

ARTSCAPE



an agency of the
Department of Arts and Culture

ANNUAL REPORT

17/18

ARTSCAPE



an agency of the
Department of Arts and Culture



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General Information

REGISTERED NAME

ARTSCAPE**BUSINESS ADDRESS**

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EXTERNAL AUDITORS

Auditor-General of South Africa

INTERNAL AUDITORS

KPMG

BANKERS

Nedbank

LIST OF ABBREVIATIONS/ACRONYMS**AGSA** Auditor-General of South Africa**MEC** Member of Executive Council**CEO** Chief Executive Officer**MTEF** Medium Term Expenditure Framework**CFO** Chief Financial Officer**PFMA** Public Finance Management Act**DAC** Department of Arts and Culture**PGWC** Provincial Government of the Western Cape**DCAS** Department of Cultural Affairs and Sport**SCM** Supply Chain Management**TR** Treasury Regulations

Foreword by the Chairperson

On behalf of Artscape Council and Staff, it is my pleasure to present the annual report for the financial year 2017/2018. Artscape is a leading South African performing arts institution under the Department of Arts and Culture and it is presenting the results of its financial and programme performance for the aforementioned financial year.

I am extremely proud to report that Artscape has achieved another unqualified audit for the year under review. The entity also achieved 100% of its pre-determined targets, bearing testimony to a culture of sound governance practices, commitment to good financial controls and good financial management.

The financial year under review saw National Treasury introduce strict austerity measures. These were accompanied by a prevailing tough economic environment and the worst drought to hit the Western Cape. Despite all these macro challenges, Artscape proudly presented six hundred and sixty one (661) productions and events that addressed inclusivity, transformation and education, continued to expand its audience base this year and celebrated its fifth clean audit award.

Our strong commitment to transformation led to the establishment of the Social, Ethics and Transformation committee, which oversees the entity's transformation strategy, developed to ensure that our staff, suppliers, audience, performers and programme content is reflective of the diverse demography and cultures of Cape Town and the South African society. Artscape is determined to remain a leading South African and African performing arts institution that will also contribute to economic development and social cohesion in the Western Cape.

At the end of November 2017, the term of office for the former Council of Artscape, under the leadership of Dr Somadoda Fikeni came to an end. I would like to thank and acknowledge the significant contribution, visionary leadership, stewardship, and dedication towards the entity, made by the previous Chairperson and Council members during their tenure. They laid a solid foundation for future growth to be actioned and achieved by the new Council.

I am also pleased to welcome the new Council members, who bring to the entity immense collective expertise and knowledge to make a meaningful contribution to Artscape,



enabling us to achieve our ambition of remaining a leading and transformed South African and African performing arts centre.

Artscape is enthusiastic about the year ahead, as we focus on adapting global industry trends that will ensure we stay relevant and strengthen our position as one of the leading performing theatres in Africa. We aim to keep transformation at the core of our strategic focus by ensuring that areas such as preferential procurement, disability

and being environmentally friendly are continuously improved.

The CEO and her Executive led the entity with prodigious distinction and energy and were responsible for the 100% achievement of our targets. I thank them for their commitment to ensuring the entity maintained its industry-leading position. I also extend my appreciation to the entire staff for their contribution to another highly successful year. We remain steadfastly committed to maintaining high standards of ethics and governance in the entity.

The relationships with our key stakeholders, namely, The National Department of Arts and Culture, Western Cape Provincial Government, The City of Cape Town, Esteemed Patrons, and suppliers are critical to the sustainability of our business and I thank them for their continued support, guidance and engagement.

Lastly, I would like to offer my sincere appreciation to all our audiences whom have continued to grace our doors despite the tough economic environment. Your continued loyalty and passion to Artscape inspires us to keep our commitment to you, of presenting artistic programmes that cater for the diverse needs of all Western Cape communities whilst maintaining good corporate governance.

HRH Princess Celenhle Dlamini
CHAIRPERSON

Chief Executive Officer's overview

The 2017/2018 financial year started by us building on and maintaining our already strategic partnerships with the end goal of presenting Artscape as a fully connected and accessible Theatre. Most of the recommendations from the Disability Task Team we are happy to report have been implemented during the new renovations of the building. This speaks to our actions as an indication of our seriousness about the implementation of inclusivity and inclusivity, and by doing so, leading by example.



The Artscape Consolidated programme was done with due diligence in order for us to remain closely aligned to our deliverables and mandate. We boast a space where all genres are able to perform and we give young students a professional stage on which to perform and in doing so set a high standard for these young people.

The Rural Outreach program remains one of our most successful transfers of a memorable theatre experience and exposure to professional theatre.

A consecutive sixth clean audit is a proud achievement and this time it is not necessary to expand on how well we manage our financial controls as this speaks for itself. We continue to strive to maintain the status quo and are always working towards finding new ways in which to improve governance as we consider this one of the most important aspects of achieving our deliverables and adhering to our mandate.

One of our key strengths lies in our partnerships and networks within the Arts sector both nationally and internationally. Artscape does not compete but instead collaborates in order to unite the Arts community and in doing so we strengthen ties for the greater good of the community and the globe. The biggest international exchange program European Erasmus Plus which Artscape is a partner of, is different in that the program extends over many months and different world parts including Africa. This exchange program is multifaceted with the difference of the exchange not being one directional but requires exchange and travel of the same groups to different places. A holistic view is created for both travelers and hosts. The feedback from the first leg has come back as truly life changing for those who are participating.

Financial insecurity for the Arts industry has become a norm and thus we have to be innovative in securing the future of the arts. The extent to which people are emancipated; be it political, social or economic is intrinsically linked to their freedom of expression or lack thereof. The Arts is regaining her rightful place in society as a voice a tool a therapy a healing, and for this reason we continue to make sure that we preserve her.

Artscape has a new Council and we are privileged to congratulate Princess Celenhle Dlamini on her appointment as the new Chairperson. She is no stranger to us and the business and bears the interest of Artscape at heart. She leads an enthusiastic council with the new members doing their utmost to learn as much as they can about the business. We are secure in the knowledge that the Chairperson is dedicated to guide Artscape towards even greater excellence.

My motto remains teamwork as none of our achievements have been reached without a good management team and a dedicated staff compliment.

We do not forget our stakeholders and the important role they play in aiding the transformation of not only what we present on stage, but in changing the perception of the exclusivity into inclusivity.

We thank our partners for believing in our professionalism and investing in our programmes with the confidence that a world class standard is what the end product will be.

Thank you to the Artscape Council, The Department of Arts and Culture, The Western Cape Provincial Government, The City of Cape Town, our dedicated staff and all strategic partners who supported us during this financial year 2017/2018.

Marlene Le Roux

CHIEF EXECUTIVE OFFICER

COUNCIL MEMBERS



Mr Rajesh Jock



Dr Marian Jacobs



Dr Niel le Roux



Adv Penelope Magona



Dr Ayanda Menzi
Vilakazi



Dr Tebogo Ngoma



Ms Xoliswa
Ndudeni-Ngema



Mr Mjikisile Vulindlu

Statement of Responsibility and Confirmation of accuracy

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

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

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

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

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


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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



Marlene Le Roux
CHIEF EXECUTIVE OFFICER



HRH Princess Celenhle Dlamini
CHAIRPERSON

Strategic Overview

Vision

To be one of the world's leading centres for performing arts and creative excellence

Mission

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

Values

- Inclusiveness
- People Centred
- Excellence
- Innovation



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

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

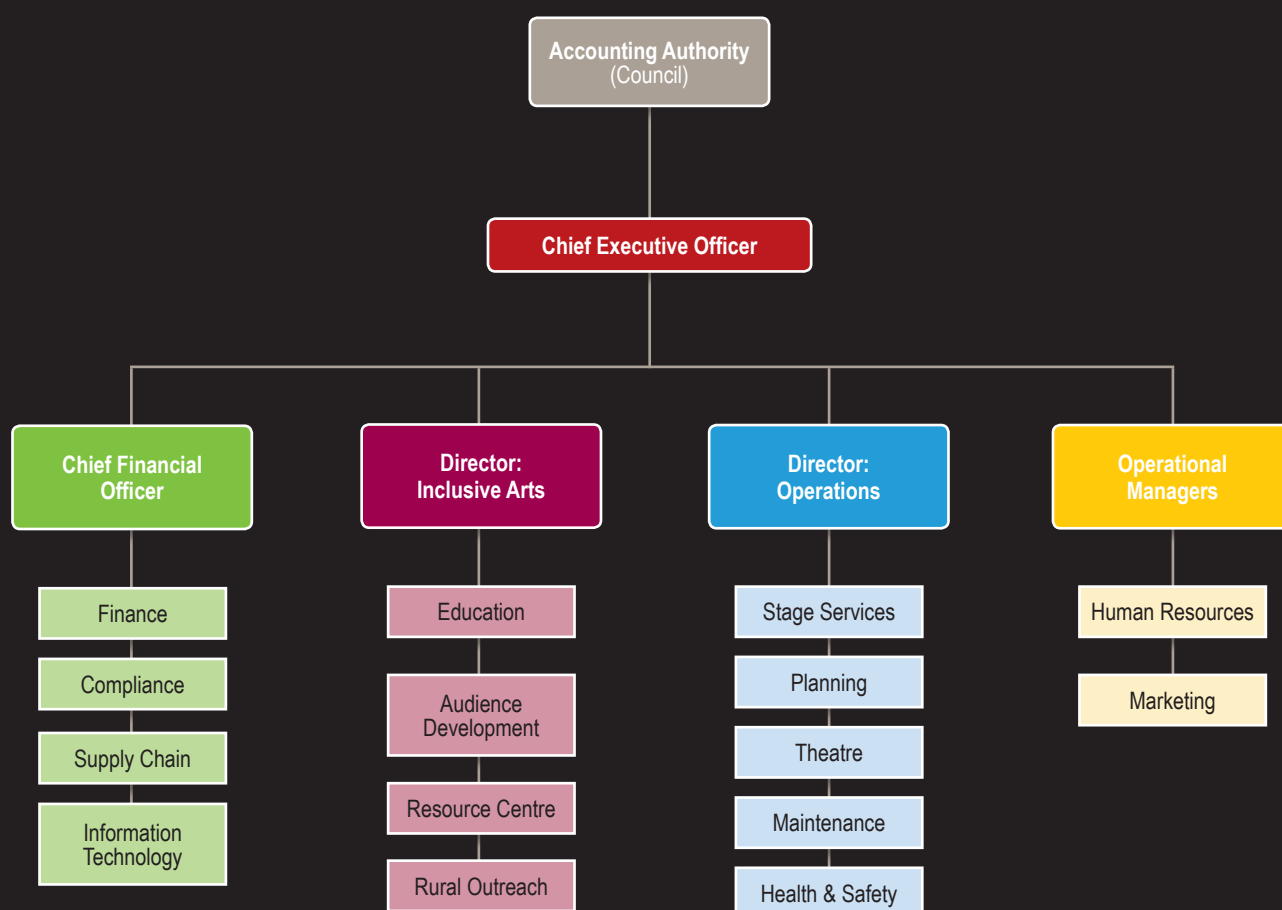
To advance, promote and preserve the performing arts in South Africa, but predominantly in the Western Cape, by, inter alia, and without limiting the generality of the aforesaid:

- Promoting, presenting, co-presenting, co-producing, producing, investing in and sponsoring or entering into partnerships for any performing arts initiative deemed worthy;
- Making the performing arts and the Artscape Theatre Centre accessible to the general public and ensuring that productions reflect a multicultural consciousness;
- 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;
- Promoting the appreciation, understanding and enjoyment of the performing arts among the general public through expert Audience Development and Education;
- Encouraging artists to identify the various professional disciplines within the performing arts as possible career choices;
- Facilitate the training stage technical and stage management staff;
- Undertaking the manufacture of décor and costumes;
- Undertaking all such activities as may be considered ancillary to any of the aforesaid; and
- To be the appropriate legal recipient and accountable reporting body for funding received from the Department of Arts and Culture and grants received from third parties, and for disbursing such grants, in accordance with the terms and conditions under which same are received.



Staff and Board Members

Organisational Structure





Performance Information

Auditor's Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report. Refer to page 57 for the Auditors Report, published as Part E: Financial Information.

Situational Analysis

Artscape has already achieved significant success as the leading public Performing Arts venue in the Western Cape. The Artscape entity 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 continues to play a meaningful role in the South African economy contributing to the Gross Domestic Product of the Western Cape Province and providing permanent employment to more than 100 employees and indirect employment to some 600 employees.

