turnaround strategy which improved cash flows and capital funding from DSAC. During the financial year under review several tenders were reissued due to a lack of interest from suppliers. This impacted the level of expenditure and cash outflow.

Non-current liabilities decreased slightly due to the reduction in the actuarial valuation of the post-retirement medical benefit from R734m in 2022 to R730m in 2023.

Current liabilities (other) decreased primarily due to a reduction in trade payables

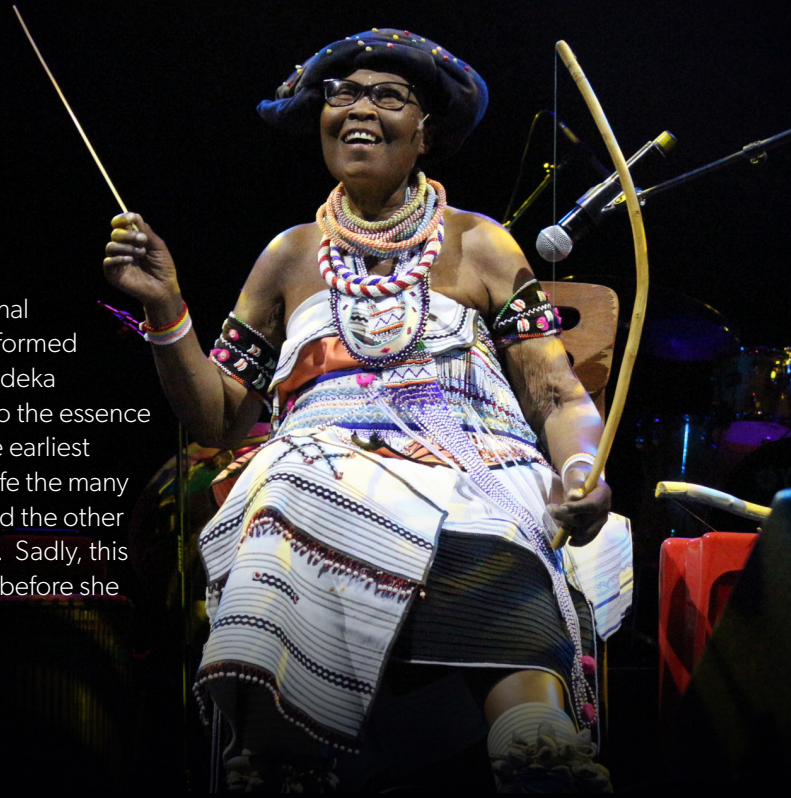
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PERFORMANCE INFORMATION

PRODUCTIONS & EVENTS

Heritage Month

The matriarch of indigenous music and traditional instruments, Dr Madosini Latozi Mpahleni, performed at Artscape's Heritage Concert alongside Thandeka Mfinyongo. The concert took patrons deep into the essence of indigenous music that represent some of the earliest roots of jazz in Africa. The concert brought to life the many indigenous instruments played by Madosini and the other musicians. This was a truly moving experience. Sadly, this concert was the last performance by Madosini before she passed away in December 2022.



Women's Month

The 16th edition of the Artscape Women Humanities Arts Festival took place from 3 to 27 August 2022, with a series of stage productions, book launches, a film screening, among other things. There were also a number of festivities on Women's Day, August 9, with a **Circle of Care** at the centre of the festival in solidarity with all victims of the COVID pandemic, and those affected by gender-based violence.





ArtsAbility

Artists With Disabilities took centre stage at the Artscape Artsability Festival, a celebration of disability and arts through diverse forms of expression. Now in its 8th year it sought to engender an innovative, creative space of exciting, heartfelt performances for disabled and able-bodied artists and performers. Staying true to the theme Disability, Dance and Diversity, Artscape along with the Unmute Dance Company, partnered with guest productions from abroad including Diversity in Dance UK, and Sensorium EX, to bring fresh, new performances for audiences to revel and immerse themselves.

The Sensorium Ex opera explores the intersections of disability and technology. The work is centered on the nature of voice beyond language, and how to creatively explore and express forms of non-speaking or non-typical patterns of speech and voice in opera. Sensorium Ex is a work by composer Paola Prestini, librettist/poet Brenda Shaughnessy, and choreographer Jerron Herman. Artscape was chosen to partner on this exciting work and to be the host for the first of a series of workshops and auditions to cast the groundbreaking Opera. An extended excerpt of the Sensorium Ex opera was showcased as part of the Artscape Artsability Festival.





GOVERNANCE





■ INTRODUCTION

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

Parliament, the Executive Authority and the Accounting Authority of Artscape are responsible for corporate governance. Artscape's Council, appointed by the Minister of Sport, Arts & Culture, acts as the accounting authority in terms of the Public Finance Management Act.

PORTFOLIO COMMITTEE

No meetings between the Portfolio Committee and Artscape took place during the year under review.

EXECUTIVE AUTHORITY

The Minister of Sport, Arts & Culture is the Executive Authority of Artscape. Quarterly reports are submitted through DSAC to the Executive Authority. No major issues have been brought to the attention of the Executive Authority.

THE ACCOUNTING AUTHORITY

The Artscape Council continued their commitment to the principles of good corporate governance as prescribed by the King IV Report, and constantly strive for the highest standards of professionalism, integrity and ethics. Council is satisfied that the institution has applied adequate corporate practices of transparency, integrity and accountability for the year.

Council conducted a strategic workshop in August 2022 and agreed on a strategy for Artscape. Council met 5 times during the review period and has reviewed systems of internal control, risk management, budgets and strategic plans to maximise efficiencies in fulfilling its statutory mandate.

Council continued its risk management oversight through the Audit and Risk Committee. The Social Ethics and Human Resources Committee continued to monitor employee-related policies and practices and reported to Council on its work and functioning. The overall staff demographics have shown a positive advance towards targets. This Committee continued to monitor adherence to the entity's Transformation Strategy.

During the current year, the following reports were submitted to the Department of Sport, Arts & Culture

- Annual Performance Plan 2023/2024
- Quarterly Reports for the quarters ending June 2022, September 2022, December 2022 and March 2023

The Chairperson signed the Shareholder's Compact for 2022/2023 with the Minister of Sport, Arts & Culture on 10 March 2022.

The Minister of The Department of Sport, Arts and Culture is the Executive Authority. Quarterly reports are submitted through DSAC to the Executive authority. No major issues have been raised.

The Council is the accounting authority of the entity. The Council constitutes the fundamental base for the application of corporate governance principles in the entity and the entity is headed by and controlled by an effective and efficient Council, comprising of mostly non-executive directors representing the necessary skills to strategically guide the public entity. The Council has an absolute responsibility for the performance of the public entity and is fully accountable to the entity for such performance. The Council also gives strategic direction to the entity.

COUNCIL CHARTER

The role of the Council is stipulated in its Charter and includes inter alia the following:

- Absolute responsibility for the performance of the public entity
- Full and effective control over the public entity
- Ensuring that the public entity complies with applicable laws, regulations, and government policy
- Formulating, monitoring, reviewing corporate strategy, major plans of action, risk policy, annual budgets, and business plans
- Ensuring that the shareholders' performance objectives are achieved
- Managing potential conflicts of interest
- Attend Council and Council committee meetings
- Ensuring that financial statements are prepared
- Appraising the performance of the CEO
- Maintaining integrity, responsibility, and accountability

COUNCIL MEMBERS' MEETING ATTENDANCE

The following non-executive Council members, appointed by the Minister of Arts & Culture on 9 December 2020, were in office on 31 March 2023

COUNCIL MEETINGS

Member	Qualification	External / Internal	Date appointed	Date resigned	Number of meetings attended
Rajesh Jock (Chairperson)	Masters of Philosophy Postgraduate Higher Diploma in Company Law Postgraduate Diploma: Marketing Management Bachelor of Commerce	External	9 Dec 2020	Still on Council	4 of 5
Xoliswa N	B.Soc.Science Marketing Management Public Relations, Damelin Strategic Marketing Thinking and Planning Strategically Municipal Executive Financial Management	External	9 Dec 2020	Still on Council	3 of 5
Karen Meiring	BA Drama (Honours) Postgraduate Diploma in Advanced Theatre Studies	External	9 Dec 2020	Still on Council	3 of 5
Jerry Pooe	BA Degree – Drama And Social Anthropology Theatre Arts Certificate	External	9 Dec 2020	Still on Council	3 of 5
Philip van Ryneveld	BA (Hons) in Politics, Philosophy and Economics MA in Development Studies	External	9 Dec 2020	Still on Council	5 of 5
Ndileka Manana	Bcom Post Graduate Diploma in Business Management	External	9 Dec 2020	Still on Council	5 of 5
Mongezi Menye	Master of Philosophy (MPhil) degree in Conflict, Transformation and Management Bachelor of Law (B. Juris) degree	External	9 Dec 2020	Still on Council	5 of 5

SOCIAL ETHICS AND HUMAN RESOURCES COMMITTEE MEETINGS

Member	Number of Meetings	Number of Meetings attended
Ms Xoliswa Nduneni–Ngema (Chairperson)	4	3
Ms Karen Meiring	4	4
Mr Jerry Poe	4	3

AUDIT & RISK COMMITTEE MEETINGS

Member	Number of Meetings	Number of Meetings attended
Mr Philip van Ryneveld (Chairperson)	5	5
Ms Ndileka Manana	5	5
Mr Mongezi Menye	5	5
Ms Crystal Abdoll (external member)	5	5
Mr Richard Rhoda (external member)	5	5

REMUNERATION OF COUNCIL MEMBERS

Artscape is a schedule 3A National Public Entity, subject to the Public Finance Management Act and Treasury regulations.

In terms of Treasury Regulation 20.2.2, National Treasury determines the maximum remuneration tariffs of non-official members. Official members, i.e. employees of National, Provincial and Local Government and Entities of Government serving on Councils or Committees are not entitled to additional remuneration. Artscape is classified as a Category E2 Public Entity.

In terms of Chapter 3, paragraph 3.1.6 of Treasury Regulations, these remuneration tariffs are also applicable to Audit Committee members who are not in the full-time employment of the State.

Rates payable per official meeting attended:

	Meeting rate	Comment
Chairperson	R 4 218	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Vice-Chairperson	R 2 880	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R 2 616 R 3 484 (out of town)	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

Members of committees, other than the audit committee are remunerated on the same basis as council members. Committee and Council members are paid a preparation rate which is equivalent to the meeting rate.