Artscape has achieved this success in spite of the fact that Performing Arts have over the last number of years been significantly underfunded. With increased commitments to funding 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 includes:

- ▶ 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 ensure that a diverse programme is presented
- ▶ 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

Even though being faced with 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 ensure we remain at the forefront of artistic expression
- ▶ Continuing to find new and innovate ways of attracting audiences
- ▶ Continuing with partnerships that will enhance future funding

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 2017/2018 financial year identified the following strategic outcome oriented goals and objectives:

Programme 1 Administration

FUNDING AND REVENUE

GOAL

To generate additional revenue through venue rental, sponsorship from local donors and business enterprises, productions and as well as interest received on short term investments to supplement the government grant.

OBJECTIVE

Sustainable Funding – Artscape acknowledges that it needs to continually strive towards lesser reliance on state funding with a better balance of self-generated funding and state funding. Artscape will continually strive to diversify its funding sources and seek to raise funds based on the objectives of the individual funders.

Investment in Performing Arts Productions – Artscape should seek to facilitate a mechanism which would enable corporates and individuals to invest efficiently in potential artistic productions so as to support the development of new productions and emerging arts companies.

ADMINISTRATION

GOAL

To provide management, administrative and support services that will create an enabling environment for the achievement of overall objectives in an efficient and cost effective manner.

OBJECTIVE

Leadership in Performing Arts

Artscape should be the leader in performing arts facilities and support services in the country with all other venues aspiring to be like Artscape. Artscape should be the leader in the performing arts support, administration, management and governance while influencing government positively to support the performing arts.

Technology and Innovation

Artscape should strive to be seen as a leader in the use of technology to support the performing arts and should investigate and potentially invest into technology which differentiates it and enhances its product. Technology which makes Artscape's product more accessible to the communities should be a high priority.

HUMAN RESOURCES

GOAL

Effective organisational management through an effective Human Resources Department. Ensure sufficient spending on staff expenditure that will enhance employee wellness and staff morale.

OBJECTIVE**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.

GOVERNANCE**GOAL**

As a public entity Artscape continuously strives to ensure that a system of good corporate governance exists and is being adhered to.

OBJECTIVE**Leadership in Performing Arts**

Artscape should be the leader in performing arts facilities and support in the country with all other venues aspiring to be like Artscape. Artscape should be the leader in the performing arts support, administration, management and governance while influencing government positively to support performing arts.

Programme 2 Business Development**ARTISTIC PROGRAMME****GOAL**

To present a diverse artistic programme that caters for the diverse needs of all Western Cape communities.

OBJECTIVE

Artistic Product Determined by Multicultural Consciousness 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.

Development of New Product – Artscape should be mindful of the roots of the community and create and develop new genres that are uniquely African. Artscape should be developing new works with innovation and creativity aiming to tell the stories that have never been told before.

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

Quality Product – The development of the product 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.

Programme 3 Public Engagement

GOAL

To actively engage the public in order to achieve Artscape's objectives of promoting the appreciation, understanding and enjoyment of the performing arts among the general public through marketing and advertising, performing arts education and rural outreach programmes.

MARKETING & ADVERTISING

Artscape Brand – Venue of Choice

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.

Artscape should strive to stand out in terms of venues on the continent by striving to be the venue of choice and ultimate aspiration for performance of any product.

Alignment to government outcomes

Government outcome	Artscape response	Programme
Decent employment through inclusive growth	Job shadowing / internships	Programme 1
A skilled and capable workforce to support an inclusive growth path	Technical training programme Ongoing investment in staff training and development	Programmes 1
A responsive, accountable, effective and efficient local government system	Clean audit outcomes Good corporate governance	Programme 1
A long and healthy life for all South Africans	A well balanced multi-cultural artistic programme that attracts diverse audiences	Programmes 2 and 3
Vibrant, equitable and sustainable rural communities	An annual programme presented in a different rural municipal area in the Western Cape	Programme 2



Statement of Responsibility for Performance Information

For the year ended 31 March 2018

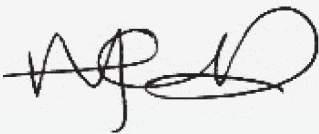
The Chief Executive Officer, together with the Chief Financial Officer, is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

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 2018.

Artscape's performance information for the year ended 31 March 2018 has been examined by the external auditors and their report is presented on page 57.

The performance information of the entity set out on page 19 to page 30 were approved by the Council.



Marlene Le Roux
CHIEF EXECUTIVE OFFICER



Peter Pedlar
CHIEF FINANCIAL OFFICER

Overview of public entity's performance

Service Delivery Environment

The process of strategic planning involves internal consultations between Council and Management. This strategic plan has been developed by the Executive Management of Artscape based on inputs received from the Artscape Council at the strategic break away, focussing on Artscape's vision and relevance over the next 5 years. During this strategic session Council identified their priorities for the 2017/2018 financial year.

Artscape's vision is the inspirational framework for all its administrative, artistic and development policies and programmes. In our quest to at all times be mindful of the role we can play in contributing to social cohesion, nation building, poverty alleviation and job creation. Our strategic initiatives over the MTEF period will focus amongst others on:

- the adherence to good corporate governance practices;
- the presentation of a multicultural performing arts programme;
- the presentation of an annual rural outreach programme;
- the identification, development and nurturing of new audiences, whilst retaining existing patrons;
- the presentation of education and training programmes for young and emerging artists, technicians and arts practitioners; and
- initiatives for infrastructure developments.

The implementation of strategies emanating from these initiatives will make a positive contribution to the social, cultural and economic life of citizenry while at the same time enhancing the arts and culture contribution to the Gross Domestic Product and creating job opportunities.

Organisational environment

Playhouses assist the Department of Arts and Culture in delivering on its mandate to advance, promote and preserve the performing arts in South Africa and on Mzansi's Golden Economy and to enhance nation building, skills development, social cohesion and job creation.

With no dedicated funding for artistic programmes, production budgets are determined after utilising self-generated funds for the shortfall in operational requirements. Such amounts are reduced on an annual basis, with Artscape running the risk of not achieving its arts and training specific strategic objectives or cancelling productions or performing arts initiatives due to financial constraints.

The current economic climate resulted in a reduction in corporate sponsorship for artistic programmes and projects.

Artscape receives no funding from the National Arts Council nor does Artscape receive funding from the provincial department of arts and culture or the local municipality to present productions.

The diverse artistic programmes presented in the current year demonstrate Artscape's commitment to achieve the vision *"to be the vehicle for growth and transformation through the performing arts"*. These programmes included dedicated audience development and education programmes; rural outreach programmes; national day programmes; drama productions.

In response to the skills shortage in the theatre industry and due to the lack of proper technical training, Artscape has a technical training programme where trainees receive training in all aspects of stage technology, including lighting, sound and stage management. Also, Artscape has an internship programme that provides training and skills transfer in arts administration and management to interested learners and students.

Key policy developments and legislative changes

There were no changes to relevant policies or legislation that affected Artscape's operations during the period under review or future financial periods.

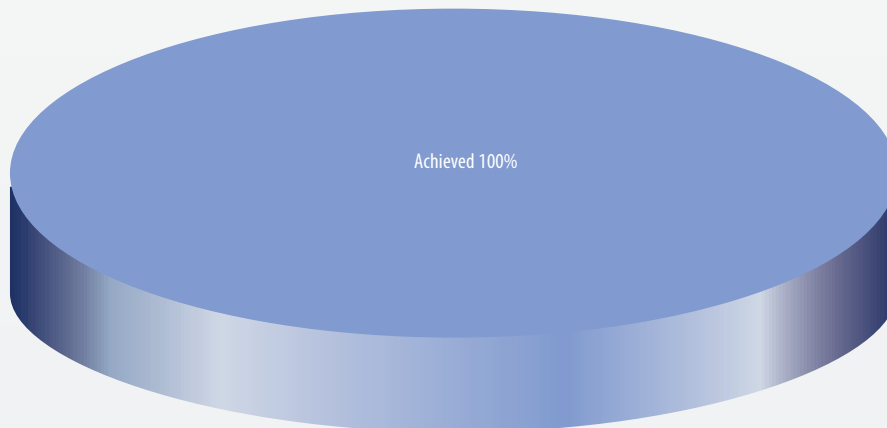
Performance Information by Programme

Summary of Actual Performance as at 31 March 2018

Programme	Description	Total targets	Achieved	Partially achieved	Not achieved
			😊	😐	😞
Programme 1	Administration	13	13		
Programme 2	Business Development	2	2		
Programme 3	Public Engagement	3	3		
		18	18		
			100%	0%	0%

- 😊 Achieved – indicates that the annual target was achieved or exceeded
- 😐 Partially achieved – indicates that the annual target was not fully achieved, but that a significant attempt was made to ensure 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.

Actual Performance Against Targets







Performance Information 2017/2018

Programme 1 ADMINISTRATION

Sub programme 1.1 ADMINISTRATION

GOAL To provide management, administrative and support services that will create an enabling environment for the achievement of overall objectives in an efficient and cost effective manner.





Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Indicator Stage Services						
Definition	Departmental spend on all aspects of stage services, including sound and lighting, to ensure excellence in the presentation of artistic productions, through skilled technical staff.					
Unit of measure	As per service delivery indicator and target					
Successful staging of productions, meeting the producer or hirer's expectation.	To enhance appropriate service provision to the desired quality and safety standards through an efficient and productive service delivery.	Providing stage equipment, infrastructure and services that enable the presentation of any artistic production.	Venue is appropriately maintained annually to ensure successful staging of productions, meeting the producer or hirer's expectation.	Review maintenance plan in the light of annual assessment to ensure expected performance standards are met.	The current equipment was assessed and a replacement plan drafted. During the financial year the back stage hoists were repaired and the Opera Stage flybars upgraded.	
Indicator: Security (Health & Safety)						
Definition:	Expenditure necessary to ensure security of Artscape facilities, staff and patrons.					
Unit of measure:	As per service delivery indicator and target					
To create an environment that meets effective and efficient health and safety requirements.	To provide a safe and secure environment in and around Artscape that ensures the safety of staff, tenants, visitors and patrons.	A secure environment for staff, tenants, visitors and patrons.	Fully implemented risk assessment and tested disaster management plan at each facility occupied by Artscape.	Do annual risk assessment and implement the recommendations	All items on the risk dashboard were addressed during the financial year and the risk dashboard was presented at Audit Committee Meetings during the financial year.	
				Annual testing of disaster management plan systems at each facility occupied by Artscape.	Evacuation drill was conducted at Artscape Theatre on 19 March 2018 and at Epping Warehouse on 20 March 2018. In addition testing of evacuation speakers was done on 7 March 2018	

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Indicator: Information technology (IT) Definition: Expenditure necessary to ensure that Artscape has reliable and efficient information technology systems to support the operational requirements. Unit of measure: As per service delivery indicator and target						
To ensure that IT supports the overall business objectives.	To develop an IT strategy that supports the overall business objectives.	Reliable and efficient information technology services	An IT Strategy which is implemented to ensure that IT supports the overall business objectives.	To implement an IT strategy that addresses infrastructure, skills and business continuity	Quarterly updates on the IT Strategy and Plan implementations were presented to the Audit & Risk Committee.	

Sub programme 1.2 HUMAN RESOURCES

PURPOSE Effective management of the organisation through an efficient human resources department. Ensure sufficient spending on staff expenditure that will enhance employee wellness and staff morale.






Unit of measure: As per service delivery indicator and target

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
To have and nurture a competent and diverse workforce that will deliver on Artscape mandate	To identify and develop employees with the potential to be promoted into key management positions.	Retention of staff with the potential to be promoted.	To have and nurture a competent and diverse workforce that will deliver on Artscape mandate	Roll-out of new organogram addressing critical areas	An update on the organogram roll-out was presented at each of the Human Resources Committee meetings held during the 2017/2018 financial year	
				Develop training plan	A training plan was drafted at the beginning of the year and this resulted in 12 training initiatives during the 2017/2018 financial year.	
				Develop Employee wellness plan	An Employee Wellness Plan was developed and presented to Council via the Human Resources Committee	
				Develop Performance Management plan	Council was updated throughout the year on the Performance Management Plan	

Sub programme 1.3 GOVERNANCE

GOAL As a public entity Artscape continuously strives to ensure that a system of good corporate governance exists and is being adhered to.