Remuneration of Audit Committee Members payable per official meeting attended:

	Daily Rate	Comment
Chairperson	R 6 480	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R 3 924	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

REMUNERATION OF COUNCIL AND COMMITTEE MEMBERS

Emoluments of Non-Executive Management and Members of Accounting Authority/Committee

Council Members:	2023	2022
Mr R Jock – (Chairperson)	33 744	48 507
Ms N Manana	15 696	19 620
Ms X Nduneni–Ngema (employed by JHB Theatre, City of JHB – no fee payable)	–	–
Ms K Meiring	10 464	19 620
Mr M Menye	15 696	23 544
Mr J Pooe	7 848	13 514
Mr P van Ryneveld	20 928	27 468
Ms C Abdoll (ARC member attending special Council meetings)	9 156	–
Mr R Rhoda (ARC member attending special Council meeting)	3 924	–
	117 456	152 273

Audit and Risk Committee Members:

Mr P van Ryneveld (Chairperson)	32 400	32 400
Ms N Manana	19 620	19 620
Mr M Menye	26 100	22 176
Ms C Abdoll	19 620	23 544
Mr R Rhoda	19 620	24 852
	117 360	122 592

Social Ethics and Human Resources Committee Members:

Ms X Nduneni–Ngema (Chairperson)(employed by JHB Theatre, City of JHB – no fee payable)	–	–
Ms K Meiring	10 464	10 464
Mr J Pooe	7 848	10 464
	18 312	20 928

Total emoluments of Council and Committees

253 128	295 793
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RISK MANAGEMENT

Artscape annually conducts a risk management workshop. This workshop is attended by management and key members of staff.

Once all pertinent risks have been identified each risk is assessed in terms of its impact on achieving the business objectives as well as the likelihood of the risk occurring. This is done on an inherent risk basis, i.e. before considering existing systems, processes, controls and people in place to manage the risk. The outcomes of the risk management workshop are presented to the Audit and Risk Committee and form the basis for the internal audit coverage plan.

Management ensures that existing controls and processes are in place to sufficiently address risks and will implement specific action plans to manage the residual risk exposure to an acceptable level. The Audit and Risk Committee as well as the Council may wish to include/incorporate additional risks if deemed necessary.

The risk register is updated on a quarterly basis. Furthermore, Artscape has embarked on a process to develop a Combined Assurance Plan and a Business Continuity Plan.

INTERNAL CONTROL UNIT

Artscape has limited resources and the size of the organisation does not justify having an internal control unit. Internal control is a responsibility for each individual manager. We have policies and procedures which are used to prescribe internal controls and the policies are reviewed on a regular basis to ensure they are up to date in terms of laws and regulations. Management also uses the findings of the auditors to improve and strengthen internal controls.

The management of Artscape monitors compliance to internal policies and procedures.

Audit and Risk Committee Responsibility

The Audit and Risk Committee is mandated by Council to provide the necessary oversight to ensure that the governance, risk management and control environment is sound and effective through the processes facilitated by management and the assurance obtained by internal and external audit.

- The Committee's duties and responsibilities are in line with King IV and are stipulated in the Terms of Reference of the committee. It inter alia includes the following:
- Approving the Internal Audit Plan
- Reviewing and evaluating internal audit reports and actions taken by management
- Evaluating the overall performance of the internal audit function
- Reviewing the external audit strategy and engagement letter
- Reviewing the external audit report and management report
- Monitoring the relationship between the external and internal assurance providers and the entity and assessing the effectiveness of the combined assurance model
- Reviewing the effectiveness of internal control systems specifically financial controls
- Reviewing and proposing for approval to the Council, operational and capital budgets
- Reviewing and recommending to Council the approval of annual financial statements
- Reviewing the quarterly performance information against key performance indicators
- Overseeing the risk management framework and overseeing management's implementation of controls and actions to reduce the risks to acceptable levels and specifically evaluate the effectiveness of mitigating strategies to address the material risks of the entity
- Overseeing the Information Technology Strategy and Implementation Plan of the entity and consider quarterly IT Progress Reports
- Reviewing the entity's compliance with legal and regulatory provisions including Supply Chain Management legislation

The report of this committee appears on page 51 of the Annual Report.

Compliance with laws and regulations

Artscape, the Council and all members of staff are required to comply with the principles of good corporate governance and all laws and regulations. Management reports on a quarterly basis on compliance with laws and regulations. The PFMA checklist is compiled, and any non-compliance is reported to Council and its subcommittees.

The Auditor-General has not reported any significant or material non-compliance with prescribed policies and procedures and laws. However, a material non-compliance with Preferential Procurement Regulations 2022 was identified. This weakness has been identified and addressed during the course of the 2023/2024 financial year.

FRAUD AND CORRUPTION

Artscape has a fraud prevention plan and strategy based on prevention, detection, response and investigation and a Fraud Prevention Committee.

Staff guilty of misconduct are disciplined in term of Artscape's disciplinary code. All disciplinary matters are reported to Council's Human Resources Committee and included in the Annual Report (see page 58).

The Audit and Risk Committee also considers fraud at each quarterly meeting.

Minimising conflict of interest

All staff members are required to make annual declarations of financial interests to manage conflict of interest.

Council and external Audit and Risk Committee members are also required to submit annual declarations of interest and to declare their possible interests at every meeting.

Code of conduct

A code of conduct is in place for all staff members. Non-compliance will result in staff being subjected to the disciplinary code and procedure.

Artscape also has a code of conduct for Council members, which is included in the Council Charter.

Health, safety and environmental issues

In order to ensure safety on stage, all producers together with venue staff are required to conduct Production Risks Assessments to mitigate risks associated with productions. In addition, Artscape provides all the hirers with a copy of the theatre rules and regulations as part of the venue rental agreement.

As part of the building and renovation projects, an outside health, safety environmental company was appointed as consultants to ensure that health, safety and environmental requirements are considered and adhered to.

Company Secretary

The Company Secretary is responsible for ensuring the proper compilation and timely circulation of Council documents and accurate recording of meetings and resolutions. She assists the Council and its committees with drafting of annual work plans and provides Council members collectively and individually with guidance as to their duties, responsibilities and powers. The Company Secretary has a key role to play in ensuring that Council procedures are both followed and regularly reviewed and that Council members are aware of any law relevant to or affecting the entity.

Social responsibility

Artscape has an internship programme to provide on-the-job training and the success of these is a result of Artscape's partnership with like-minded entities in the youth development and job creation agenda. In addition to this Artscape also has international exchange programmes which has given artists in the province as well as Artscape employees life changing international exposure.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Artscape's Supply Chain Management process ensures that the entity enforced the preference points system and thus provided the platform to implement its socio-economic objectives at correcting the imbalances of the past. Artscape's policy is intended to address the Preferential Procurement Policy Framework Act (PPPFA) objectives. Artscape has recently been verified and is non-compliant but is addressing this issue and working towards compliance in the future.

Artscape has continued to provide a platform to empower artists and performers from all walks of life.

B-BBEE Compliance Performance Information in Terms of Section 13(G)(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as Amended by Act 46 of 2013

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable to Artscape
Developing and implementing a preferential procurement policy?	No	The Preferential Procurement requirements were included in the SCM Policy which Artscape had in place. However, Artscape needs to incorporate the changes as required by the implementation of the PPR 2022.
Determining qualification criteria for the sale of state-owned enterprises?	No	This is not applicable to Artscape.
Developing criteria for entering into partnerships with the private sector?	No	This is not applicable to Artscape.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	This is not applicable to Artscape.



AUDIT AND RISK COMMITTEE REPORT

Members and Attendance

The Audit and Risk Committee (the Committee) consists of the members listed hereunder and meets at least twice per annum as required by the Public Finance Management Act and as per its approved terms of reference. Five meetings were held during the 2022/2023 financial year.

Member	Qualification	External / Internal	Date appointed	Date resigned	Number of meetings attended
Philip van Ryneveld (Chairperson)	BA (Hons) in Politics, Philosophy and Economics at Oxford University, United Kingdom (Rhodes Scholar) MA in Development Studies, The Netherlands (World Council of Churches scholar)	External	20 Jan 2021	Still on committee	5
Ndileka Manana	Bcom (UDW), Post Graduate Diploma in Business Management (University Of Natal)	External	20 Jan 2021	Still on committee	5
Mongezi Menye	Master of Philosophy (MPhil) degree in Conflict, Transformation and Management Bachelor of Law (B. Juris) degree	External	20 Jan 2021	Still on committee	5
Crystal Abdoll	CA(SA) Certified Internal Auditor (CIA) Certificate in the Theory of Accounting B Compt Hons, B Com	External	9 April 2021	Still on committee	5
Richard Rhoda	CTA: CA(SA)	External	9 April 2021	Still on committee	5

Audit and Risk Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1.10. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Risk Management

The Audit & Risk Committee ensured that risks identified through the risk management workshop which was facilitated by Internal Audit for managers, are continuously monitored and that the risk register is updated on a regular basis.

Internal Audit

The internal audit function is outsourced to Nexia SAB&T. Through its reports, Internal Audit makes recommendations to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with Artscape and its activities. The Audit and Risk Committee has reviewed and approved the internal audit charter and the audit coverage plans for the year ended 31 March 2023. Internal audit reports were presented to the committee during the year under review.

The following internal audit reviews were approved by the Audit and Risk Committee and completed by Internal Audit during the financial year:

- (1) Risk Management Policy
- (2) Review of Risk Appetite and Risk Tolerance Levels
- (3) Ethics
- (4) Asset Management Maintenance
- (5) IT Network Vulnerability Assessment
- (6) Supply Chain Management
- (7) Follow-up of previous Internal Audits

The areas for improvement, as noted by Internal Audit during the performance of their work, were agreed to by management. The Audit and Risk Committee monitors the implementation of the agreed actions on a quarterly basis.

The Effectiveness of Internal Control

Some financial controls have been found to be ineffective with regards to the preparation of the Financial Statements. Internal Audit found that the controls in the areas of SCM, IT Network and Maintenance of assets require improvement. Artscape reviews the internal audit and external audit recommendations and implements these.

Business Continuity Management was also found to be ineffective, and a service provider has been engaged to provide the necessary plans for implementation. This should be finalised during the 2023/2024 financial year.

The Quality of Quarterly Reports

Quarterly reports on performance information and Artscape's finances are presented and reported at Committee meetings. The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the institution during the year under review.

Compliance

The Audit and Risk Committee reviewed the entity's compliance with legal and regulatory provisions on a quarterly basis. The Auditor-General has identified some compliance weaknesses. Management will review its current compliance management processes and introduce improvements as required.

Fraud and corruption

The committee considers fraud on a quarterly basis. Two incidences of fraud were reported by management during the year under review.

Disciplinary action was instituted.

Focus areas for 2023 –2024 financial year

The Audit and Risk Committee has identified the following focus areas for the year ahead:

1. High level review of the financial controls
2. IT Vendor Management Review
3. Review the adequacy and effectiveness of processes to manage the appointment and termination of ad hoc employees
4. Network Security Management Review

Auditor's Reports

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

Evaluation of Financial Statements and Predetermined Objectives

The Committee has reviewed the:

- Audited annual financial statements to be included in the annual report;
- Report on predetermined objectives to be included in the annual report;
- AGSA management letter and management's response; and
- Report of the Auditor-General for the year ended 31 March 2023.

The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

MR PHILIP VAN RYNEVELD

Chairperson of the Audit & Risk Committee

Artscape
31 July 2023





HUMAN RESOURCE MANAGEMENT





■ INTRODUCTION

Artscape understands that its human capital is the hidden centre of competitive advantage where sustainable and unmatched value is created. Artscape, as a service centred establishment relies on the competency of its staff to achieve its core mandate. It is with this in mind, that the key focus areas were the cultivation of a high-performance culture, skills development, employee wellness, youth development and job creation as well as fairness and justice.