(No specific budget as this is done within the budget allocation for administration and general expenses)

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Ensure good corporate governance.	To ensure compliance with Public Finance Management Act	Compliance with the PFMA and relevant treasury regulations.	Deliver clean audit report and ensure appropriate oversight is rendered by various committees by having no outstanding action items. .	Retain clean audit report	The Annual Financial Statements were submitted on 31 May 2017. Artscape received a clean audit report for 2016/2017 financial year.	
		Internal audit compliance		Develop, maintain, and report on the risk register	The risk register was updated at the beginning of the financial year and maintained throughout. It was tabled at all Audit and Risk Committee meetings during the 2017/2018 financial year	
		Maintain a risk register of Artscape's major operational and strategic risks.		Ensure functioning Spatial Infrastructure Committee	Spatial Infrastructure Committee meeting was held in July 2017 and then incorporated into the Council meeting in March 2018	
				Develop and report on Transformation Plan and targets	The Transformation Plan was presented at the Social, Ethics and Transformation Committee meetings held in May 2017, November 2017 and March 2018	
A proper supply chain management strategy and system that ensures best practice.	To maintain a supply chain management system that meets the Treasury Regulations.	Supply chain management policies and practices that complies with Treasury Regulations.	Maintaining a supply chain management policy and procedure that ensures no adverse findings	Procurement of goods and services done with no adverse findings	Policies were received from National Treasury and circulated amongst the SCM and finance team. The CFO attended the CFO Forums and National Treasury Forums/Workshops where policies and procedures are discussed. A submission regarding procurement was part of the quarterly reports to the Department of Arts & Culture	

Programme 2 BUSINESS DEVELOPMENT

INCLUSIVE PERFORMING ARTS PROGRAMME




GOAL To present a diverse artistic programme that caters for the diverse needs of all Western Cape communities.

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
To develop, promote and present an inclusive artistic audience development and education programme.	To introduce a differentiated programme mix that correlates with the diverse audience preferences.	A well-differentiated arts programme that best reflects the diversity of audience preferences.	To present 600 productions and events addressing inclusivity, transformation and education	46 in-house (mandated) productions and events that address inclusivity, transformation and education	Artscape had 83 diverse in-house productions and events this financial year. Through partnerships and additional sponsorships we were able to deliver beyond our projected target.	
				554 Receiving house events	During the 2017/2018 financial year Artscape hosted 578 receiving house productions and events. Additional bookings during the year resulted in this target being exceeded.	

Programme 3 PUBLIC ENGAGEMENT

GOAL To actively engage the public in order to achieve Artscape's objectives of promoting the appreciation, understanding and enjoyment of the performing arts among the general public through marketing and advertising, performing arts education and rural outreach programmes.

Unit of measure: As per service delivery indicator and target

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Marketing and Advertising						
To ensure public awareness of Artscape, its products and services through public relations and communication, and partnership plan is implemented.	To increase brand awareness through correct positioning in print and electronic media.	Coverage in print and electronic media to publish productions and events.	To ensure public awareness of Artscape, its products and services through public relations and communication, and partnership plan is implemented	4 printed brochures	4 brochures were printed this year	
				Artscape and its productions are featured in various print and social media, including its website	Events were featured via social media and website. In addition adverts were placed in the relevant newspapers and magazines.	
				2 signed Partnerships	During the 2017/2018 financial year media partnerships were signed with Mikateko Media and Independent Media	


Performance Information 2016/2017

Programme 1 ADMINISTRATION

Sub programme 1.1 FUNDING AND REVENUE


GOAL To generate additional revenue through venue rental, sponsorship from local donors and business enterprises, productions and as well as interest received on short term investments to supplement the government grant.

Unit of measure: Rand value

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Revenue Generated						
To maximise revenue from business services.	To generate additional revenue through venue rental, sponsorship from local donors and business enterprises, productions and as well as interest received on short term investments to supplement government grant.	Increased venue rental and revised venue rental rates to accommodate inflation and other market variables.	Annual improvement of 5% per annum on the baseline of 2013/2014.	R24.632m	R24.475m The annual target of the programme has been partially achieved as a result of increases in venue rental, catering services, as well as efficient management of cash resources.	

Sub programme 1.2 ADMINISTRATION

GOAL To provide management, administrative and support services that will create an enabling environment for the achievement of overall objectives in an efficient and cost effective manner.

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Indicator: Stage Services Definition: Departmental spend on all aspects of stage services, including sound and lighting, to ensure excellence in the presentation of artistic productions, through skilled technical staff. Unit of measure: As per service delivery indicator and target						
To ensure reliable, effective and efficient stage services within and beyond the Artscape facility.	To enhance appropriate service provision to the desired quality and safety standards through an efficient and productive service delivery.	Providing stage equipment, infrastructure and services that enable the presentation of any artistic production.	Successful staging of productions meeting the producer or hirer's expectation.	Annually assess the status of stage equipment that will contribute to successful productions	The current equipment was assessed and a replacement plan drafted. During the financial year new multimedia, lighting and sound equipment was procured.	

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Indicator: Security (Health & Safety)						
Definition:		Expenditure necessary to ensure security of Artscape facilities, staff and patrons.				
Unit of measure:		As per service delivery indicator and target				
To ensure the safety of staff and patrons the Artscape facilities.	To provide a safe and secure environment in and around Artscape that ensures the safety of staff, tenants, visitors and patrons.	A secure environment for staff, tenants, visitors and patrons.	Monthly reports of all security incidents.	Monthly meetings with service providers at which service levels and incidents are discussed.	Due to changing of the security service provider 1 meeting was held in quarter 1 and 1 meeting in quarter 2. During quarter 3 and 4 meetings were conducted on a monthly basis	☹️
			Health & Safety strategy and plan.	Quarterly health & safety meetings to monitor adherence to health and safety in the workplace.	Health & Safety meetings were held in June 2016, September 2016, December 2016 and March 2017.	😊
				Annual testing of disaster management plan systems at each facility occupied by Artscape.	Evacuation drill completed on 22 March 2017. Testing of evacuation tones, sprinkler system and panic buttons conducted throughout the quarter	😊
Indicator: Information technology (IT)						
Definition:		Expenditure necessary to ensure that Artscape has reliable and efficient information technology systems to support the operational requirements.				
Unit of measure:		As per service delivery indicator and target				
To ensure that IT supports the overall business objectives.	To develop an IT strategy that supports the overall business objectives.	Reliable and efficient information technology services	IT hardware and software that meet the operational current requirements.	Evaluate current software in and systems in use.	Quarterly IT reports were produced that indicate the regular monitoring of current systems.	😊

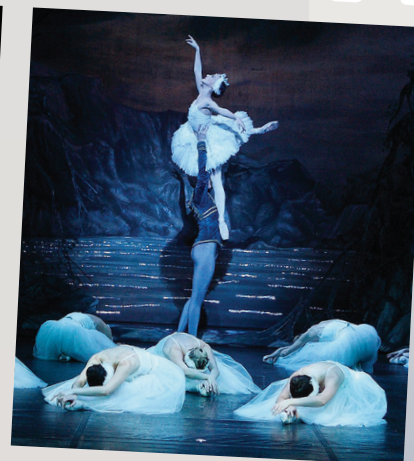


Sub programme 1.3 HUMAN RESOURCES

PURPOSE Effective management of organisational management through an effective human resources department.
Ensure sufficient spending on staff expenditure that will enhance employee wellness and staff morale.

Unit of measure: As per service delivery indicator and target

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
To retain staff with the potential to be promoted into key management positions.	To identify and develop employees with the potential to be promoted into key management positions.	Retention of staff with the potential to be promoted.	A staff retention system.	Identify and implement training needs for staff taking into consideration succession requirements of the organisation.	A training plan was drafted at the beginning of the year and this resulted in 175 people attending 10 training initiatives during the 2016/2017 financial year.	😊
To fill vacancies created in line with the entity's Employment Equity plans.	To determine employment equity targets that's in line with the demographics of the Western Cape.	Appointments that meet the targets within the Employment Equity plan.	Movement towards achieving the employment equity targets that are representative of the demographics of the Western Cape.	Revise employment equity targets.	HR presented the revised EE targets at the start of the financial year.	😊
				Fill vacancies in line with employment equity targets.	During the 2016/2017 financial year 12 permanent and 10 contract staff were employed. The demographics are: 4AM, 5AF, 8CM, 4CF, 1WM	😊



Sub programme 1.4 GOVERNANCE

GOAL As a public entity Artscape continuously strives to ensure that a system of good corporate governance exists and is being adhered to.

(No specific budget as this is done within the budget allocation for administration and general expenses)

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Ensure good corporate governance.	To ensure compliance with Public Finance Management Act	Compliance with the PFMA and relevant treasury regulations.	Clean Audit Report.	Retain clean audit status	The Annual Financial Statements were submitted on 31 May 2016. Artscape received a clean audit report for 2015/2016 financial year.	😊
		Internal audit compliance	Internal control measures that will minimise items being raised in the management letter of the Auditor-General and Internal Audit reports.	Review and implement recommendations of Auditor-General & Internal Auditors.	The matters raised by the Auditor-General in their management letter and reports from the Internal Auditors have been implemented as appropriate.	😊
		Maintain a risk register of Artscape's major operational and strategic risks.	Annual risk assessment.	Development, maintenance and reporting on the risk register	A risk assessment was conducted in August 2016 and the report presented to Council in September 2016	😊
A proper supply chain management strategy and system that ensures best practice.	To maintain a supply chain management system that meets the Treasury Regulations.	Supply chain management policies and practices that complies with Treasury Regulations.	Supply chain policies that meet Treasury requirements.	Review and update supply chain policies and procedures in line with Treasury regulations	Policies were received from National Treasury and circulated amongst the SCM and finance team. The CFO attended the CFO Forums and National Treasury Forums/Workshops where policies and procedures are discussed.	😊



Programme 2 Business Development

PERFORMING ARTS PROGRAMME

GOAL To present a diverse artistic programme that caters for the diverse needs of all Western Cape communities.

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
To develop, promote and present a diverse artistic programme.	To introduce a differentiated programme mix that correlates with the diverse audience preferences.	A well-differentiated arts programme that best reflects the diversity of audience preferences.	To present diverse productions and events per annum.	650 productions and events	Artscape had 844 diverse productions and events this financial year.	😊
To ensure nation-building through cross-cultural audiences and performing arts education initiatives to enhance theatre experience in historically marginalised communities.	To ensure that the performing arts are accessible to the diversity of audiences in the Western Cape and surrounding non-urban areas.	Dedicated audience development and education events	The presentation of diverse audience development and education	50 events	ADE had 72 diverse events and productions this year.	😊
To present dedicated programmes for schools and learners.	To ensure scheduling of annual programmes aimed at promotion of arts amongst schools and learners.	Present dedicated performing arts programmes for the benefit of schools and learners	Annually host a High School Drama and Schools Arts Festival to ensure an interest in the performing arts amongst school learners.	Annually host a High School Drama and Schools Arts Festival to ensure an interest in the performing arts amongst school learners.	<i>The High School Drama festival</i> was held from 15-18 August 2016. <i>The Schools Arts Festival</i> was held between 11 and 31 August 2016	😊
			3 setworks for Grade 12 learners	3 setworks (isiXhosa and English and Afrikaans)	The following setworks <i>Amaza</i> , <i>Nothing But the Truth</i> and <i>Krismis Van Map Jacobs</i> presented.	😊
To present artistic programmes and events that's aligned to national days.	To ensure that the artistic programme includes a focus on national days.	Celebration of national days	Productions or events that is aligned to national days	Produce productions or event in line with national days	For the year under review, Artscape identified the following national days for celebrations as part of the artistic programme: <i>Youth Day</i> (events were held during June 2016 – this included <i>Shakespeare Schools Festival</i> , <i>Cape Town's Most Wanted</i> , <i>Youth Jazz Festival</i>), <i>Women's Day</i> (Women's Festival was held 9-12 August 2016) and <i>Heritage Day</i> (events were held during September 2016).	😊

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
To present dedicated programmes that showcase young talent.	To ensure that dedicated programmes are presented that showcases youth talent	Dedicated programmes that will present youth talent.	Presentation of dedicated programmes that presents youth talent	Present 3 Youth specific events/ productions	During the 2016/2017 financial year the <i>Youth Jazz Festival</i> , <i>Cape Town's Most Wanted</i> and <i>Oratorio of a Forgotten Youth: Musical Reflections</i> on the Youth of '76 took place during June 2016 and the Classical Music Festival was held during August.	😊
To present artistic presentations in line with artistic vision	To ensure that the artistic programme is representative of Artscape's artistic vision	An arts programme that best reflects the diversity of audience preferences.	Presentation of diverse artistic productions.	Present a multi-cultural artistic production	The 10 year celebration of the rural outreach programme was held in Clanwilliam on 21 October 2016.	😊
				Present a production at an external venue, such as at the Maynardville Open Air Theatre	Shakespeare production (<i>Twelfth Night</i>) was staged at Maynardville Open Air Theatre during January and February 2017.	😊

Programme 3 Public Engagement

GOAL To actively engage the public in order to achieve Artscape's objectives of promoting the appreciation, understanding and enjoyment of the performing arts among the general public through marketing and advertising, performing arts education and rural outreach programmes.

Unit of measure: As per service delivery indicator and target

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Marketing and Advertising						
To ensure public awareness of Artscape, its products and services through public relations and communication.	To increase brand awareness through correct positioning in print and electronic media.	Coverage in print and electronic media to publish productions and events.	Produce printed quarterly brochures with information on productions and events at Artscape.	4 printed brochures	4 brochures were printed this year	😊
			Utilise social networks and website for marketing and advertising purposes.	Promotion of productions via print, electronic website and social media.	Events were promoted via social media (8,467 Twitter followers, 27,204 Facebook page likes at end March 2017) and website (297,163 unique visitors). In addition adverts were placed in the relevant newspapers and certain magazines.	😊

Key objective	Strategy	Output	Service delivery indicator	Target	Actual performance	Achievement
Rural Outreach						
To increase the interest in the performing arts in non-urban areas	To present an artistic programme in non-urban areas	Greater awareness and involvement in the performing arts in nonurban areas through outreach programmes.	Present a major outreach programme for non-urban areas annually in a different municipal region.	1 outreach programme	The 10 year celebration of the rural outreach programme was held in Clanwilliam on 21 October 2016.	😊
New Voices programme						
To facilitate and mentor promising new talent.	To promote the development of new writers and the encouragement of creative new writing talent.	Present a playwriting workshop to attract and develop new writing talent.	Artistic workshops and new scripts commissioned.	Conduct 1 artistic workshop	1 workshop was conducted on 25 March 2017 – <i>Intro to Indigenous Music</i>	😊
				Commission one new artistic script	As part of the New Voices Programme the following scripts were commissioned and staged (<i>Uthando, Syria, inSkin</i> and <i>But, the Land</i>)	😊
Resource Centre						
To facilitate training programmes for emerging artists and arts practitioners through the Resource Centre	To present training programmes and information sessions to emerging artists and arts practitioners.	Dedicated training programmes and information sessions for emerging artists and arts practitioners.	Presentation of dedicated training programmes and information sessions for emerging artists and arts practitioners.	4 sessions.	4 workshops/ information sessions were conducted during 2016/2017.	😊
Technical Training Programme						
To enhance skills training and skills transfer through the technical training programme.	To provide training in specialised theatre services and internships in the various aspects of theatre management.	A dedicated technical training programme.	Annual enrolment of trainees on the - year technical training programme.	Presentation/ facilitation of a technical training programme	5 technical trainees were enrolled for the current financial year.	😊

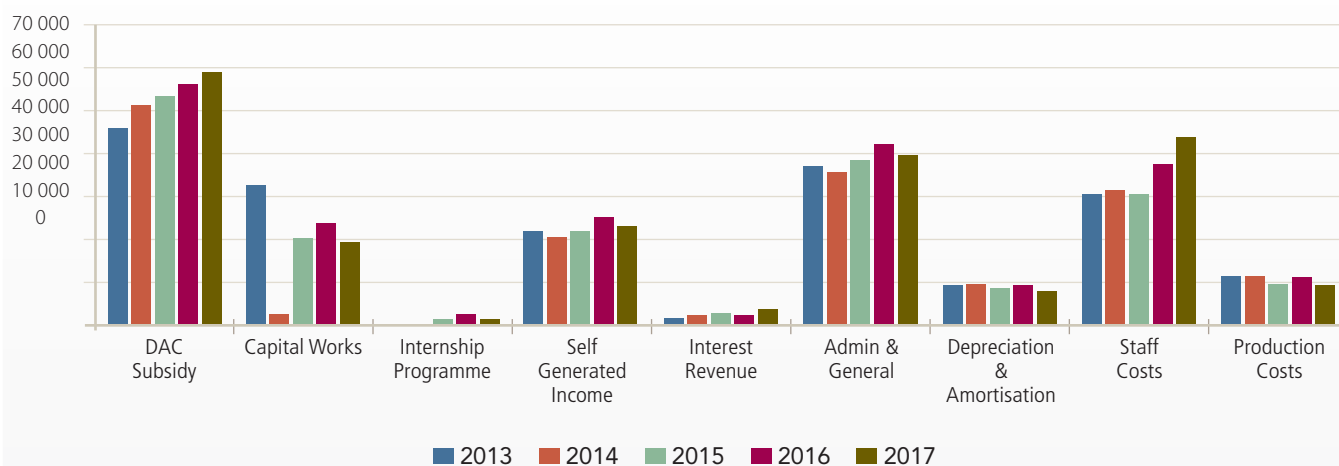
Summary of Financial Information

REVENUE	2013/2014 R'000	2014/2015 R'000	2015/2016 R'000	2016/2017 R'000	2017/2018 R'000
State contribution	47 821	50 755	53 090	55 904	58 699
State contribution – essential capital works	33 095	2 051	20 701	23 711	18 455
State contribution – projects			197	1 487	1 229
Provincial contribution		1 115	709	474	577
Local government contribution					154
Venue rentals	4 280	5 370	5 971	5 874	6 144
Sponsorships	4 725	1 704	419	5 809	6 537
Other income	10 588	9 935	12 966	10 788	10 109
Performing Arts Programme	2 749	3 459	2 686	3 019	1 124
Investment revenue	1 105	3 107	3 117	2 358	2 827
TOTAL	104 363	77 496	99 856	109 424	105 855
EXPENDITURE					
Administrative expenses (excluding capitalised maintenance expenditure)	35 477	33 892	37 823	42 261	39 411
Amortisation and Depreciation	9 123	9 315	8 905	9 385	7 793
Compensation of employees	30 286	31 494	30 860	37 251	43 687
Performing arts programme	12 733	12 460	9 746	12 180	9 202
TOTAL	87 619	87 161	87 334	101 077	100 093
SURPLUS/(DEFICIT)	16 744	(9 665)	12 522	8 347	5 762

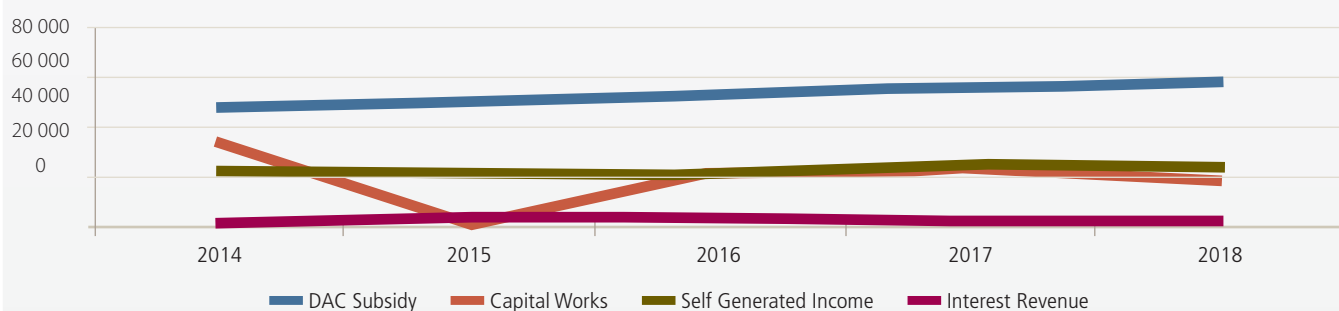
Revenue and expenditure trends

REVENUE	2013/2014 R'000	2014/2015 R'000	2015/2016 R'000	2016/2017 R'000	2017/2018 R'000
Annual subsidy	46%	65%	53%	51%	55%
Essential maintenance contribution	32%	3%	21%	22%	17%
Internship programme	-	2%	1%	0%	1%
Other revenue	22%	30%	25%	25%	25%
TOTAL	100%	100%	100%	99%	99%
EXPENDITURE					
Administrative expenses	41%	39%	44%	42%	39%
Amortisation and Depreciation	10%	11%	10%	9%	8%
Compensation of employees	35%	35%	34%	37%	44%
Performing arts programme	14%	14%	11%	12%	9%
Other non – operating expenses	0%	1%	1%	0%	0%
TOTAL	100%	100%	100%	100%	100%

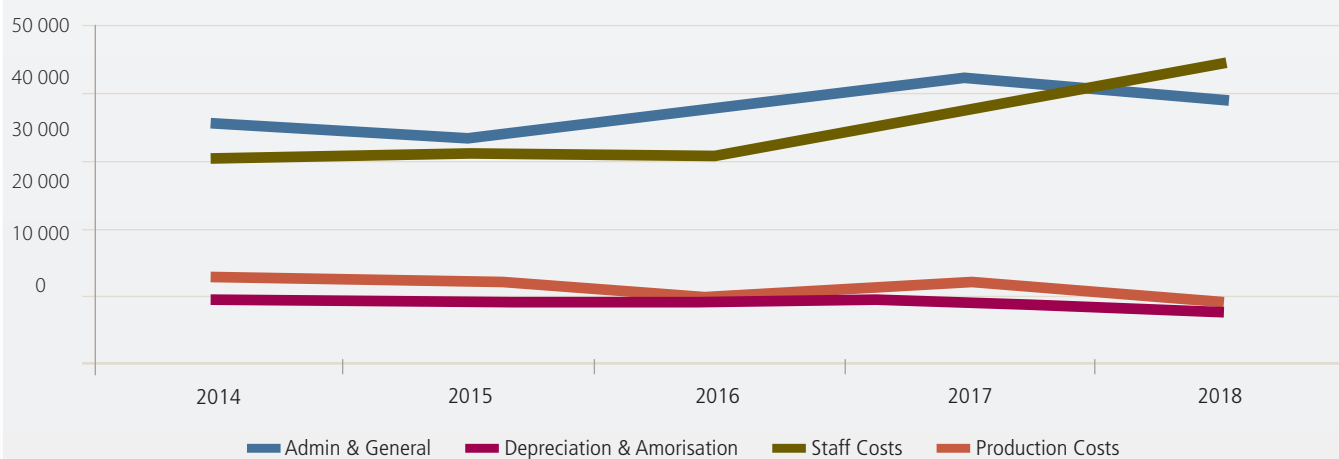
Clustered Financial Performance 2014 – 2018



Income 2014 – 2018



Expenses 2014 – 2018





Productions & Events

For the period 1 April 2017 to 31 March 2018



ArtsAbility Festival

The ArtsAbility Festival took place at Artscape from 28 November – 2 December 2017 during the International Week for People with Disabilities. The ArtsAbility Festival is one of the premier integrated arts events that showcases collaborative works by artists with mixed abilities. One of the key objectives of the Festival is to create a space that enables artistic expression and promotes an inclusive society. The festival is an end product of artistic workshops/creations and collaborations that are facilitated by artists from Unmute Dance Company who are currently pioneering integrated arts in South Africa.

Genre	Number of Productions or Events
Opera	2
Ballet/Dance	43
Musicals/Musical Theatre	12
Concerts	59
Variety Shows	7
Drama/Comedy	53
Youth Theatre	18
Exhibitions	29
Films	14



New Voices Season

The New Voices Season seeks to provide a platform to new theatre makers, directors, choreographers and scriptwriters for creative expression. It also seeks to unearth buried stories and reclaim their identities in the mainstream theatre. The productions staged were:

- Imbewu: The Seed – A family Drama of a father on a mission to second son and successor for the family business.
- Night and Day – A story about love, betrayal, infidelity, brutality and redemption
- Once Upon A Nation – a production that uses skit-comedy, parody and story-telling devices to portray the various ways in which this nation, once destined for greatness, has lost the plot now more than 20 years into democracy.

Capital Works

The Artscape Theatre complex continues to be revived and enhanced through the various building improvement projects and upgrading of stage machinery and equipment.

During the year the upgrade of the foyers commenced, and it will be completed during the next financial year.

Funding has also been obtained for the upgrading of the stage equipment and the generators to be installed during the 2018/19 financial year.





Governance

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entity's 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 and the Accounting Authority of Artscape are responsible for corporate governance.

Executive Authority

The Department of Arts & Culture is the Executive Authority.

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

- Annual Performance Plan 2018/2019
- Quarterly Reports for the quarters ending June 2017, September 2017, December 2017 and March 2018

The Chairperson signed the *Shareholder's Compact* for 2017/18 with the Minister of Arts & Culture on 7 June 2018.

The Accounting Authority

Artscape's Council, appointed by the Minister of Arts & Culture, acts as the accounting authority in terms of the PFMA.

Corporate Governance Arrangements

The Artscape Council and Management continued their commitment to the principles of good corporate governance as prescribed by the King III Report, and constantly strive for the highest standards of professionalism, integrity and ethics.

We are satisfied that the institution has applied adequate corporate practices of transparency, integrity and accountability for the year.

Following Council's improved risk management oversight, Council conducted a strategic workshop in November 2017 to agree on transformation objectives and strategy for Artscape. The outcomes of the workshop formed the basis of the annual performance plan for 2018/2019.

Council continued its risk management oversight through the Audit and Risk Committee.

In order to ensure that the risks attached to the capital works projects are properly managed, Council established a building committee. This committee will meet on a regular basis and advises Council on all building related projects.

The Human Resources Committee continued to monitor employee-related policies and practices. It reported to Council on its work and functioning. The overall staff demographics have shown a positive advance towards the set targets.

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. Urgent matters were dealt with by the Executive Committee which reported to full Council for ratification.