To strive towards sustainable results for the organisation, the Artscape Social Ethics, Human Resource Committee (SEHRC) meets on a quarterly basis to provide oversight over human resource management at the public entity.

The key highlights of the past financial year include:

- Performance Management – the performance management system was rolled out throughout the company with all employees having signed performance management agreements.
- Skills development – Whilst working under tight budgets, Artscape continued in its efforts to ensure continued staff development through a training plan that is linked to performance assessments outcomes. A training plan that is linked to business needs, business unit need and personal development plans ensured that training at Artscape is for impact, not a mere activity. Due to limited financial resources, critical training was prioritised and more inhouse training initiated.
- Staff redeployment – the negative impact of COVID-19 was still felt by the entity and Artscape continued to put more efforts into retaining staff by redeploying some of them in areas that lacked capacity instead of retrenchment.
- Staff Wellness – Remained a critical focus of Artscape with the employee wellness service provider offering services to employees and their immediate family members.
- Youth development and job creation – Artscape continued to be actively involved in the youth development and job creation initiatives in the form of internships and international exchange programmes.
- A conducive work environment and zero tolerance to harassment – Informed by the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace in terms of the Employment Equity Act (EEA) which became effective on 18 March 2022, repealing the Amended Code of Good Practice on the Handling of Sexual Harassment Cases in the Workplace, Artscape affirmed its zero tolerance to any form of harassment in the workplace by updating its sexual harassment policy in alignment with the new Code of Good Practice on Prevention and Elimination of Harassment in the Workplace. This was followed by robust workshops to sensitize employees on the policy and Artscape's position.

The key challenges of the past year included amongst others;

- Work overload – To save jobs during COVID 19, employees had to be redeployed, vacant post were put on hold and redeployed employees absorbed more responsibilities. As the theatre slowly opened up and became busy, the pressure of added responsibilities became more prominent.
- Inability to conduct team building exercises – due to financial constraints and regulatory constraints, the entity could not conduct any meaningful team building exercise. These are crucial, especially after an emotional draining period such as the COVID-19. For reintegration and reigniting of the energies and focus, team building exercise would have been of value.
- Lack of performance incentives – Whilst employees pushed beyond boundaries, the entity could not offer incentives to employees in recognition of their efforts.

Artscape's future goals include the following:

- Review of business capacity and filling of critical posts
- Enhancing a high-performance culture
- Skills development
- Youth development and job creation
- Employee wellness

HUMAN RESOURCE

OVERSIGHT STATISTICS

Human Resources Management

As at 31 March 2023 Artscape employed 78 (2022: 75) persons on a permanent basis and 10 (2022: 11) persons on a long-term basis. Depending on operational requirements, additional staff is appointed on a part-time or casual basis.

Personnel Cost by programme/activity/objective:

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	6 581	18%	4	1 645
Senior Management	4 408	12%	4	1 102
Professional qualified	7 034	19%	12	586
Skilled	14 184	38%	46	308
Semi-skilled	3 798	11%	19	199
Unskilled	515	2%	3	171
TOTAL	36 520	100%	88	415

* excludes overtime

Performance Rewards

There were no performance rewards in this financial year.

Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Risk Management Workshop		R 17 000		20	R 850
Artscape Staff Engagement Workshop		R 24 000		97	R 247

Due to the financial budget constraints and the effects of the pandemic, most training initiatives was done in-house which did not have a financial cost to it. All efforts are being made to conduct all critical needs training within the new financial year.

Employment and vacancies

Programme//activity/objective	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 Vacancies	% of vacancies
Top Management	6	6	0	0%
Senior Management	4	5	1	20%
Professional qualified	11	15	4	27%
Skilled	41	63	22	35%
Semi-skilled	11	19	8	42%
Unskilled	5	6	1	17%
TOTAL	78	114	36	32%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	6	0	0	6
Senior Management	4	0	0	4
Professional qualified	11	0	0	11
Skilled	45	1	7	39
Semi-skilled	15	0	2	13
Unskilled	5	0	0	5
Total	86	1	9	78

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	2	22,2%
Resignation	3	33,3%
Dismissal	1	11,1%
Retirement	2	22,2%
Ill Health	0	0,00%
Expiry of contract	1	11,1%
Other	0	0,0%
TOTAL	9	100%

Artscape has very few resignations, hence its staff turnover in general is very low. The resignations were due to employees getting better offers in the private sector.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	3
Final Written warning	3
Dismissal	1

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	3	2	0	0	0	0
Senior Management	0	1	1	2	0	0	0	0
Professional qualified	0	2	6	8	0	1	1	1
Skilled	5	6	18	23	0	0	2	4
Semi-skilled	1	1	4	6	0	0	0	0
Unskilled	1	1	3	3	0	0	0	0
TOTAL	8	12	35	44	0	1	3	5

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	1	2	0	0	1	1
Senior Management	1	1	2	1	0	1	0	0
Professional qualified	0	2	3	3	0	0	1	1
Skilled	3	3	10	9	0	0	3	3
Semi-skilled	2	3	3	5	0	0	1	1
Unskilled	0	1	1	1	0	0	0	0
TOTAL	6	11	20	21	0	1	6	6

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management			1	
Senior Management				
Professional qualified				
Skilled				
Semi-skilled	1		1	1
Unskilled				
TOTAL	1		2	1

Artscape, having the majority of its employees being from previously disadvantaged backgrounds, is experiencing a low staff turnover rate, which in turn means that the pace of achieving the targets are not at the anticipated speed. The entity has also taken a position that it will follow a natural attrition stance when it comes to achieving employment equity targets, rather than the process of retrenchments. With the challenges that came with COVID-19 and funding challenges, some posts had to be put on hold. The entity and the industry are not considered as best paying employers and therefore lose staff to the private sector, thereby denting the workforce profile. Artscape, however, is focussed and putting all necessary efforts to ensure the achievement of its targets.

COMPLIANCE REPORT







COMPLIANCE REPORT

1. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

1.1 Irregular Expenditure

(a) Reconciliation of Irregular Expenditure

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Opening Balance	0	0
Add: Irregular Expenditure Confirmed	3 734	0
Less Irregular Expenditure Condoned	0	0
Less: Irregular expenditure not condoned and removed:	0	0
Less: Irregular Expenditure recoverable	0	0
Less: Irregular Expenditure not recovered and written off	0	0
Closing Balance	3 734	0

Reconciling Notes

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure that was under assessment in 2021/2022	0	0
Irregular expenditure that relates to 2021/2022 and identified in 2022/2023	0	0
Irregular expenditure for the current year	3 734	0
Total	3 734	0

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

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure under assessment	196 307	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	196 307	0

(c) Details of current and previous year irregular expenditure condoned

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure condoned	0	0
Total	0	0

(d) Details of current and previous year irregular expenditure removed (not condoned)

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

(e) Details of current and previous year irregular expenditure recovered

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure recovered	0	0
Total	0	0

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

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Irregular expenditure written off	0	0
Total	0	0

Additional Disclosure relating to inter-institutional arrangements

(g) Details of non-compliance cases where an institution is involved in inter-institutional arrangement (where such institution is not responsible for the non-compliance)

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Nil	0	0
Total	0	0

(h) Details of non-compliance cases where an institution is involved in inter-institutional arrangement (where such institution is responsible for the non-compliance)

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Nil	0	0
Total	0	0

(i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

	<u>2022/23</u>	<u>2021/22</u>
Disciplinary steps taken	R	R

Staff members who were responsible for the irregular expenditure have been disciplined and corrective action has been taken to address the control weaknesses

1.2 Fruitless and Wasteful Expenditure

(a) Reconciliation of Fruitless and Wasteful Expenditure

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Opening Balance	0	0
Add: Fruitless and Wasteful Expenditure Confirmed	0	0
Less: Fruitless and Wasteful Expenditure written off	0	0
Less: Fruitless and Wasteful Expenditure recoverable	0	0
Closing Balance	0	0

Reconciling Notes

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Fruitless and Wasteful Expenditure that was under assessment in 2021/2022	0	0
Fruitless and Wasteful Expenditure that relates to 2021/2022 and identified in 2022/2023	0	0
Fruitless and Wasteful Expenditure for the current year	0	0
Total	0	0

(b) Details of current and previous year Fruitless and Wasteful Expenditure (under assessment, determination and investigation)

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Fruitless and Wasteful Expenditure under assessment	0	0
Fruitless and Wasteful Expenditure under determination	0	0
Fruitless and Wasteful Expenditure under investigation	0	0
Total	0	0

(c) Details of current and previous year Fruitless and Wasteful Expenditure recovered

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Fruitless and Wasteful Expenditure recovered	0	0
Total	0	0

(d) Details of current and previous year Fruitless and Wasteful Expenditure not recovered and written off

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Fruitless and Wasteful Expenditure written off	0	0
Total	0	0

(e) Details of current and previous year disciplinary or criminal steps taken as a result of Fruitless and Wasteful Expenditure

	<u>2022/23</u>	<u>2021/22</u>
Description	R	R
Not applicable	0	0
Total	0	0

1.3 Additional Disclosure relating to material losses in terms of PFMA Section 55 (2) (b)(i) & (iii))

(a) Details of current and previous year material losses through criminal conduct

	2022/23	2021/22
Material Losses through criminal conduct	R	R
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	0	0

(b) Details of other material losses

	2022/23	2021/22
Nature of other material losses	R	R
Nil	0	0
Total	0	0

(c) Other material losses recovered

	2022/23	2021/22
Nature of losses	R	R
Nil	0	0
Total	0	0

(d) Other material losses written off

	2022/23	2021/22
Description	R	R
Nature of losses	0	0
Total	0	0

2. Information on late and / or non-payment of suppliers

Description	No. of Invoices	Consolidated Value '000
Valid invoices received	894	34,315
Invoices paid within 30 days or agreed period	894	34,315
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

3. Information on Supply Chain Management

3.1 Procurement by other means

Project Description	Name of Supplier	Type of Procurement by other means	Contract number	Value of contract
Cape Chamber membership	Cape Chamber Of Commerce	Sole Supplier	15754	R3 047,50
Producer of Buzani Ku Bawo production	Classica Sa	Single Source	15756	R30 000,00
Producer of Vloeibare Moed	Hartzenberg Films	Single Source	15763	R100 000,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Urgency	15772	R80 000,00
Microsoft License Fees	Mindspring Computing	Single Source	15785	R295 347,60
Producer of production for Womens Festival	Carin Bester	Single Source	15800	R65 000,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Urgency	15803	R50 000,00
Producer of The Unlikely Secret Agent	Unlikely Productions	Single Source	15811	R70 000,00
Producer of the Schools Setwork production Krismis of Map Jacobs	Cape Heart Community & Educational Theatre Company	Single Source	15815	R150 000,00
Payroll service provider	Nga Africa T/A Business Connexion	Sole Supplier	15830	R84 000,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Urgency	15835	R80 000,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Urgency	15834	R15 530,50
Liability Insurance	Marsh Pty Ltd – Alexander Forbes Risk Services	Single Source	15836	R23 062,72
Asset Insurance Cover	Marsh Pty Ltd – Alexander Forbes Risk Services	Single Source	15837	R103 932,93
Venue for setwork production	Zip Zap Circus	Single Source	15848	R4 188,65
Refreshments provided at Book launch	Cape Town International Convention Centre Company	Single Source	17494	R2 699,97
Producer of Spertyd	Aardklop National Arts Festival	Single Source	17499	R57 960,00
Advertising at reduced rates	Fine Music Radio 101.3	Single Source	17495	R19 872,00
Producer of ABFAB	Via-Vollenhoven And Appollis Independent	Single Source	17507	R152 000,00
Service provider for Humanity Arts Festival	Woman Zone	Single Source	17508	R37 000,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Urgency	17511	R10 250,00
Cape Chamber membership	Cape Chamber Of Commerce	Single Source	17517	R3 199,88
Repairs to Opera Décor Hoist	Gobingca Engineering Cc	Urgency	17521	R23 280,31
Repairs to motor vehicle	Autoworks Salt River	Single Source	17523	R18 586,92
Catering at Womens Festival	Cape Town International Convention Centre Company	Single Source	17534	R2 699,97
Service provider of Biometric system	Ers Biometrics Pty Ltd	Single Source	17540	R15 037,94
Legal Fees for High Court litigation	Patton Williams Attorneys	Single Source	15907	R9 600,00
Producer of Ingoduko	Thandeka Mfinyongo	Single Source	15909	R100 000,00
Chairs for Western Cape Education Department event	Makro	Urgency	15922	R55 030,00
Additional motor vehicle repairs	Autoworks Salt River	Single Source	15930	R38 540,73

Project Description	Name of Supplier	Type of Procurement by other means	Contract number	Value of contract
Advertising at reduced rates	Fine Music Radio 101.3	Single Source	15931	R19 872,00
Advertising insert – Die Burger	Media 24 Beperk	Single Source	15957	R14 375,00
Legal Fees for High Court litigation	Patton Williams Attorneys	Single Source	15959	R55 346,00
Security service at Epping Warehouse	Nimble Collection Services	Single Source	15960	R3 733,96
Job evaluations by owner of the job evaluation system (T.A.S.K.)	Deloitte Consulting	Single Source	15975	R9 234,50
Catering services	Cape Town International Convention Centre Company	Single Source	16003	R9 601,35
Consulting work on Infrastructure project	Ca Du Toit	Single Source	16010	R603 908,99
Catering services	Cape Town International Convention Centre Company	Single Source	16016	R18 800,20
Emergency repairs to stage flying systems	Mocon Systems Cc	Single Source	16051	R78 554,20
Advertising in Official Marketing guide	Cape Town Tourism	Single Source	16075	R38 814,80
Catering	Cape Town International Convention Centre Company	Single Source	16117	R25 350,60
Supplier of display cases for exhibition	Clear Design Display	Single Source	16120	R58 282,00
Producer of Map Jacobs Production	Cape Heart Community & Educational Theatre Company	Sole Supplier	16121	R150 000,00
Stage equipment	Prosound (Pty) Ltd	Single Source	16130	R989 223,82
Advertising	Fine Music Radio 101.3	Single Source	16132	R19 872,00
Membership fees	Cape Town Tourism	Single Source	16135	R4 561,91
TOTAL				R3799 398,95

3.2 Contract variations and expansions

Project Description	Name of Supplier	Contract Modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Refurbishment of Orchestra Rehearsal Room	Benchmark Carriers	Variation	RFQ ART001/2022	714	39	753
Refurbishment of Orchestra Rehearsal Room	Masbuild (Pty) Ltd.	Variation	RFQ ART002/2022	680	34	714
TOTAL:				1394	73	1467

FINANCIAL INFORMATION







REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON ARTSCAPE

Report on the review of the financial statements

1. I have reviewed the financial statements of Artscape set out on pages 77 to 106, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

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 Artscape as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Other matter

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

4. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022–23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements. Only the current year and prior year figures are disclosed in note 25 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Artscape. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

5. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
6. 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.

Responsibilities of the auditor—general for the review of the financial statements

7. 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*. The standard 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 relevant ethical requirements.
8. 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 auditee, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.
9. 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

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to programme 2 – business development, presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Present annual arts programme
 - Present educational programme
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over/under achievement of targets.
14. I performed the procedures for the purpose of reporting material findings only.
15. I did not identify any material findings on the reported performance information for the selected material performance indicators.



Report on compliance with legislation

16. 16. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Procurement and contract management

20. The preference point system was not applied in procurement of goods and services as required by section 2(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and Treasury Regulation 16A6.3(b).

Internal control deficiencies

21. I considered internal control relevant to my engagement on the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
22. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
23. The entity did not have adequate processes in place to identify and implement new regulations as it becomes applicable.

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 Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor-General

Cape Town
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b) Section 66(3)(c); 66(5)
Treasury regulations	Regulation 16A3.1; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.2(e); 16A6.3(a); 16A6.3(a)(i); 16A6.3(b); 16A6.3(c); 16A6.3(d); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A8.2(1) & (2); 16A8.3; 16A8.3(d); 16A8.4; 16A9; 16A9.1 16A9.1(b)(ii); 16A9.1(c); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.7(a) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c); 18; 18(1) and (2);
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25(5) & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1; 12.2
Preferential Procurement regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 29 Section 34(1)
PFMA Supply Chain Management (SCM) Instruction No. 09 of 2022/2023	Paragraph 3.1; 3.3(b); 3.3(c); 3.3(e); 3.6



Legislation	Sections or regulations
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.4(c); 4.4(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
National Treasury SCM Instruction 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); 5.5.1(x)
National Treasury SCM Instruction Note 11 2020/21	Paragraph 3.1; Paragraph 3.4(a); 3.4(b) Paragraph 3.9 Paragraph 6.1; 6.2; 6.7
National Treasury SCM Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a); 3.4.2(b); 3.3.1; Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1) Paragraph 4(2) Paragraph 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act 89 of 1998	Section 4(1)(b)(ii)
National Treasury Instruction Note 4 of 2015/16	Paragraph 3.4
National Treasury Instruction 3 of 2019/20 – Annexure A	Section 5.5.1(iv) & (x)
Second amendment of National Treasury Instruction 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum National Treasury Instruction 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/09	Paragraph 3.1 Paragraph 3.1(b)
National Treasury Instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act 103 of 1994	Section 30(1)

ANNUAL

FINANCIAL STATEMENTS

Accounting Authority Statement of Responsibility and Approval

The Public Finance Management Act 1999 (Act No 1 of 1999) requires the Accounting Authority to ensure that Artscape keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of Artscape, its financial results, its performance against predetermined objectives and its financial position at year end.

The Annual Financial Statements are the responsibility of the Accounting Authority. The Auditor-General South Africa is responsible for independently auditing and reporting on the financial statements.

The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board. The annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Accounting Authority is responsible for the Institution's internal controls and risk management. These controls are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets and to prevent and detect material misstatements and loss. Nothing has come to the attention of the Accounting Authority to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

In view of our current financial position, the Accounting Authority has every reason to believe that Artscape will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the financial statements.

SUBMISSION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2023 set out on pages 77 to 106, which have been submitted for auditing on 31 May 2023 in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act 1 of 1999), were approved by the accounting authority and were signed on its behalf by:



MARLENE LE ROUX

Chief Executive Officer



VERNON VAN DER LINDE

Chief Financial Officer



Submission of Annual Financial Statements

Accounting authority report for the year ended 31 March 2023

Artscape is a declared Cultural Institution in terms of Section 3 of the Cultural Institution's Act 1998, (Act 119 of 1998). The entity is listed as a schedule 3A entity (national entity) under the Public Finance Management Act, 1999 (Act 1 of 1999).

Artscape's Council acts as the Accounting Authority in terms of the Public Finance Management Act.

COUNCIL

The following Council members were appointed by the Minister of Sport, Arts & Culture on 9 December 2020 and were in office on 31 March 2023:

Mr R Jock (Chairperson)	Ms X Nduneni-Ngema
Ms N Manana	Mr J Pooe
Ms K Meiring	Mr P van Ryneveld
Mr S Menye	
EXECUTIVE MANAGEMENT	
The executive management are responsible for the day-to-day management of the Institution	

and are in full-time employ of the institution. As at 31 March 2023, the Executive Management consisted of the following:

Chief Executive Officer (CEO)	Marlene le Roux
Chief Financial Officer (CFO)	Vernon van der Linde
Manager: Human Resources	Lungisani Nkomo
Director: Operations	Marius Golding
Senior Manager : Programme & Business Management	André Steenveld
Company Secretary	Ilze-Marie De Wet

NATURE OF BUSINESS

The main objective is to advance, promote and preserve the performing arts in South Africa, but predominantly in the Western Cape.

CONTROLLING ENTITY

The Department of Sport, Arts and Culture is the controlling entity and has ownership control of Artscape.

ADDRESSES

The Institution's business and postal addresses are as follows:

Business Address:	Postal Address:
ARTSCAPE Theatre Centre	P O Box 4107
DF Malan Street	Cape Town
Cape Town	8000
8001	

Country of incorporation:	Republic of South Africa
Banker:	Nedbank Limited
Internal Auditors:	Nexia SAB&T Chartered Accountants Inc.
External Auditors:	Auditor-General South Africa

STATEMENT OF FINANCIAL POSITION

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R	2022 R
ASSETS			
Current assets			
Cash and cash equivalents	3	50 172 712	35 826 002
Trade and other receivables from exchange transactions	4	4 073 234	309 658
Inventory	5	210 170	210 170
		<u>54 456 116</u>	<u>36 345 830</u>
Non-current assets			
Property, plant and equipment	6	150 201 915	160 514 400
Intangible assets	7	35	35
		<u>150 201 950</u>	<u>160 514 436</u>
TOTAL ASSETS		<u>204 658 066</u>	<u>196 860 265</u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8.1	2 770 024	3 001 483
Employee benefits – staff leave accrual	8.2	1 099 466	1 139 496
Unspent government grants and donations	9	13 971 453	11 140 109
		<u>17 840 943</u>	<u>15 281 088</u>
Non-current liabilities			
Post retirement medical aid liability	10	730 121	733 965
		<u>730 121</u>	<u>733 965</u>
TOTAL LIABILITIES		<u>18 571 064</u>	<u>16 015 053</u>
Net assets		186 087 002	180 845 212
Accumulated Surplus		186 087 002	180 845 212
TOTAL NET ASSETS AND LIABILITIES		<u>204 658 066</u>	<u>196 860 265</u>