COUNCIL

The following Council members, appointed by the Minister of Arts & Culture on 1 December 2017, were in office at 31 March 2018:

HRH Princess Celenhle Dlamini(Chairperson)
 Dr Marian Jacobs
 Mr Rajesh Jock
 Dr Niel Le Roux
 Advocate Penelope Magona
 Ms Xoliswa Ndudeni-Ngema
 Dr Tebogo Ngoma
 Dr Ayanda Vilakazi
 Mr Mjikisile Vulindlu

Council Members' Attendance Of Meetings – April 2017 to March 2018

Council Meetings

Member	Number of Meetings	Number of Meetings attended
Fikeni, S (Chair) – until 30 Nov 2017	3	2
Muyanga, N (Deputy Chair) – until 30 Nov 2017	3	1
Vulindlu, M	5	5
Dlamini, C	5	4
Jacobs, M	5	4
Meinert, L – until 30 Nov 2017	3	2
Rorke Clarke, R – until 30 Nov 2017	3	2
Ngoma, T – from 1 Dec 2017	2	2
Le Roux, N – from 1 Dec 2017	2	2
Magona, P – from 1 Dec 2017	2	2
Jock, R – from 1 Dec 2017	2	2
Vilakazi, A – from 1 Dec 2017	2	2
Nduneni-Ngema, X – from 1 Dec 2017	2	1

Executive Committee Meetings

Member	Number of Meetings	Number of Meetings attended
Fikeni, S (Chair) – until 30 Nov 2017	2	2
Muyanga, N (Deputy Chair) – until 30 Nov 2017	2	1
Vulindlu, M – until 30 Nov 2017	2	2
Dlamini, C – until 30 Nov 2017	2	2

Human Resources Committee Meetings

Member	Number of Meetings	Number of Meetings attended
Vulindlu, M (Chair)	4	4
Rorke Clarke, R – until 30 Nov 2017	3	3
Meinert, L – until 30 Nov 2017	3	2
Jacobs, M – until 30 Nov 2017	3	2
Jock, R – from 2 Feb 2018	1	1
Ngoma, T – from 2 Feb 2018	1	1
Le Roux, N – from 2 Feb 2018	1	1

Audit & Risk Committee Meetings

Member	Number of Meetings	Number of Meetings attended
Benjamin-Swales, R (Independent Chair appointed by Council until 30 Nov 2017)	3	3
Sishuba, T (Independent member appointed by Council until 30 Nov 2017)	3	2
Jacobs, M (Interim Chair from 2 Feb 2018)	4	3
Vulindlu, M - until 30 Nov 2017	3	2
Dlamini, C - until 30 Nov 2017	3	3
Magona, P – from 2 Feb 2018	1	1
Vilakazi, A – from 2 Feb 2018	1	0

Spatial Infrastructure Committee Meetings

Member	Number of Meetings	Number of Meetings attended
Muyanga, N (Chair) – until 30 Nov 2017	3	3
Fikeni, S – until 30 Nov 2017	3	1
Jacobs, M – until 30 Nov 2017	3	2
N Khan – until 30 Nov 2017	3	3
T Tavenga – until 30 Nov 2017	3	1

Social Ethics And Transformation Committee Meetings

Member	Number of Meetings	Number of Meetings attended
Dlamini, C (Chair) – until 30 Nov 2017	2	2
Fikeni, S – until 30 Nov 2017	2	0
Vulindlu, M – until 30 Nov 2017	2	1
Rorke Clarke, R – until 30 Nov 2017	2	2
Muyanga, N – until 30 Nov 2017	2	1
Jacobs, M – Chair from 2 Feb 2018	1	1
Nduneni-Ngema, X – from 2 Feb 2018	1	1
Ngoma, T – from 2 Feb 2018	1	1

Strategic Session

Member	Number of Meetings	Number of Meetings attended
Fikeni, S (Chair)	1	1
Muyanga, N (Deputy Chair)	1	0
Vulindlu, M	1	1
Dlamini, C	1	1
Jacobs, M	1	1
Meinert, L	1	1
Rorke Clarke, R	1	0
Meinert, L – until 30 Nov 2017	3	2
Jacobs, M – until 30 Nov 2017	3	2
Jock, R – from 2 Feb 2018	1	1
Ngoma, T – from 2 Feb 2018	1	1
Le Roux, N – from 2 Feb 2018	1	1

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	R1 531	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Vice-Chairperson	R1 038	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R924 (local members) R1 228 (out of town members)	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.

Remuneration of Audit Committee Members payable per official meeting attended:

	Daily Rate	Comment
Chairperson	R3 066	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R1 860	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

Remuneration of Council and Committee members

Non – executive directors (1 April 2017 to 30 November 2017)

Dr S Fikeni	Chairperson	10 717
Mr N Muyanga	Deputy Chairperson	3 114
Dr M Jacobs		4 000
HRH Princess C Dlamini		8 596
Mr M Vulindlu	Employed by City of Cape Town (no fee payable)	0
Ms R Rorke Clarke		2 456
Ms L Meinert		3 076
Ms R Benjamin-Swales(by invitation)		924
		32 883

Audit and Risk Committee Members

Ms R Benjamin-Swales	Chairperson	9 198
HRH Princess C Dlamini		5 580
Dr M Jacobs		3 720
Mr M Vulindlu	Employed by City of Cape Town (no fee payable)	
Ms T Sishuba (as from 19 February 2017)		3 720
		22 218

Human Resources Committee Members

Mr M Vulindlu	Chairperson Employed by City of Cape Town (no fee payable)	–
Ms R Rorke Clarke		3 684
Ms L Meinert		1 797
Dr M Jacobs		1 848
		7 329

Spatial Infrastructure Committee Members

Mr N Muyanga	Chairperson	3 114
Dr S Fikeni		1 531
Dr M Jacobs		1 848
Mr N Khan		2 772
Mr T Tavenga		924
		10 189
HRH Princess C Dlamini	Chairperson	2 456
Dr S Fikeni		0
Mr N Muyanga		1 038
Ms R Rorke Clarke		2 456
Mr M Vulindlu	Chairperson Employed by City of Cape Town (no fee payable)	–
		5 950

Emoluments of Council and Committees (1 April 2017 – 30 November 2017)

78 569

Non – executive directors (1 December 2017 to 31 March 2018)

HRH Princess C Dlamini (chairperson)	4 290
Dr M Jacobs	1 848
Mr R Jock	4 912
Dr N le Roux	4 304
Ms T Ngoma	3 076
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg – no fee payable)	
Adv P Magona	4 304
Dr A Vilakazi	4 912
Mr M Vulindlu (employed by City of Cape Town – no fee payable)	–
	<u>27 646</u>

Audit and Risk Committee Members

Dr M Jacobs (Chairperson)	3 066
Adv P Magona	1 860
Dr A Vilakazi	–
	<u>4 926</u>

Human Resources Committee Members

Mr M Vulindlu (Chairperson)(employed by City of Cape Town – no fee payable)	–
Dr N le Roux	924
Adv P Magona	924
Mr R Jock	1 228
	<u>3 076</u>

Social, Ethics and Transformation Committee:

Dr M Jacobs (Chairperson)	924
Ms T Ngoma	924
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg – no fee payable)	
	<u>1 848</u>

Emoluments of Council and Committees (1 December 2017 - 31 March 2018)37 496**Total emoluments of Council and Committees (1 April 2017 - 31 March 2018)**116 065

Risk management

Artscape annually conducts a risk management workshop. This workshop is attended by management and key members of staff. Management utilises the Risk Intelligence Map to assist in the categorisation and identification of key risk areas.

Once all pertinent risks had 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. The Audit and Risk Committee as well as the Council may wish to include/incorporate additional risks if deemed necessary.

Management ensures that existing controls and processes are in place to make sure that risks are sufficiently addressed and will implement specific action plans to manage the inherent risk exposure to an acceptable level. The risk register is updated in a quarterly risk management action plan.

Internal control unit

KPMG was appointed as Artscape's internal auditors in 2015.

Artscape has an internal Compliance department that 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 report of this committee appears on page XX of the Annual Report.

Compliance with laws and regulations

The system of internal control is considered effective as the various reports of the Internal Auditors and the Auditor-General have not reported any significant or material non-compliance with prescribed policies and procedures and laws and regulations in the current year.

Internal Audit conducted a health check and supply chain review to test compliance to policies and procedures, laws and regulations.

Fraud and corruption

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

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 also included in the Annual Report (see page XX).

The Audit and Risk Committee also consider fraud at each and every meeting.

Minimising conflict of interest

All staff members are required to make annual declarations of interest to avoid conflict of interest.

Council and Audit and Risk Committee members are required to declare their interest at every meeting.

Code of conduct

A code of conduct is in place for all staff members. Any breaches of the code of conduct may result in disciplinary action being taken against staff members.

Artscape also has a code of conduct for Council members, communicated to them at the time of their appointment to Council.

Health safety and environmental issues

In order to ensure safety on stage, Artscape provide 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 issues are considered and adhered to.

Social responsibility

Artscape has an internship programme to provide on the job training to interns from schools, universities and arts organisations. In addition to this Artscape also has exchange programmes with organisations.

In the current year Artscape hosted:

- an internship programme, supported by the Extended Public Works Programme (EPWP) of the Provincial Government of the Western Cape;
- “incubator projects” through the Resource Centre for new and upcoming artists or artistic organisations which was funded by the Department of Arts and Culture.

The initiative to introduce disadvantage communities to the Artscape Theatre. This initiative is supported by the agreement with Golden Arrow Bus Company to transport audience members from diverse communities to final dress rehearsals and productions.

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. During the 2017/2018 financial year there were 4 meetings.

Members 1 April 2017 – 31 March 2018

Number of meetings attended

Ms R Benjamin-Swales (Independent member and chairperson until 30 Nov 2017)	3
Dr M Jacobs (Council member)	3
HRH Princess C Dlamini (Council member and member of the committee until 30 Nov 2017)	3
Mr M Vulindlu (Council member and member of the committee until 30 Nov 2017)	2
Ms Thobeka Sishuba (Independent member until 30 Nov 2017)	2
Adv Penelope Magona (Council member and member of the committee from 2 February 2018)	2
Dr Ayanda Vilakazi (Council member and member of the committee from 2 Feb 2018)	0

Audit and Risk Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 51(1)(a) 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 Committee ensured that risks identified through its risk management workshop are continuously monitored and that the risk register is updated on a regular basis.

The Effectiveness of Internal Control

In their management letter for the current year the AGSA reported findings on supply chain management in relation to non-compliance with prescribed policies and procedures and laws and regulations, as well as some findings of a housekeeping nature. These reported findings had no impact on the AGSA Audit report and will be addressed by management and monitored by the Committee and Internal Auditors in the next financial year. Based on the AGSA management letter and reports of the Internal Auditors the overall system of internal control is considered to be effective.

The Quality of Quarterly Reports

The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Institution during the year under review.

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 2018.

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.

The Committee is pleased to report that the AGSA has, once again, presented Artscape with a clean audit report.



Adv P Magona

ON BEHALF OF THE AUDIT COMMITTEE
31 JULY 2018



Human Resource Management

Introduction

Council established a Human Resource Committee (HRC) to provide oversight over human resource management at the public entity. The committee meets on a quarterly basis and advises on the following:

- HR Policies and procedures
- HR priorities for the year under review and the impact of these priorities
- Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce
- Employee performance management framework
- Employee wellness programmes
- Staff-related disciplinary matters

The committee members until 30 November 2017 were as follow:

Mr M Vulindlu (Chairperson)
Ms R Rorke Clarke
Ms L Meinert
Dr M Jacobs

From 1 December 2017 – 31 March 2018 the committee members were:

Mr M Vulindlu (Chairperson)
Dr N le Roux
Adv P Magona
Mr R Jock

Human Resource Oversight Statistics

Human Resources Management

Personnel Expenditure

As at 31 March 2018 Artscape employed 91 (2017: 89) persons on a permanent basis and 19 (2017: 12) persons on an annual contractual basis. Depending on operational requirements, additional staff is appointed on a part-time or casual basis.