STATEMENT OF FINANCIAL PERFORMANCE

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R	2022 R
REVENUE			
Revenue from non-exchange transactions			
Government grants			
– Operational (DSAC)		67 478 000	65 849 000
– Capital Works (DSAC)	9	9 870 598	9 604 615
– Incubator Programme (DSAC)	9	1 013 664	1 187 656
– PGWC	9	247 340	491 402
– City of Cape Town	9	2 028 683	2 000 000
Sponsorship – General		131 292	121 339
Lease (Service-in-kind)	24	11 704 561	10 877 845
Total Revenue from non-exchange transactions		92 474 138	90 131 857
Revenue from exchange transactions			
Venue rental		2 902 796	971 947
Other operating revenue	11	670 963	3 457 501
Interest earned – external investments	12	2 872 002	1 083 170
Total Revenue from exchange transactions		6 445 761	5 512 618
TOTAL REVENUE		98 919 899	95 644 475
EXPENSES			
Employee related costs	13	37 457 611	38 409 548
Repairs and maintenance	14	1 358 970	1 057 031
Depreciation and amortisation expense	15	15 931 187	17 023 112
Other operating expenses	16	3 471 906	3 469 589
Administrative expenses	17	35 677 817	31 403 950
TOTAL EXPENSES		93 897 491	91 363 230
OTHER GAINS / (LOSSES)		219 382	(555 167)
Gain on provision for post-retirement medical benefit	10	3 844	102 268
Gain/(Loss) on Disposal of assets / write-off of assets	6 & 18	215 538	(657 435)
CONTINUING OPERATIONS SURPLUS		5 241 790	3 726 078
TOTAL SURPLUS FOR THE YEAR		5 241 790	3 726 078

STATEMENT OF CHANGES IN NET ASSETS

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated Surplus	Total Net Assets
	R	R
FOR THE YEAR ENDED 31 MARCH 2021 (Restated)	177 119 134	177 119 134
BALANCE AT 1 APRIL 2021 (Restated)	<u>177 119 134</u>	<u>177 119 134</u>
Surplus for the year	3 726 078	3 726 078
FOR THE YEAR ENDED 31 MARCH 2022	<u>180 845 212</u>	<u>180 845 212</u>
BALANCE AT 1 APRIL 2022	<u>180 845 212</u>	<u>180 845 212</u>
Surplus for the year	5 241 790	5 241 790
FOR THE YEAR ENDED 31 MARCH 2023	<u>186 087 002</u>	<u>186 087 002</u>





CASH FLOW STATEMENT

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R	2022 R
Cash flows from operating activities			
Receipts			
Cash received from customers (sale of goods and services)		89 825 705	85 705 189
Cash received from government grants		3 399 462	4 429 449
Interest received – investment	12	83 554 241	80 192 570
		2 872 002	1 083 170
Payments			
Cash paid to suppliers (services rendered and goods received)		70 075 830	64 107 330
Cash paid to employees		32 694 185	25 949 930
		37 381 645	38 157 400
Net cash flows from operating activities	19	19 749 875	21 597 859
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(5 622 265)	(8 714 437)
Proceeds from sale of Motor Vehicles		219 100	-
Net cash flows from investing activities		(5 403 165)	(8 714 437)
Net increase in cash and cash equivalents		14 346 710	12 883 422
Cash and cash equivalents at the beginning of the year		35 826 002	22 942 580
Cash and cash equivalents at the end of the year	3	50 172 712	35 826 002



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Actual		Actual amounts on comparable basis	Original Approved Budget	Adjustment	Final Approved Budget	Difference between final budget and actual
2022				2023		
R		R	R	R	R	R
95 644 474	INCOME	98 919 899	86 248 000	10 854 000	97 102 000	1 817 900
90 010 518	Government grants	92 342 847	79 878 000	13 418 000	93 296 000	(953 153)
4 550 787	Rendering of services	3 705 050	5 620 000	(2 564 000)	3 056 000	649 050
1 083 170	Investment revenue	2 872 002	750 000	-	750 000	2 122 002
91 363 231	OPERATING EXPENDITURE	93 897 491	102 698 000	11 904 000	114 602 000	(20 704 511)
31 403 950	Administrative expenses	35 677 817	39 807 000	10 889 000	50 696 000	(15 018 183)
17 023 112	Amortisation and depreciation	15 931 187	16 450 000	1 050 000	17 500 000	(1 568 813)
38 409 548	Compensation of employees	37 457 611	44 881 000	(3 337 000)	41 544 000	(4 086 389)
1 057 031	Repairs and maintenance	1 358 970	780 000	270 000	1 050 000	308 970
3 469 589	Production expenses	3 471 906	780 000	3 032 000	3 812 000	(340 094)
4 281 244	OPERATING SURPLUS / (DEFICIT)	5 022 408	(16 450 000)	(1 050 000)	(17 500 000)	22 522 408
(657 435)	Proceeds/(Loss) on disposal of assets	215 538				215 538
102 268	Gain on provision for post-retirement medical benefit	3 844				3 844
3 726 078	SURPLUS / (DEFICIT)	5 241 790	(16 450 000)	(1 050 000)	(17 500 000)	22 741 790
	Capital Works	-	-	-	-	-
3 726 078	NET SURPLUS / (DEFICIT)	5 241 790	(16 450 000)	(1 050 000)	(17 500 000)	22 741 790
9 604 615	CAPITAL EXPENDITURE	9 870 598	-	10 385 000	10 385 000	(514 402)



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of approved budget deficit with the surplus in the statement of financial performance

		2023	2022
		R	R
Net Surplus per the statement of financial performance		5 241 790	3 726 078
<i>Adjusted for:</i>			
Decrease/(Increase) in capital works grant utilised	1*	953 153	(9 621 518)
(Increase)/ Decrease in other operating revenue	2*	(649 050)	2 410 213
(Increase)/Decrease in interest received	3*	(2 122 002)	716 830
Decrease in administrative expenses	4*	(15 018 183)	(10 544 050)
(Decrease) / Increase in amortisation and depreciation	5*	(1 568 813)	523 112
Decrease in compensation of employees	6*	(4 086 389)	(3 931 452)
Increase/ (Decrease) in repairs and maintenance	7*	308 970	(22 969)
(Decrease) in other production expenses	8*	(340 094)	(311 411)
(Decrease) / Increase in loss on write-off/disposal of fixed assets	9*	(215 538)	657 435
(Decrease) in provisions for post retirement medical benefit	10*	(3 844)	(102 268)
Net Deficit per approved budget		(17 500 000)	(16 500 000)

Differences between budget and actual amounts basis of preparation and presentation

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the above table.

The effect of Covid-19 had a tremendous impact on operations of Artscape.

Explanation of differences between budget and actual amounts for the current year.

- 1* Capital works were received during the year and an adjustment to the budget was made. A tender for LED lights was set aside by the courts, and we will be going out to tender in the 2023/2024 financial year to acquire these goods.
- 2* Operating revenue is slightly lower than the budget figure due to decreases in Venue charges. These prices were decreased in order to attract producers back to the venue.
- 3* The interest income was higher than budgeted due to funds received and not utilised for Capital works. Furthermore, interest rates were higher than anticipated due to changes in the Repo rate by the South African Reserve Bank.
- 4* Administrative expenses decreased as a result of cost containment measures put in place.
- 5* Depreciation and Amortisation costs are lower than the budgeted amount due to delays in procurement of Capital Assets and adjustments due to a change in the useful lives of fully depreciated assets.
- 6* Employee cost is below the budgeted amount primarily due to the implementation of Artscape's cost containment measures which resulted in the postponement of the filling of certain vacancies, curtailing of overtime, and limiting the annual salary increase.
- 7* Repairs and maintenance expenses are higher than budget, due to more projects being attended to. Funding for these projects were effected from savings in other areas.
- 8* Production expenses are slightly below budget.
- 9* Motor vehicles were disposed during the year and these were not budgeted for.
- 10* The beneficiaries of the post-retirement medical benefit remained at 2 members during the course of the financial year.





■ Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

1.1 Going concern assumption

The financial statements have been prepared on a going concern basis in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

1.2 Significant judgements and sources of estimation uncertainty

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

Impairment of trade receivables

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of these assets and liabilities.

Provisions and contingencies

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Property, plant and equipment and intangible assets

Artscape assesses the useful life and residual values of these assets based on the condition of the assets and the current practice for the replacement.

1.3 Property, Plant and Equipment

Land and buildings are registered in the name of the Provincial Government of the Western Cape (PGWC) and are made available to Artscape on a permanent basis. Such land and buildings not belonging to Artscape are not recognised as property, plant and equipment.

Property, plant and equipment are stated at historical cost less accumulated depreciation. Improvements to the property belonging to PGWC are capitalised and are stated at cost less accumulated depreciation. Work in progress on improvements to leased property are capitalised and are stated at cost and transferred to improvements to leased property upon completion. Vehicles, equipment, music instruments, furniture and fittings and computers are depreciated on a straight-line basis over their estimated useful lives to their residual value.

The useful life of an item of property, plant and equipment is the period over which the assets are expected to be available for use by Artscape. The residual value is the estimated amount that Artscape would obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or over the term of the lease, where the lease period is shorter (as listed in note 1.6.1 below).

Surpluses and losses on disposal of property, plant and equipment are credited or charged to the statement of financial performance and is recognised as a profit or loss on disposal.

Depreciation is calculated on the straight-line method, to write off the cost of each asset to estimated residual values over its estimated useful life as follows:

Improvement to leasehold property	10 – 25 years
Motor vehicles	14 – 51 years
Cellular phones	2 years
Equipment	2 – 60 years
Musical instruments, furniture and fittings	10 – 60 years
Computer equipment	3 – 25 years

Artworks are not depreciated as their current residual value is expected to be greater than their carrying amount. Stage props and costumes are written off on acquisition. Work in progress is not depreciated and is transferred to improvement to leasehold property upon completion.

Annual reassessment of useful life

The useful life of an item of property, plant and equipment is the period over which the asset is expected to be available for use by Artscape.

The useful life of assets is reassessed on an annual basis to ensure that the estimated useful lives are still appropriate.

Where a change in the estimated useful life is identified, the change is accounted for as a change in accounting estimate on a prospective basis. In other words, the remaining value is written off on a straight-line basis over the remaining newly assessed useful life.

Residual values

Residual values are reviewed each year and, where estimates differ from those previously determined, the difference is accounted for as a change in accounting estimates on a prospective basis.

Impairment

The carrying amount of assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the condition of the asset is evaluated to ascertain its value in use. Where the asset is damaged beyond repair, the fair value of the asset is its scrap value.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.





Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

1.4 Intangible Assets

Intangible assets, being identifiable non-monetary assets without physical substance, are accounted for in terms of the cost model, at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise of computer software and have been assessed as having a useful life of 3 years with the amortisation charge thereon recognised on a straight line basis.

The residual value of an intangible asset is assumed to be zero as there is no expectation of disposing of it before the end of its economic life.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the condition of the asset is evaluated to ascertain its value in use. Where the asset is damaged beyond repair, the fair value of the asset is its scrap value.

1.5 Inventory

Inventory is valued at the lower of cost, determined on the first-in first-out basis, and net realisable value (the estimated selling price in the ordinary course of business, less the costs necessary to make the sale).

1.6 Leases

1.6.1 Financial Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to Artscape. Assets subject to finance lease agreements are capitalised at their cash equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates using the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between finance costs and the capital repayments using the effective interest rate method. Lease finance costs are expensed when incurred.

1.6.2 Operating Leases

Operating leases are those leases, which do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.7 Financial Instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents, trade and other receivables and trade and other payables. Management determines the classification of its financial assets and financial liabilities at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

1.7.1 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. Trade and other receivables are assessed individually for impairment in terms of recoverability.

1.7.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, as well as deposits held on call with banks and are stated at cost. Interest on cash in bank and call accounts are accrued on a monthly basis and disclosed as interest received in the statement of financial performance.

1.7.3 Trade and other payables

Trade and other payables comprise trade payables, accruals and amounts owed to third parties in relation to employee costs. Trade and other payables are categorised as a financial instrument under current liabilities and recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, where applicable.

1.8 Provisions and contingencies

Provisions are recognised where the Artscape has a present legal or constructive obligation as a result of a past event; a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation at the reporting date.

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

Contingent assets and contingent liabilities are not recognised.

1.9 Commitments

Commitments represent capital goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are thus 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.

1.10 Related party

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The disclosure note details the related party relationships and transactions.

Individual 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 Chief Executive Officer and all other management reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

Artscape operates as a National Public Entity with its parent department being the Department of Sport, Arts & Culture and it is therefore regarded as a related party. As a consequence of the constitutional independence of the three spheres of government in South Africa, all entities commonly controlled by the Department of Arts & Culture are considered to be related parties.

Only transactions and balances with related parties not at arm's length or not in the ordinary course of business are disclosed.

The National Department of Sport, Arts & Culture (DSAC) has ownership control over Artscape. DSAC provides Artscape with an operational grant, additional funding for essential maintenance and funding for special projects and events. All public entities under the control of DSAC are also regarded as related parties.



The Provincial Government of the Western Cape (PGWC) owns the Artscape Theatre Centre. No rental for the use of the premises is being charged to Artscape.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity. Only transactions with related parties not at arms length or not in the ordinary course of business are disclosed.

1.11 Employee benefits

1.11.1 Short-term employee benefit

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to salaries, wages and annual leave represents the amount which Artscape has a present obligation to pay as a result of employees' service provided for at the reporting date. The provisions have been calculated at undiscounted amounts based on current salary rates.

1.11.2 Defined contribution plans

Prior to 30 September 2009 employees could elect to join either the existing pension fund, a defined benefit fund, or the newly formed Provident Fund for the Performing Arts Institutions, a defined contribution fund. Since this date, all qualifying employees had to join the defined contribution fund.

Contributions in respect of defined contribution plans are recognised as an expense in the year to which they relate.

1.11.3 Post-retirement medical benefits

With effect from 31 March 2000 the Institution changed its accounting policy relating to post-retirement medical benefit costs. Provision is made for post-retirement benefits in the form of medical aid benefits for certain employees who were pensioned prior to 1997 and employees approved by Council subsequent to this date. The total cost is assessed in accordance with the advice of qualified and independent actuaries. The amount accrued for post-retirement medical benefits are included as a liability.

The cost of providing benefits under this plan is determined using the projected unit credit actuarial valuation method. The current service in respect of the defined benefit plan is recognised as an expense in the current period. Past service costs and actuarial gains and losses relating to the above-mentioned retired employees are charged to the statement of financial performance in full in the current period.

1.12 Revenue from exchange transactions

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

Measurement

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

Interest

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

- it is probable that the economic benefits or service potential associated with the transaction will flow to the institution; and
- the amount of the revenue can be measured reliably.

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

Other operating revenue

Other operating revenue comprises marketing and publicity services, costume manufacturing, hiring of costumes, contributions by ticketing agent towards employee costs of Artscape's Box office staff.

Production revenue

Production revenue comprises gross ticket sales in respect of Artscape's own productions.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an 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 will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

Grants received from Government are recognised as per note 1.14.

Artscape has entered into a lease agreement for the free use of certain land and buildings belonging to the Provincial Government of the Western Cape.

Sponsorship received is recognised as revenue, on a systematic basis, over the period necessary to match them with the related costs, which they are intended to compensate.

1.14 Grants and Donations

Grants related to operational expenditure is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless, an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

Grants related to the acquisition or construction of an asset is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless, an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue. Unspent grants are reflected as a current liability.

Donations are recognised when the expenditure relating to the donation, is incurred.



1.15 Irregular and fruitless and wasteful expenditure

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

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

Irregular expenditure emanating from non-compliance with the budget of a Schedule 3A and 3C public entity must be considered for condonation in terms of the definition of relevant authority.

Irregular expenditure is recorded in the notes to the annual financial statements when incurred and confirmed. The amount recorded is equal to the value of the Irregular expenditure incurred and confirmed, unless it is impractical to determine, in which case reasons therefore must be provided in the note.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when removed or condoned.

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

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

If the loss incurred is irrecoverable, the accounting authority will consider writing it off after all the reasonable steps have been taken to recover the debt.

If the determination into irregular or fruitless and wasteful expenditure confirms that an employee is responsible for irregular or fruitless and wasteful expenditure, the accounting authority refers the matter to the human resource function to institute consequence management (disciplinary measures) in accordance with the relevant prescripts.

Irregular and Fruitless and Wasteful Expenditure is disclosed in note 25 in the annual financial statements.

1.16 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives, where possible. The approved budget covers the fiscal period from 1 April to 31 March.

The financial statements and the budget are not on the same basis of accounting. The actual financial statement information is presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in Statement of Comparison of Budget and Actual Amounts.

The net surplus per the statement of financial performance is reconciled to the budget surplus and the material differences, as determined by the materiality and significance framework, are explained in Statement of Comparison of Budget and Actual Amounts.

1.17 Comparative figures

Comparative figures have been adjusted to conform to changes in the presentation of the current year, where necessary.

2. New Standards and interpretations

2.1 Standards and interpretations effective

The following standards, guidelines and interpretations will be effective in future as indicated:

Description	Effective date
GRAP 1 Presentation of financial statements	01-Apr-23
GRAP 25 Employee Benefits	Not yet determined
GRAP 104 Financial Instrument	01-Apr-25
Guideline on application of materiality to financial statements	Not yet determined
IGRAP 7 Limit on a defined benefit asset, minimum funding requirements and their interaction	Not yet determined
IGRAP 21 The effect of past decisions on materiality	Not yet determined

All applicable standards will be adopted at the effective date.

3. Cash and Cash Equivalents

	2023	2022
	R	R
Cash and cash equivalents consist of the following:		
Cash on hand	35 748	7 526
Cash at bank – Nedbank	721 026	672 468
Call deposit and investments – Nedbank	49 415 938	35 146 007
Total Cash and cash Equivalents	50 172 712	35 826 002
Bank balances held in respect of unutilised grants	13 971 453	11 140 109
Bank balances excluding unutilised grants	36 201 259	24 685 894
	50 172 712	35 826 002

Cash and cash equivalents held by the entity in respect of unutilised grants are not available for use for any other purpose other than that specified by the funder.

4. Trade and Other Receivables from Exchange Transactions

	Balance as at 31 March 2023		
	Gross Balances	Impairment	Net Balance
	R	R	R
Trade receivables	174 724	(159 798)	14 926
Other sundry debtors	3 965 358	–	3 965 358
Total	4 233 032	(159 798)	4 073 234



	Balance as at 31 March 2022		
	Gross Balances	Impairment	Net Balance
	R	R	R
Trade receivables	352 205	(351 111)	1 094
Other sundry debtors	308 564	-	308 564
Total	660 769	(351 111)	309 658

	2023	2022
	R	R
Ageing of trade receivables		
Current (0 – 30 days)	6 010	2 631
31 – 60 Days	56 340	290
61 – 90 Days	-	232
91 + Days	112 372	349 052
Impairment of debts	(159 798)	(351 111)
Total	14 926	1 094
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	351 111	159 798
Contributions to provision	-	191 313
Doubtful debts written off against provision	(191 313)	-
Reversal of provision	-	-
Balance at end of year	159 798	351 111

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above

The amounts are subject to the Artscape's standard credit terms and are due within a maximum of either 30 days after month end or the payment terms stated on the initial contract with the debtors.

	2023	2022
	R	R
At 31 March 2023, trade and other receivables can be analysed as follows:		
Neither past nor due	6 010	1 094
Past due but not impaired	8 916	-
Past due and impaired	159 798	351 111
	<u>174 724</u>	<u>352 205</u>

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

30 days past due	<u>8 916</u>	<u>-</u>
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5. Inventory

Costumes	<u>210 170</u>	<u>210 170</u>
	<u>210 170</u>	<u>210 170</u>

This relates to costumes which are used for Artscape setwork productions, and no additions, impairments or disposals have taken place.

6. Property, Plant and Equipment

	2023			2022		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R	R	R	R	R	R
Motor Vehicles	480 561	(479 315)	1 246	783 028	(771 016)	12 012
Equipment	48 656 574	(34 505 929)	14 150 645	45 313 384	(28 298 597)	17 014 787
Musical instruments	389 845	(369 206)	20 639	389 845	(355 914)	33 931
Furniture & Fittings	10 075 550	(6 528 098)	3 547 452	9 949 639	(5 831 364)	4 118 275
Computer Equipment	3 085 200	(1 961 359)	1 123 841	2 447 955	(1 609 017)	838 938
Improvement to leased property *	213 577 971	(82 442 324)	131 135 647	212 062 050	(73 788 037)	138 274 013
Artworks	222 444	-	222 444	222 444	-	222 444
Total	276 488 145	(126 286 231)	150 201 915	271 168 346	(110 653 945)	160 514 400

Reconciliation of Property, Plant and Equipment – 2023

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	R	R	R	R	R	R
Motor Vehicles	12 012	-	(3 562)	(7 204)	-	1 246
Equipment	17 014 787	3 343 190	-	(6 207 332)	-	14 150 645
Musical instruments	33 931	-	-	(13 293)	-	20 639
Furniture & Fittings	4 118 275	125 910	-	(696 733)	-	3 547 452
Computer Equipment	838 938	637 245	-	(352 341)	-	1 123 841
Improvement to leased property *	138 274 013	1 515 920	-	(8 654 284)	-	131 135 647
Artworks	222 444	-	-	-	-	222 444
Total	160 514 400	5 622 265	(3 562)	(15 931 187)	-	150 201 915

Reconciliation of Property, Plant and Equipment – 2022

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	R	R	R	R	R	R
Motor Vehicles	54 776	-	-	(42 763)	-	12 013
Equipment	16 554 751	8 159 047	(534 271)	(7 164 739)	-	17 014 787
Musical instruments	52 716	-	(3 827)	(14 957)	-	33 931
Furniture & Fittings	5 099 603	-	(108 137)	(873 191)	-	4 118 275
Computer Equipment	474 049	555 390	(11 200)	(179 301)	-	838 936
Improvement to leased property *	147 015 846	-	-	(8 741 832)	-	138 274 013
Artworks	222 444	-	-	-	-	222 444
Total	169 474 185	8 714 437	(657 435)	(17 016 784)	-	160 514 400

Repairs and Maintenance in respect of Property, Plant and Equipment is reflected in note 14.