	Operating expenses	Compensation of employees	Training & Capacity Building	Other staff overheads	Total staff cost	Total staff cost as a percentage of operating expenses
	R'000	R'000	R'000	R'000	R'000	
2018	94 808	42 172	192	1 515	43 687	46%
2017	96 121	35 948	421	1 303	37 251	39%

Analysis of permanent staff compensation

	Salary & other benefits		Overtime		Provident fund		Medical Assistance		Cost of Employment	
	(R'000)	% staff cost (R'000)	(R'000)	% staff cost (R'000)	(R'000)	% staff cost (R'000)	(R'000)	% staff cost	Staff compensation (Excluding part time)	Average Staff Expenditure (R'000)
2018	33 709	80.30%	1 428	3.40%	4 141	9.86%	2 702	6.44%	41 980	416
2017	27 659	79.25%	1 481	4.24%	3 452	9.89%	2 311	6.62%	34 903	346

Employment and Vacancies as at 31 March 2018

	Number of posts	Number of posts filled	Vacancy	Vacancy Rate
Permanent staff	101	91	10	10%
Annual contractual staff	19	19	0	0%
Total	120	110	10	10%

Staff turnover for the period 1 April 2017 – 31 March 2018

	Staff as at 31-Mar-17	New Appointments	Transfer from contract to permanent	Terminations	Staff as at 31-Mar-18
Permanent staff	85	14	1	7	93
All Contract staff	16	5	-1	3	17
Total	101	19	0	10	110

Reasons for leaving the Institution

Termination type	Number of employees	% of total terminations	% of total number of employees
Resignations	6	60%	5.5%
Dismissed	1	10%	0.9%
Retired	3	30%	2.7%
Total	10	100%	9.1%

STAFF PROFILE

Occupational Levels	Male				Female				Foreign Nationals		Total	Persons with Disabilities	
	A	C	I	W	A	C	I/A	W	Male	Female		Male	Female
Top management	1	2	0	0	1	2	0	1	0	0	7		1
Senior management	2	3	0	0	0	1	1	0	0	0	7	1	
Professionally qualified and experienced specialists and mid-management	0	9	0	2	1	3	0	2	0	0	17		
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	6	24	1	3	5	11	0	3	0	0	53	1	
Semi-skilled and discretionary decision making	1	6	0	0	3	9	0	1	0	0	20		
Unskilled and defined decision making	1	3	0	0	0	1	0	0	0	0	5		
Grant Total	11	47	1	5	10	27	1	7	0	0	109	2	1
Permanent	10	43	1	3	6	22	0	5	0	0	90	2	1
Contract	1	4	0	2	4	5	1	2	0	0	19		

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I/A	W	Male	Female	
Top management	0.92%	1.83%	0.00%	0.00%	0.92%	1.83%	0.00%	0.92%	0	0	6.42%
Senior management	1.83%	2.75%	0.00%	0.00%	0.00%	0.92%	0.92%	0.00%	0	0	6.42%
Professionally qualified and experienced specialists and mid-management	0.00%	8.26%	0.00%	1.83%	0.92%	2.75%	0.00%	1.83%	0	0	15.60%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5.50%	22.02%	0.92%	2.75%	4.59%	10.09%	0.00%	2.75%	0	0	48.62%
Semi-skilled and discretionary decision making	0.92%	5.50%	0.00%	0.00%	2.75%	8.26%	0.00%	0.92%	0	0	18.35%
Unskilled and defined decision making	0.92%	2.75%	0.00%	0.00%	0.00%	0.92%	0.00%	0.00%	0	0	4.59%
Grant Total	10.09%	43.12%	0.92%	4.59%	9.17%	24.77%	0.92%	6.42%	0	0	100.00%
Permanent	9.17%	39.45%	0.92%	2.75%	5.50%	20.18%	0.00%	4.59%	0	0	82.57%
Contract	0.92%	3.67%	0.00%	1.83%	3.67%	4.59%	0.92%	1.83%	0	0	17.43%
Western Cape Eap	19.90%	26.20%	0.40%	8.20%	16.10%	22.50%	0.10%	6.60%	0	0	100.00%
Variance	-9.81%	16.92%	0.52%	-3.61%	-6.93%	2.27%	0.82%	-0.18%	0	0	

Health Promotion and HIV/AIDS Programmes

Artscape annually hosts programmes aimed at promoting employee wellness and health. Amongst others a corporate wellness day, a programme on financial wellness as well as counselling sessions were arranged.

Misconduct and Disciplinary Hearings for permanent and annual contractual employees finalised

Permanent and Contractual Staff: 1

Part-time employees: None

Skills Development

Artscape's skills development programme included ongoing training to permanent and contractual staff, the annual technical training programme and the internship programme (supported by the Provincial Government of the Western Cape's EPWP programme). Other ad-hoc opportunities for skills development is the job shadowing programme that is provided on request to high school learners and tertiary students.

Training needs identified and provided to permanent and annual contractual employees for the period 1 April 2017 to 31 March 2018

Gender	Number of employees (previous period)	Training needs identified and provided (previous period)
Male	64 (85)	63 (81)
Female	46 (16)	83 (53)
Total	110 (101)	29 (134)

Analysis of training costs (excluding part time)

	Staff compensation R'000	Training & Capacity building	Training & Capacity building as % of staff compensation	Training needs identified and provided	Average training & capacity building cost per training provided
2018	43 687	192	0.44%	29	6.62
2017	37 251	421	1.13%	134	3.14

EPWP internship opportunities provided for the period 1 April 2017 to 31 March 2018

Gender	Number of interns
Male	4
Female	11
Total	15

Performance Rewards

None during the current year.



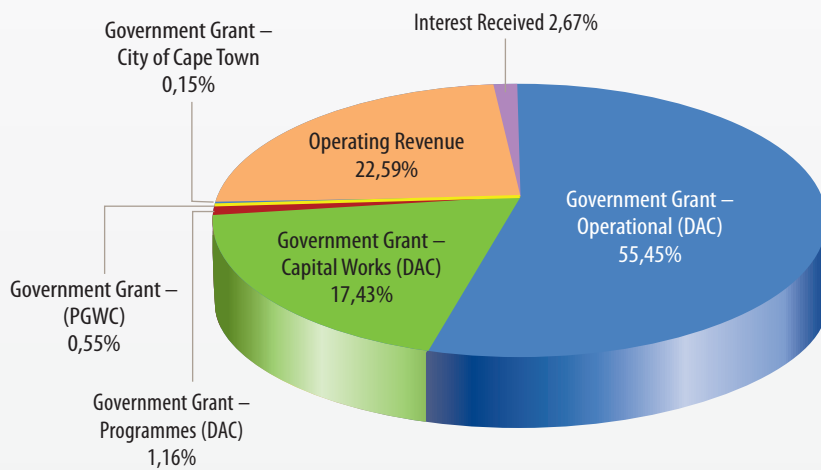


Financial Information

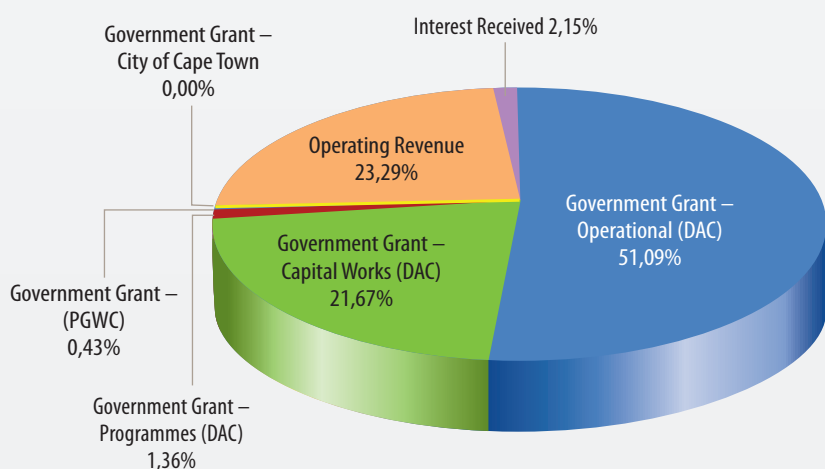
Overview of the year ended 31 March 2018

Total revenue decreased by 3% from R109,4m to R105,8m, mainly due to a decrease in capital works funding. The total government grants for 2018 increased slightly by 2% from 2017 to 80% of total revenue (2017: 78%), while other operating income generated contributed 17% of total revenue. Interest revenue contributed 3% of total revenue.

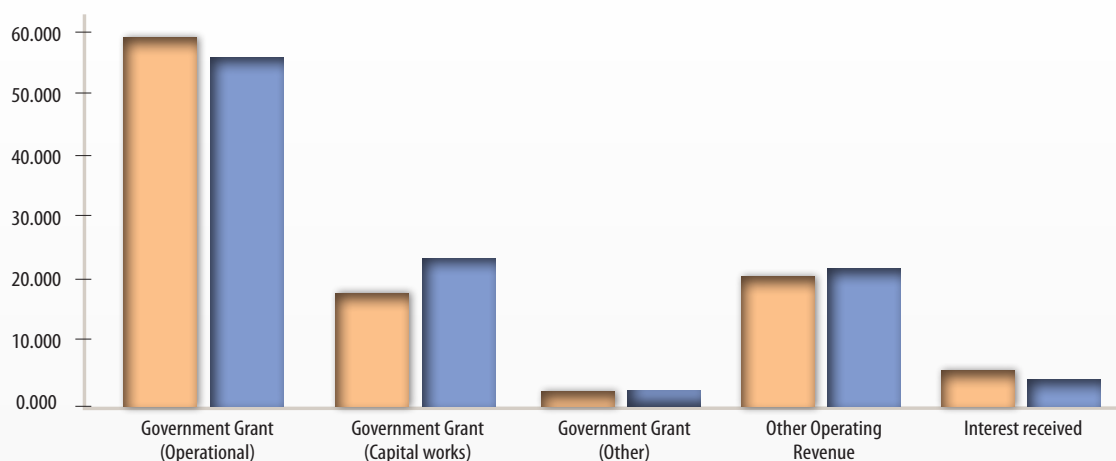
REVENUE SPLIT 2018



REVENUE SPLIT 2017



The graph below reflects a comparison of revenue between 2018 and 2017.



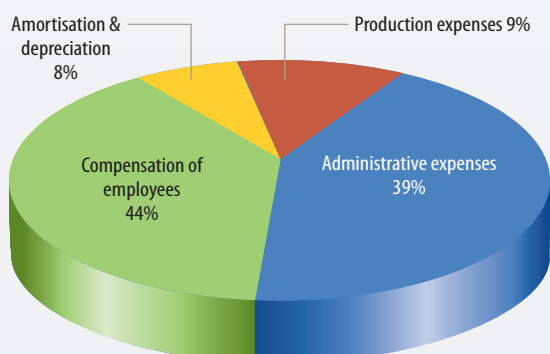
	Government Grant (Operational)	Government Grant (Capital works)	Government Grant (Other)	Other Operating Revenue	Interest received
2018 / '000	58 699	18 455	1 960	23 914	2 827
2017 / '000	55 904	23 711	1 961	25 490	2 358

- The annual grant from the Department of Arts and Culture (DAC) increased by 5% from R55,9m to R58,7m.
- R18,5m of the DAC funding received in the prior years was released to revenue in the current year.
- Other Government Grants utilised in the current year included, R1,6m from DAC for the Incubator Programme and R0,577m from PGWC for the EPWP Internship Programme and maintenance.
- Other operating revenue decreased by 10% from R20,2m to R17,9m, mainly as a result of reduced box office and marketing revenue.
- Interest received increased from R2,4m to R2,8m due to improved treasury management of funds on hand.

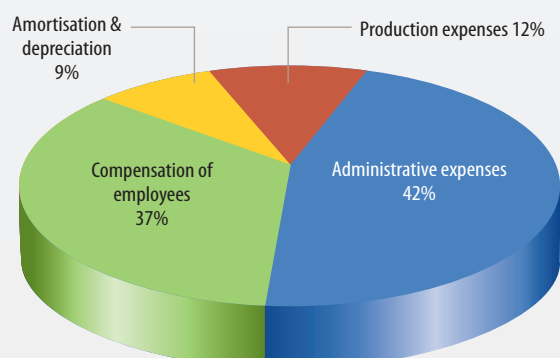
Operating Expenses

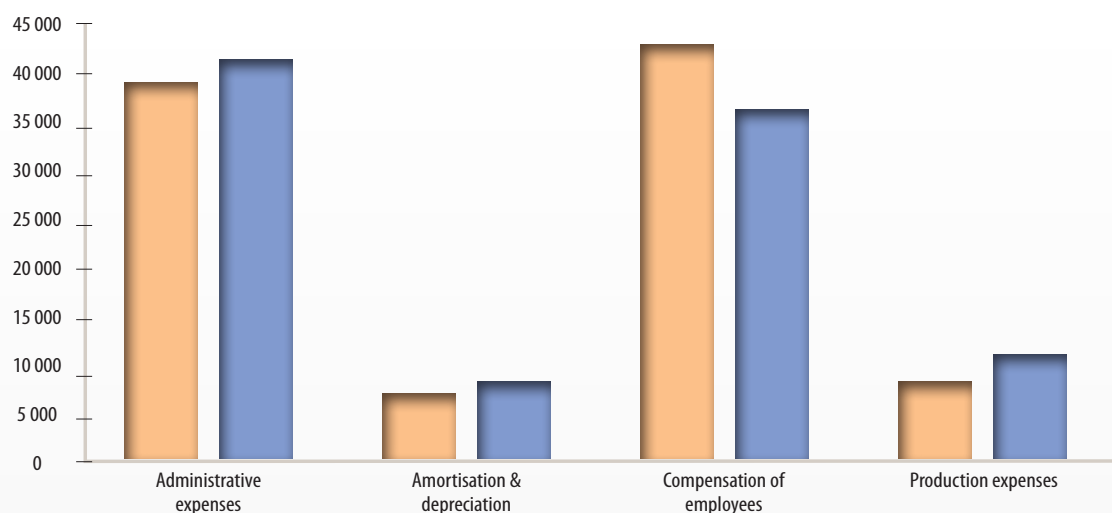
A comparison between 2018 and 2017 shows a decrease of R1million in total expenses incurred.