* This relates to improvements to the Artscape Theatre Centre.



7. Intangible Assets

Reconciliation of Carrying Value

	2023			2022		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R	R	R	R	R	R
Computer Software	840 572	(840 538)	35	840 572	(840 537)	35
Total	840 572	(840 538)	35	840 572	(840 537)	35

Reconciliation of Intangible Assets – 2023

	Carrying Value Opening Balance	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	35	-	-	-	-	35
Total	35	-	-	-	-	35

Reconciliation of Intangible Assets – 2022

	Carrying Value Opening Balance	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	6 363	-	-	(6 328)	-	35
Total	6 363	-	-	(6 328)	-	35

8.1 Trade and Other Payables from Exchange Transactions

	2023	2022
	R	R
Trade payables	2 728 124	2 454 258
Payables to third parties	41 900	547 225
	2 770 024	3 001 483

8.2 Employee benefits - staff leave accrual

Staff leave accrual	1 099 466	1 139 496
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9. Unspent government grants and donations

	2023	2022
	R	R
DEPARTMENT OF SPORT, ARTS & CULTURE		
Capital works		
Carrying amount at beginning of year	10 736 191	9 543 236
Amount received for capital works	10 385 241	10 797 570
Amount utilised for capital works	(9 870 598)	(9 604 615)
Carrying amount at end of year	11 250 834	10 736 191
Incubator Programme		
Carrying amount at beginning of year	162 344	-
Amount received for incubator programme	1 650 000	1 350 000
Amount utilised for incubator programme	(1 013 664)	(1 187 656)
Carrying amount at end of year	798 680	162 344
Total carrying amount at end of year (refer to note 23.1)	12 049 514	10 898 535
PROVINCIAL GOVERNMENT OF THE WESTERN CAPE		
Maintenance		
Carrying amount at beginning of year	0	63 887
Amount received for maintenance	204 000	196 000
Amount utilised	(204 000)	(259 887)
Carrying amount at end of year	0	0
EPWP		
Carrying amount at beginning of year	55 154	58 593
Amount received for sponsored projects (EPWP)	137 000	-
Amount utilised for sponsored projects (EPWP)	(43 340)	(3 439)
Carrying amount at end of year	148 814	55 154
Arts		
Carrying amount at beginning of year	-	228 077
Amount received for Arts Organisations/Programmes	-	-
Amount utilised	-	(228 077)
Carrying amount at end of year	-	-
Total carrying amount at end of year (refer to note 23.2)	148 814	55 154
CITY OF CAPE TOWN		
Arts Programmes		
Carrying amount at beginning of year	-	-
Amount received for Arts Programmes	3 700 000	2 000 000
Amount utilised	(2 028 683)	(2 000 000)
Carrying amount at end of year	1 671 317	-
Total carrying amount of unspent government grants at end of year	13 869 645	10 953 689
Unspent sponsorship	101 808	186 419
Total Unspent Grants and Donations	13 971 453	11 140 109



In terms of GRAP 23 the unspent government grants and sponsorships will be recognised to revenue as and when the conditions of the grants and sponsorships have been complied with. Refer to note 23.

10. Post Retirement Medical Benefit

Provision is made for certain post-retirement medical benefits by funding a portion of the medical contributions of eligible retired employees.

	2023	2022
	R	R
Gross carrying amount at beginning of year	733 965	836 233
Interest cost	66 449	71 062
Expected benefit payment	(113 164)	(108 864)
Actuarial gain	(42 871)	(64 466)
Gross carrying amount at end of year	730 121	733 965
Movement of Post-retirement medical benefit liabilities		
Expected benefit payment	(113 164)	(108 864)
Interest cost	66 449	71 062
Actuarial gain	42 871	(64 466)
Total Actuarial gain	(3 844)	(102 268)

Artscape operates a post-retirement benefit scheme for eligible retired employees. The liability raised is in respect of the 2 (2022: 2) qualifying employees. The cost of this is recognised, as determined by independent actuaries, over the estimated service lives of the employees concerned. The most recent valuation of this liability was 31 March 2023.

Trend Information

The trend information as required by GRAP 25 for the previous 5 years, determined by the independent actuaries is:

	R' 000				
	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Present value of obligations	730	734	836	767	1 122
Fair value of plan assets	-	-	-	-	-
Present value of obligations in excess of plan assets	730	734	836	767	1 122
Experience adjustments					
(Actuarial gain/(loss) before changes in assumptions)					
In respect of present value of obligations	0,049	0,077	(0,320)	0,18	(0,027)
In respect of fair value of plan assets	-	-	-	-	-

Valuation method and main assumptions

The actuarial valuation method used by the actuaries to value the liabilities is the Projected Unit Credit Method prescribed by GRAP 25. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service member is accrued over expected working lifetime. Any plan assets are valued at current market value as required by GRAP 25. In order to undertake the valuation, it is necessary to make a number of assumptions.

The most significant assumptions used for the current and previous valuations were a discount rate of 10.10% (2022: 9.81%) and health care cost inflation of 7% (2022: 8.25%).

Sensitivity Results

The results of the valuation are extremely sensitive to the assumptions used.

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

The liability was recalculated to show the effect of:

- A one percentage point decrease or increase in the rate of health care cost inflation;
- A one percentage point decrease or increase in the discount rate.

	Health Care Cost Inflation		
	Central Assumption 7%	-1%	1%
Accrued contributions liability as at 31 March 2023 (R' 000) % Change	730	702	760
Current service cost + Interest cost 2022/23 % Change	0,067	0,064	0,070
	Discount rate		
Sensitivity results from previous valuation	Central Assumption 10.1%	-1%	1%
Accrued contributions liability as at 31 March 2023 (R' 000) % Change	730	761	702
Current service cost + Interest cost 2022/23 % Change	0,067	0,063	0,070

11. Other operating revenue

Revenue from exchange transactions

Manufacturing services

Other revenue *

Total

	2023	2022
	R	R
Revenue from exchange transactions		
Manufacturing services	11 160	27 190
Other revenue *	659 803	3 430 311
Total	670 963	3 457 501

* Included in 2022 Other revenue, is a R 3,3 million insurance payout in respect of the business interruption insurance policy.



	2023	2022
	R	R
12. Interest Earned – External Investments		
Bank – Call account and Short-term investments	2 872 002	1 083 170
Total	2 872 002	1 083 170
13. Employee Related costs		
UIF contributions	166 168	173 625
Provident fund contributions (refer to note 21)	4 326 137	4 299 236
Medical aid contributions	2 717 417	2 911 152
Post retirement medical aid contributions	113 190	206 311
Overtime and shift allowances	518 543	–
Gross salaries, wages and other allowances	29 540 191	30 567 077
Accumulated leave	75 966	252 147
Total	37 457 611	38 409 548
14. Repairs and Maintenance		
Repairs and Maintenance during the year	552 550	434 411
Facilities Management Project Expenditure	806 420	622 620
Total	1 358 970	1 057 031
15. Depreciation and Amortisation Expense		
Property, plant and equipment	15 931 186	17 016 784
Intangible assets	1	6 328
Total	15 931 187	17 023 112
16. Other operating expense		
Production expenses *	3 471 906	3 469 589
Total	3 471 906	3 469 589

*Commission paid to the ticketing agent for Artscape's own productions, have been included in production expenses (refer to note 28).



17. Administrative expenses

	2023	2022
	R	R
External auditor's remuneration	1 170 021	1 991 841
Internal auditor's remuneration	243 943	151 578
Bad debts	214 684	191 313
Bank charges	64 112	50 700
Catering service	-	17 353
Cleaning service	3 354 945	3 072 821
Consultancy fees	21 892	146 782
IT maintenance and support	1 081 622	926 969
Council and sub-committee members' remuneration (Refer to note 20.1)	253 128	295 793
Electricity and water	7 509 424	6 103 286
Insurance	226 802	227 285
Legal fee	510 807	15 650
Manufacturing consumables	113	1 264
Security services	4 841 225	4 161 582
Marketing and publicity	809 601	583 498
Operating leases	-	11 663
Office cost and telephone	1 184 604	870 296
Operating consumables	383 409	185 577
Other sundry expenses	715 263	571 766
Lease (Service-in-kind)(Refer to note 24)	11 704 560	10 877 845
Staff related expense	376 007	391 783
Training and Development	46 790	88 218
Transport and travelling cost	964 865	469 089
Total	35 677 817	31 403 950

18. Gain/(Loss) on sale of assets

Property, plant and equipment	215 538	(657 435)
Total	215 538	(657 435)

19. Cash flows from operating activities

Surplus for the year	5 241 790	3 726 078
Adjustment for :		
(Profit)/Loss on sale of Property Plant Equipment	(215 538)	657 435
Non-cash transactions		
Depreciation and Amortisation	15 931 187	17 023 112
Decrease in provision for post-retirement benefit obligation	(3 844)	(102 268)
	20 953 595	21 304 357



	2023	2022
	R	R
Operating surplus before working capital changes:		
(Increase)/Decrease in trade and other receivables	(3 763 576)	24 860
Increase in conditional grants and receipts	2 831 345	965 557
Decrease in trade and other payables	(231 458)	(855 731)
(Decrease)/Increase in employee benefits – staff leave accrual	(40 031)	158 815
	<u>(1 203 720)</u>	<u>293 501</u>
Net cash flows from operating activities	<u>19 749 875</u>	<u>21 597 859</u>

20. Remuneration

20.1 Emoluments of Non-Executive Management and Members of Accounting Authority/Committee

Council Members:

Mr R Jock – (Chairperson)	33 744	48 507
Ms N Manana	15 696	19 620
Ms X Nduneni–Ngema (employed by JHB Theatre, City of JHB – no fee payable)	-	-
Ms K Meiring	10 464	19 620
Mr M Menye	15 696	23 544
Mr J Pooe	7 848	13 514
Mr P van Ryneveld	20 928	27 468
Ms C Abdoll (ARC member attending special Council meetings)	9 156	-
Mr R Rhoda (ARC member attending special Council meeting)	3 924	-
	<u>117 456</u>	<u>152 273</u>

Audit and Risk Committee Members:

Mr P van Ryneveld (Chairperson)	32 400	32 400
Ms N Manana	19 620	19 620
Mr M Menye	26 100	22 176
Ms C Abdoll	19 620	23 544
Mr R Rhoda	19 620	24 852
	<u>117 360</u>	<u>122 592</u>

Social Ethics and Human Resources Committee Members:

Ms X Nduneni–Ngema (Chairperson)(employed by JHB Theatre, City of JHB – no fee payable)	-	-
Ms K Meiring	10 464	10 464
Mr J Pooe	7 848	10 464
	<u>18 312</u>	<u>20 928</u>

Total emoluments of Council and Committees (refer to note 17)

	<u>253 128</u>	<u>295 793</u>
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20.2 Emoluments of executive directors

	Basic salary	Allowances	Social Contributions	2023 Total	2022 Total
Ms M Le Roux (CEO)	1 761 334	48 000	349 104	2 158 438	2 077 672
Mr V van der Linde (CFO)	1 315 210	-	219 135	1 534 345	1 481 847
Mr M Golding (Director: Operations)	1 194 882	111 416	218 591	1 524 889	1 628 062
	4 271 426	159 416	786 830	5 217 672	5 187 581

21. Employee Benefit

Provident fund contributions

78 (2022: 86) employees are members of the Performing Arts Institutions Provident fund which is a defined contribution plan.