EXPENDITURE SPLIT 2018



EXPENDITURE SPLIT 2017





	Administrative expenses	Amortisation & depreciation	Compensation of employees	Production expenses
2018 / '000	39 411	7 793	43 687	9 202
2017 / '000	42 261	9 385	37 251	12 180

Administration expenses (including amortisation and depreciation) decreased from R42,2m to R39,4m.

Substantial decreases include:

- Repairs and maintenance decreased by 43% to R1.006m due to the current capital works project;
- Catering expenses decreased by 17% as a result of the implementation of the new business model.
- Transport related expenses decreased by 19% due to improved management of service providers and fewer trips.

Compensation of employees increased by 17% from R37,3m to R43,7. This was mainly as a result of an organogram review which resulted in additional positions that needed to be filled.

Production costs decreased by 24% to R9,2m. This was mainly as a result of improved management of the production schedule for the year.

Operating Surplus

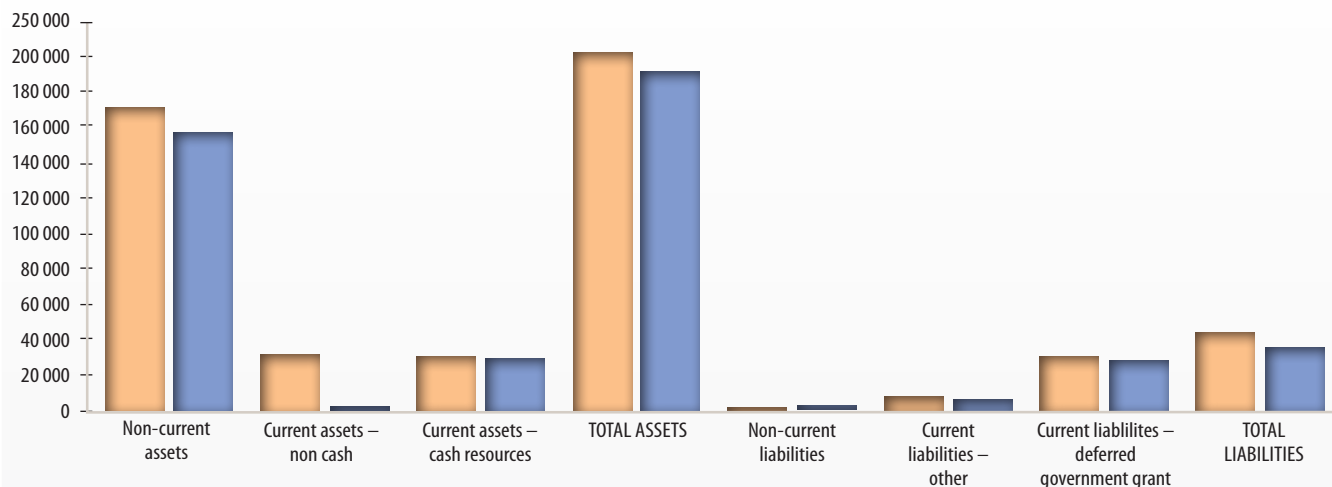
An operating surplus of R5 763k (2017: R8 347k) was achieved for this financial year. The operating surplus is mainly the result of deferred funding for capital works being utilised to improve the value of the leased property and increases in other revenue.

Provision for post-retirement medical benefit

The actuarial valuation, as well as current contributions paid, resulted in a liability being raised of R1 240k. This is a decrease from 2017 which is mainly due to the number of members receiving the benefit being reduced by one person.

Surplus

An accounting surplus of R5 763k (2017 surplus: R8 347k) was recorded for the year ended 31 March 2018.



	Non-current assets	Current assets – non cash	Current assets – cash resources	TOTAL ASSETS	Non-current liabilities	Current liabilities – other	Current liabilities – deferred government grant	TOTAL LIABILITIES
2018 / '000	168 917	36 699	34 200	205 879	1 020	7 806	32 991	41 817
2017 / '000	158 091	2 574	35 460	196 124	1 357	5 139	31 330	37 825

The increase in non-current assets is due to the improvements to leased property, the space optimisation projects completed and other minor additions to non-current assets.

The increase in non-cash current assets is due to the increase in receivables.

The decrease in cash resources is as a result of funds being spent on the capital works project which will be completed during the 2018/2019 financial year.

Non-current liabilities decreased due to the decrease in the actuarial valuation of the post-retirement medical benefit.

Current liabilities (other) increased primarily due to a provision for the refurbishment of the foyers.

In summary Artscape is in a healthy financial position with sufficient cash reserves to meet its short and long-term commitments.

Report of the auditor-general to Parliament on Artscape

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Artscape set out on pages 65 to 94, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Artscape as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards on Generally Recognised Accounting Practices (SA Standards on GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2018.

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – business development	5
Programme 3 – public engagement	5

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: business development
 - Programme 3: public engagement

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on page 5 for information on the achievement of planned targets for the year. This information should be considered in the context of the conclusions expressed on the usefulness and reliability of the reported performance information in paragraph 14 of this report.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: business development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor General

Cape Town
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.





Annual Financial Statements

Statement of Responsibility

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.

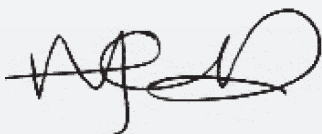
The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board. The annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements 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 2018 set out on pages 65 to 94, which have been submitted for auditing on 31 May 2018 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



Peter Pedlar
CHIEF FINANCIAL OFFICER

Accounting Authority Report

For the year ended 31 March 2018

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, appointed by the Minister of Arts & Culture on 1 December 2014, and their term ended on 30 November 2017:

Prof S Fikeni (Chairperson)
Mr N Muyanga (Deputy Chairperson)
HRH Princess C Dlamini
Ms R Rorke Clarke
Dr M Jacobs
Ms L Meinert
Mr M Vulindlu

The following Council members, appointed by the Minister of Arts & Culture on 1 December 2017, and were in office on 31 March 2018:

HRH Princess C Dlamini
Dr M Jacobs
Mr R Jock
Dr N le Roux
Adv P Magona
Ms X Nduneni-Ngema
Ms T Ngoma
Dr A Vilakazi
Mr M Vulindlu

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. Marlene Le Roux, was appointed as the CEO since November 2015 and Peter Pedlar was appointed as Chief Financial Officer (CFO) since April 2016. As at 31 March 2018, the Executive Management consisted of the following:

CEO	Marlene le Roux
CFO	Peter Pedlar
Manager: Human Resources	Lungisani Nkomo
Director: Operations	Marius Golding
Interim Director: Inclusive Arts	Thoko Ntshinga
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 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, 8001	8000
Country of incorporation:	Republic of South Africa

Statement of Financial Position

as at 31 March 2018

	Note(s)	2018 R	2017 R
ASSETS			
Current assets			
Cash and cash equivalents	3	34,199,874	35,459,750
Trade and other receivables from exchange transactions	4	1,330,714	1,049,765
Net expenditure from future production	5	1,168,740	1,173,971
Inventories	6	262,528	349,936
		<u>36,961,856</u>	<u>38,033,422</u>
Non-current assets			
Property, plant and equipment	7	168,891,074	158,043,035
Intangible assets	8	26,261	47,995
		<u>168,917,335</u>	<u>158,091,030</u>
TOTAL ASSETS		<u>205,879,191</u>	<u>196,124,452</u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	9	7,584,927	4,777,652
Unspent government grants and receipts	10	32,990,937	31,329,785
Current portion of post retirement medical aid liability	12	220,000	360,000
Current portion of finance lease liability	11	720	1,080
		<u>40,796,584</u>	<u>36,468,517</u>
Non-current liabilities			
Post retirement medical benefit	12	1,020,000	1,356,000
Finance lease liability	11	–	720
		<u>1,020,000</u>	<u>1,356,720</u>
TOTAL LIABILITIES		<u>41,816,584</u>	<u>37,825,237</u>
Net assets		164,062,607	158,299,215
Accumulated Surplus		164,062,607	158,299,215
TOTAL NET ASSETS AND LIABILITIES		<u>205,879,191</u>	<u>196,124,452</u>

Statement of Financial Performance

For the year ended 31 March 2018

	Note(s)	2018 R	Restated 2017 R
REVENUE			
Revenue from non-exchange transactions			
Government grants – Operational (DAC)		58,699,000	55,904,000
Government grants – Capital Works (DAC)	10	18,455,345	23,711,152
Government grants – Incubator Programme (DAC)	10	1,229,326	1,486,899
Government grants – PGWC	10	577,342	473,630
Government grants – City of Cape Town	10	154,400	–
Donations		5,803,132	5,416,579
Sponsorship – General	13	734,363	392,350
		85,652,908	87,384,610
Revenue from exchange transactions			
Venue rental		6,143,828	5,873,631
Production revenue		1,124,429	3,018,598
Other operating revenue	13	10,108,765	10,788,869
Interest earned – external investments	14	2,826,648	2,358,157
		20,203,670	22,039,255
TOTAL REVENUE		105,856,578	109,423,865
EXPENSES			
Employee related costs	15	43,686,720	37,251,352
Repairs and maintenance	16	1,006,088	1,769,822
Depreciation and amortisation expense	17	7,792,553	9,385,326
Other operating expenses	18	18,240,028	23,020,567
Administrative expenses	19	29,842,799	30,027,393
TOTAL EXPENSES		100,568,188	101,454,459
OTHER GAINS / (LOSSES)		475,002	376,891
Gain/(Loss) on sale of assets	20	(998)	48,891
Gain/(loss) on provision for post-retirement medical benefit	12	476,000	328,000
CONTINUING OPERATIONS SURPLUS		5,763,392	8,346,297
TOTAL SURPLUS FOR THE PERIOD		5,763,392	8,346,297

Statement of Changes in Net Assets

For the year ended 31 March 2018

	Accumulated Surplus R	Total Net Assets R
FOR THE YEAR ENDED 31 MARCH 2016	149,952,918	149,952,918
BALANCE AT 1 APRIL 2016	<u>149,952,918</u>	<u>149,952,918</u>
Surplus for the period	8,346,297	8,346,297
		—
FOR THE YEAR ENDED 31 MARCH 2017	<u>158,299,215</u>	<u>158,299,215</u>
BALANCE AT 1 APRIL 2017	<u>158,299,215</u>	<u>158,299,215</u>
Surplus for the period	5,763,392	5,763,392
		—
FOR THE YEAR ENDED 31 MARCH 2018	<u>164,062,607</u>	<u>164,062,607</u>

Cash Flow Statement

For the year ended 31 March 2018

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Receipts		92,517,913	98,210,171
Cash received from customers		10,575,852	14,276,333
Cash received from government grants		79,115,413	81,575,681
Interest received – investment	14	2,826,648	2,358,157
Payments		75,156,855	80,963,898
Cash paid to suppliers		32,591,175	44,538,127
Cash paid to employees		42,565,680	36,425,771
Net cash flows from operating activities	22	17,361,059	17,246,273
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(18,619,855)	(22,930,453)
Purchase of Intangible Assets		–	(54,455)
Proceeds on Disposal of Property, Plant and Equipment		–	48,891
Net cash flows from investing activities.		(18,619,855)	(22,936,016)
Cash flows from financing activities			
Finance lease liabilities		(1,080)	162
Net cash flows from financing activities		(1,080)	162
Net increase/(decrease) in cash and cash equivalents		(1,259,876)	(5,689,581)
Cash and cash equivalents at the beginning of the year		35,459,750	41,149,331
Effect of exchange rate movement on cash balances		–	–
Cash and cash equivalents at the end of the year	3	34,199,874	35,459,750