Employer and Employee contributions in the current year amounted to R4,326,137 (2022: R4,299,236). (refer to note 13)

22. Financial Instruments and Risk Management

22.1 Financial instruments

Financial instruments carried on the statement of financial position are classified as financial assets and as financial liabilities in terms of GRAP 104 and consist of trade and other receivables, cash and cash equivalents and trade and other payables.

In accordance with GRAP 104.45 the financial liabilities and assets of Artscape are classified as follows:

Financial Assets carried at amortised cost

	2023 R	2022 R
Cash and cash equivalents	50 172 712	35 826 002
Trade and other receivables	4 073 234	309 658
	54 245 946	36 135 660

Financial Liabilities carried at amortised cost

Trade and other payables	2 770 024	3 001 483
Staff leave accrual	1 099 466	1 139 496
Unspent government grants and receipts	13 971 453	11 140 109
	17 840 943	15 281 088

22.2 Fair Value

At 31 March 2023 and 31 March 2022 the carrying values of financial instruments reported in the financial statements approximate to their fair value



22.3 Credit Risk

Cash and cash equivalents

Credit risk is mitigated by the fact that Artscape only deposits cash surpluses with major banks of high credit standing. The maximum exposure to credit risk at the reporting date is the bank balances as disclosed in the Statement of Financial Performance. The table below shows the credit rating and balances of the banks used by Artscape.

	Rating	2023	2022
Nedbank Limited	AA1	50 136 964	35 818 475

Trade and Other Receivables

Credit risk is mitigated through management's assessment of the credit quality of debtors, taking into account their financial position, payment history, their production track record and the perceived perception of the quality of the production prior to it being staged. Each production is assessed individually and the agreement is negotiated and assessed in consultation with the respective producer or promoter. Without classifying debtors differently, the assessment is done to ensure a fair practice and equitable agreement for all users of the same space whilst ensuring the presentation of excellent and varied products, meeting audience expectations and public demand. No collateral is held for any debtor.

The maximum exposure to credit risk at the reporting date is the fair value of trade and other receivables as disclosed in note 4.

22.4 Liquidity Risk

Artscape manages liquidity risk by monitoring its cash flow requirements. Council is of the opinion that the net carrying value of the liabilities approximate their fair value and that Artscape has sufficient resources to settle its short-term liabilities.

The table below analyses Artscape's financial liabilities into maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Maturity analysis

2023	Less than 12 months	Over 12 months
Trade payables	2 728 124	
Leave accruals	1 099 466	
Other payables	41 900	

Maturity analysis

2022	Less than 12 months	Over 12 months
Trade payables	2 454 258	
Leave accruals	1 139 496	
Other payables	547 225	

The deferred government grant revenue is not a financial liability as it is similar to revenue received in advance, and has been excluded from the maturity analysis. It will only become a financial liability if it becomes re-payable.

23. Related Parties

23.1 Department of Sport, Arts & Culture

The National Department of Sport, Arts & Culture (DSAC) has ownership control over Artscape. DSAC provides Artscape with an operational grant, additional funding for essential maintenance and funding for special projects and events.

All public entities under the control of DSAC are related parties. Except for the transaction with the DSAC public entities listed below, Artscape had no transactions with any of the other entities.

	2023	2022
	R	R
Details of the transactions between DSAC and Artscape are as follows:		
Revenue received		
Operational grant	67 478 000	65 849 000
Capital works grant	10 385 241	10 797 570
Incubator programme	1 650 000	1 350 000
EPWP	137 000	-
Total revenue received for the year	79 650 241	77 996 570
Amount deferred as balance as at year end (refer to note 9)	12 049 514	10 898 535

The deferred government grant will be fully utilised during the 2023/2024 financial year as part of the capital works and maintenance projects.

23.2 Provincial Government of the Western Cape

The Provincial Government of the Western Cape (PGWC) owns the Artscape Theatre Centre. No rental for the use of the premises is being charged to Artscape, other than an in kind rental (refer to note 24). PGWC is responsible for the structural maintenance of the building and the maintenance of stages.

Details of the transactions between Artscape and PGWC are as follows:

Revenue received		
Annual maintenance	204 000	196 000
Contribution to EPWP internship programme	137 000	-
Contribution to Arts Organisations/Programmes	-	-
Total revenue received for the year	341 000	196 000
Amount deferred as balance as at year end (refer to note 9)	148 814	55 154

The Artscape management are responsible for planning, directing and controlling the activities of Artscape. As a result, the board members and directors are related parties to Artscape. Their remuneration is disclosed in note 20.



24. Service In Kind

Artscape occupies premises owned by the Provincial Government of the Western Cape (PGWC), free of charge. The value of the use of the premises has been calculated at R 11,704,561(2022: R 10,877,845) assuming an annual increase of 7.5% (Refer to note 17). These amounts have been recognised as income and expenditure in the Statement of Financial Performance.

25. Irregular & Fruitless and wasteful Expenditure

	2023	2022
	R	R
Irregular expenditure relating to current year *	3 734	-
Fruitless and Wasteful expenditure	-	-
Fruitless and wasteful expenditure	-	-
Closing balance	3 734	-

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

Incident description 2022/2023

*Relates to a supply chain deviation for Security monitoring services at Epping. Corrective and disciplinary action has been taken against the appropriate officials.

26. Commitments

At the financial position date, Artscape had outstanding Capital commitments in respect of orders placed for goods and services but not yet received or rendered.

Capital expenditure	2 002 913	3 915 577
	2 002 913	3 915 577

27. Segment Reporting

It is the view of management that the programmes of the Artscape are not segments in terms of the definition in GRAP 18 and therefore segment reporting is not required. Management's considerations whether segments exist are the following: GRAP 18, paragraph 5 defines a segment as follows: "A segment is an activity of an entity:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available."

Taking the Artscape's programmes into consideration and the types of internal management reports as well as the annual financial statements, the following can be deduced when assessed against the definition of segment reporting:

Administration Programmes are support functions to the entity for it to generate economic benefits. Business development programmes cannot generate economic benefits alone and they cannot be seen as segments. Public Engagement Programmes on the other hand do not generate economic benefits. All reporting is done on an aggregated economic reporting level.

Programmes are based on the Artscape's functional activities with support service departments bearing the cost of a general nature. Accordingly data is not analysed for allocation to individual departments.

28. Principal /Agent Agreement : GRAP 109

Artscape concluded an agreement with Computicket, a national ticketing agent on 10 May 2018 in terms of which Computicket is appointed as a ticketing agent for all allocated events submitted via an Event Information Sheet. In terms of this arrangement, Artscape is the principal and Computicket is the agent.

In terms of the agreement, Computicket makes a monthly contribution towards Artscape box office employee related costs. Computicket provides all the equipment and ticketing software system, whilst Artscape provides the physical office for the box office staff (employed by Artscape). The turnover from any ticket sales are banked by Computicket. Computicket pays security services on behalf of Artscape for the physical cash in transit. A COVID 19 pandemic National State of Disaster lockdown level 5 was imposed with effect from 26 March 2020, Computicket ceased the box office operation for most of the 2021 financial year, and these contributions by Computicket were accordingly reduced significantly. The new agreement with Computicket which was implemented from 01 August 2021, does not provide for any contribution towards Artscape's Box Office employee costs.

Where Artscape is not the producer of the event or show (e.g. such as Cape Town City Ballet or Cape Town Opera), the producer may appoint its own ticketing agent. In such a case, should Computicket operate the ticketing for these performances, Computicket does not act as Artscape's agent, but as the agent of the producer of such a show or performance. The purpose of the principal-agent relationship is for Computicket who has the ticketing system, to sell Artscape's event tickets at all its outlets nationwide. Artscape entered into this arrangement due to the benefits that Computicket can provide, allowing a nation-wide outlet for ticket sales. The cost-savings obtained from Artscape not having to acquire and maintain its own ticket software system, outweighs the costs paid through commissions from using the agent to sell the tickets.

	2023	2022
	R	R
Commission paid to agent for Artscape's own productions *	33 179	4 880

*This commission paid to the ticketing agent for Artscape's own productions, were charged to Production Expenses and reflected under Other Operating expenses as per Note 16.

There are no resource implications for Artscape as all the equipment and ticketing software are owned by the agent. Artscape would upon termination of the current agreement, have to source a new ticketing agent to provide such services.

29. Events after the reporting date

No adjusting events have occurred after the reporting date.

30. Going Concern Assessment

The financial statements have been prepared on a going concern basis in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

The Current Assets at 31 March 2023 exceed Current Liabilities by R36,6 million (2022 : R21,1 million). It should be pointed out that a deficit budget of R 18,0 million (which equals the amount budgeted for depreciation) for the year ending 31 March 2024 had been approved by Council.

We have also completed a Cash flow projection based on the approved budget and projected figures. The projection is that we will have a Cash balance at 31 March 2024 of about R34,6 million. We will be able to meet the commitments for the financial year such as Salaries for permanent staff and staff with long term contracts, security services, cleaning services, ICT services, payment of our municipal utility bills as well as deferred capital expenditure.



We are of the opinion that based on the fact that the Department of Sport, Arts and Culture will continue to fund Artscape for the 2023/24 financial year as per the funding allocation letter, it is appropriate that the financial statements have been prepared on the going concern basis.

32. Public Finance Management Act 1999 (Act No 1 Of 1999)

Section 55 (2)

No material losses through criminal conduct was experienced. Any fruitless or wasteful expenditure and irregular expenditure which were incurred during the year, has been disclosed in note 25.

Section 54 (2)

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

33. Contingent Liability

National Treasury Instruction No. 12 of 2020–2021 on Retention of Surpluses states that public entities listed in Schedules 3A and 3C to the PFMA must, through their designated departments, surrender for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year –

- (a) which were not approved for retention by the relevant Treasury in terms of section 53(3) of the PFMA; or
- (b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

Artscape submitted the applications timeously in the prior years and National Treasury granted approval to the entity to retain the surplus funds.

The Covid 19 pandemic has posed a great financial constraint to the fiscus and National Treasury may be more stringent in their treatment of applications to retain surplus funds in the current year. Whilst the possibility of an outflow of resources embodying economic benefits or service potential is remote, Artscape may be affected by the more stringent requirements imposed by National Treasury.

However, Artscape is unable to make a reliable estimate of the possible contingent liability.

The capital works grants awarded by DSAC to Artscape, are valid and can be utilised for a period of 3 years from date of receipt of the funds.





A R T S C A P E



an agency of the
Department of Sport, Arts and Culture

DF Malan Street, Cape Town, 8001
P O Box 4107, Cape Town, 8000
Tel: +27 21 410 9800 | Fax: +27 21 421 5448
Email: artscape@artscape.co.za
www.artscape.co.za