Statement of Comparison Budget and Actual Amount

As at 31 March 2018

Actual		Actual amounts on comparable basis	Original Approved Budget	Adjustment	Final Approved Budget	Difference between final budget and actual
2017		2018				
R		R	R	R	R	R
109,423,865	INCOME	105,856,578	130,329,000		130,329,000	(24,472,422)
81,575,681	Government grants	79,115,413	98,399,000	–	98,399,000	(19,283,587)
25,490,027	Rendering of services	23,914,517	30,550,000	–	30,550,000	(6,635,483)
2,358,157	Investment revenue	2,826,648	1,380,000	–	1,380,000	1,446,648
101,454,460	OPERATING EXPENDITURE	100,568,188	101,329,000	–	101,329,000	(760,812)
40,867,544	Administrative expenses	38,880,084	42,135,000	(2,300,000)	39,835,000	(954,916)
9,385,326	Amortisation and depreciation	7,792,553	6,700,000	–	6,700,000	1,092,553
37,251,352	Compensation of employees	43,686,720	43,194,000	2,300,000	45,494,000	(1,807,280)
1,769,822	Repairs and maintenance	1,006,088	1,000,000	–	1,000,000	6,088
12,180,416	Production expenses	9,202,743	8,300,000	–	8,300,000	902,743
7,969,405	OPERATING SURPLUS	5,288,390	29,000,000		29,000,000	-23,711,610
48,891	Gain/(Loss) on sale of assets	(998)				(998)
328,000	Gain/(loss) on provision for post-retirement medical benefit	476,000				476,000
8,346,297	SURPLUS	5,763,392	29,000,000		29,000,000	-23,236,608
	Capital Works	–	29,000,000		29,000,000	-29,000,000
	NET SURPLUS	5,763,392	–	–	–	5,763,392
22,930,453	CAPITAL EXPENDITURE	18,619,856	29,000,000	–	29,000,000	(10,380,144)

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

		2018 R	2017 R
Net surplus per the statement of financial performance		5,763,392	8,346,297
<i>Adjusted for:</i>			
Decrease/(Increase) in capital works grant utilised	1*	19,283,587	(21,671,681)
Decrease in other operating revenue	2*	6,635,483	3,723,306
Increase in interest received	3*	(1,446,648)	(1,158,157)
(Decrease)/Increase in administrative expenses	4*	(954,916)	2,781,211
Increase in amortisation and depreciation	5*	1,092,553	2,929,326
(Decrease)/Increase in compensation of employees	6*	(1,807,280)	251,352
Increase in repairs and maintenance	7*	6,088	1,094,822
Increase in other production expenses	8*	902,743	4,080,416
Increase in provisions other expenditure		(476,000)	(328,000)
Decrease/(Increase) in gain on sale of fixed assets		998	(48,892)
Decrease capital works		(29,000,000)	–
Net surplus per approved budget		–	–

Statements of Comparison Budget and Actual Amount

As at 31 March 2018

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.

Explanation of differences between budget and actual amounts

- 1* While capital works projects have been undertaken during the current year not all of these projects have been finalised and thus a decrease in utilised government grants.
- 2* Operating revenue decreased primarily due to a decrease venue rental and catering income
- 3* Interest income increased due to more unspent cash being invested in the investment account to earn better returns.
- 4* Administrative expenses decreased primarily due to the decreases of the catering expenses
- 5* Depreciation and Amortisation cost increased due to new assets acquired during the year.
- 6* Employee cost was below the budgeted amount primarily due to the delay in filling certain vacancies
- 7* The increase is as a result of the complimentary work resulting from the continued refurbishments of the building.
- 8* Production expenses increased as a result of the increase in productions to meet the objectives of a diversified artistic programme and DAC Minister's 10-point plan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 surplus 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 is 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	4–5 years
Cellular phones	2 years
Equipment	5 years
Musical instruments, furniture and fittings	10 years
Computer equipment	3 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 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 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 with related parties not at arms length or not in the ordinary course of business are disclosed.

National Department of Arts & Culture (DAC) has ownership control over Artscape. DAC 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 DAC 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 provisions.

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 entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

Other operating revenue

Other operating revenue comprises venue rental revenue, marketing and publicity services, revenue from catering services, costume manufacturing and hiring of costumes and other décor.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 Government grants

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.

1.15 Unauthorised, Irregular and fruitless and wasteful expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any unauthorised, irregular, fruitless and wasteful expenditure.
- All unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.
- Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including the PFMA.
- Irregular expenditure as defined in section 1 of the PFMA as 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.

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

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

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

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they were incurred.

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 and adopted in the current year

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

Standard/Interpretation:	Effective Date	Expected Impact
Amendments to GRAP 24 – Presentation of budget information	01-Apr-17	Not material
Amendments to GRAP 25 –Employee benefits	01-Apr-17	Not material
GRAP 31 – Intangible assets	01-Apr-17	Not material

2.2 Standards and interpretations issued, but not yet effective

At the date of authorisation of the financial statements for the year ended 31 March 2018, the following standards were issued but not yet effective and Management is of the opinion that the impact of the application of the standards will be as follows:

GRAP 20 Related Party Disclosures

This statement will not have an effect on the financial position, performance or disclosure of Artscape as Artscape currently subscribes to the requirements of this standard.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

GRAP 108 Statutory Receivables

This statement will not have an effect on the financial position, performance or disclosure of Artscape as the statement will not apply to Artscape.

GRAP 32 Service Concession Arrangements: Grantor

This statement will not have an effect on the financial position, performance or disclosure of Artscape as the statement will not apply to Artscape

GRAP 109 – Accounting by principals and agents

This statement will not have an effect on the financial position, performance or disclosure of Artscape as the statement will not apply to Artscape.

All applicable standards will be adopted at its effective date.

3. Cash and Cash Equivalents

	2018 R	2017 R
Cash and cash equivalents consist of the following:		
Cash on hand	22,204	27,618
Cash at bank – Nedbank	185,436	65,121
Call deposit and investments – Nedbank	33,992,234	35,367,011
Less: Bank Overdraft	–	–
Total Cash and cash Equivalents	34,199,874	35,459,750

4. Trade and Other Receivables from Exchange Transactions

	R	R	R
	Balance as at 31 March 2018		
	Gross Balances	Provision for Doubtful Debts	Net Balance
Trade receivables	541,417	(10,019)	531,398
Prepayments	54,318	–	54,318
Other sundry debtors	744,998	–	744,998
Total	1,340,733	(10,019)	1,330,714
	R	R	R
	Balance as at 31 March 2017		
	Gross Balances	Provision for Doubtful Debts	Net Balance
Trade receivables	275,441	(19,354)	256,087
Prepayments	121,132	–	121,132
Other sundry debtors	672,546	–	672,546
Total	1,069,119	(19,354)	1,049,765

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018	2017
	R	R
Ageing of trade receivables		
Current (0–30 days)	438,330	174,658
31–60 Days	74,655	5,359
61–90 Days	4,096	7,422
91 + Days	24,336	88,002
Provision for bad debts	(10,019)	(19,354)
Total	531,398	256,087

Reconciliation of the doubtful debt provision

Balance at beginning of the year	19,354	37,470
Contributions to provision	–	–
Doubtful debts written off against provision	–	(10,102)
Reversal of provision	(9,335)	(8,014)
Balance at end of year	10,019	19,354

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.

	2018	2017
	R	R
At 31 March 2018, trade and other receivables can be analysed as follows:		
Neither past nor due	438,330	174,658
Past due but not impaired	93,068	81,429
Past due and impaired	10,019	19,354
	541,417	275,441

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

30 days past due	93,068	81,429
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5. Net expenditure from future production

All revenue and expenditure relating to productions and projects in respect of which the majority of the performances have not been presented by 31 March 2018 is deferred to the following financial year to the extent that such expenses are considered recoverable from the future production revenue.

	2018	2017
	R	R
Expenditure paid for future productions	1,168,740	1,173,971
Total expenditure on future productions	1,168,740	1,173,971

6. Inventory

Consumables – cafeteria, restaurant and bars	262,528	349,936
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Property, Plant and Equipment

	2018			2017		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R	R	R	R	R	R
Motor Vehicles	785,492	(589,110)	196,382	785,492	(785,479)	13
Equipment	20,551,436	(15,060,574)	5,490,862	20,747,731	(15,359,533)	5,388,198
Musical instruments	457,802	(358,584)	99,217	464,285	(453,348)	10,937
Furniture & Fittings	7,051,937	(4,689,927)	2,362,010	7,118,282	(4,581,701)	2,536,580
Computer Equipment	2,165,584	(1,688,169)	477,416	2,253,619	(1,666,133)	587,486
Capital Work in Progress *	23,179,014	–	23,179,014	5,371,266	–	5,371,266
Improvement to leased property	176,766,103	(39,902,375)	136,863,729	176,494,483	(32,568,374)	143,926,110
Artworks	222,444	–	222,444	222,444	–	222,444
Total	231,179,813	(62,288,739)	168,891,074	213,457,603	(55,414,568)	158,043,035

Reconciliation of Property, Plant and Equipment – 2018

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	R	R	R	R	R	R
Motor Vehicles	13	–	–	196,369	–	196,382
Equipment	5,388,198	386,114	(82)	(283,368)	–	5,490,862
Musical instruments	10,937	–	(1)	88,281	–	99,217
Furniture & Fittings	2,536,580	58,526	(44)	(233,052)	–	2,362,010
Computer Equipment	587,486	95,848	(852)	(205,065)	–	477,416
Capital Work in Progress *	5,371,266	17,807,749	–	–	–	23,179,014
Improvement to leased property	143,926,110	271,618	–	(7,334,000)	–	136,863,729
Artworks	222,444	–	–	–	–	222,444
Total	158,043,035	18,619,855	(979)	(7,770,835)	–	168,891,074

Reconciliation of Property, Plant and Equipment – 2017

	Carrying Value Opening Balance	Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	R	R	R	R	R	R
Motor Vehicles	14	–	(1)	–	–	13
Equipment	2,925,027	4,728,609	(3)	(2,265,434)	–	5,388,198
Musical instruments	19,210	–	–	(8,273)	–	10,937
Furniture & Fittings	2,510,923	467,206	–	(441,549)	–	2,536,580
Computer Equipment	313,340	492,394	(3,244)	(215,003)	–	587,486
Capital Work in Progress *	21,509,683	–	–	–	(16,138,416)	5,371,266
Improvement to leased property	117,020,006	17,205,265	–	(6,437,577)	16,138,416	143,926,110
Artworks	185,464	36,980	–	–	–	222,444
Total	144,483,667	22,930,453	(3,248)	(9,367,836)	–	158,043,035

* The Capital Works in Progress relates to Leasehold Improvements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Intangible Assets

Reconciliation of Carrying Value

	2018			2017		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R	R	R	R	R	R
Computer Software	926,127	(899,866)	26,261	1,040,632	(992,638)	47,995
Total	926,127	(899,866)	26,261	1,040,632	(992,638)	47,995

Reconciliation of Intangible Assets – 2018

	Carrying Value Opening Balance	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	47,995	–	(19)	(21,715)		26,261
Total	47,995	–	(19)	(21,715)	–	26,261

Reconciliation of Intangible Assets – 2017

	Carrying Value Opening Balance	Additions	Disposals	Amortisation	Impairment	Carrying Value Closing Balance
	R	R	R	R	R	R
Computer Software	11,029	54,455		(17,489)		47,995
Total	11,029	54,455	–	(17,489)	–	47,995

9. Trade and Other Payables from Exchange Transactions

	2018 R	2017 R
Trade payables	5,943,650	3,241,943
Staff leave accrual	1,087,660	1,047,930
Payables to third parties	553,617	487,779
Total creditors	7,584,927	4,777,652

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. Unspent government grants and receipts

	2018 R	2017 R
DEPARTMENT OF ARTS & CULTURE		
Capital works		
Carrying amount at beginning of year	29,881,365	25,322,517
Amount received for capital works	16,480,000	28,270,000
Amount utilised for capital works	(18,455,345)	(23,711,152)
Carrying amount at end of year	27,906,020	29,881,365
Incubator Programme		
Carrying amount at beginning of year	1,324,180	1,403,079
Amount received for incubator programme	2,288,000	1,408,000
Amount utilised for incubator programme	(1,598,926)	(1,486,899)
Carrying amount at end of year	2,013,254	1,324,180
Total carrying amount at end of year	29,919,274	31,205,545
PROVINCIAL DEPARTMENT OF THE WESTERN CAPE		
Maintenance		
Carrying amount at beginning of year	–	–
Amount received for maintenance	173,375	190,000
Amount utilised for maintenance	(173,375)	(190,000)
Carrying amount at end of year	–	–
EPWP		
Carrying amount at beginning of year	124,239	–
Amount received for sponsored projects (EPWP)	505,791	407,869
Amount utilised for sponsored projects (EPWP)	(403,967)	(283,630)
Carrying amount at end of year	226,063	124,239
Arts		
Carrying amount at beginning of year	–	–
Amount received for Arts Organisations	1,000,000	–
Amount utilised	–	–
Carrying amount at end of year	1,000,000	–
CITY OF CAPE TOWN		
Arts Programmes		
Carrying amount at beginning of year	–	–
Amount received for Arts Programmes	2,000,000	–
Amount utilised	(154,400)	–
Carrying amount at end of year	1,845,600	–
Total carrying amount of unspent government grants at end of year	32,990,937	31,329,784

In terms of GRAP 23 the unspent government grant will be recognised to the revenue as and when the conditions of the grant have been complied with. Refer to notes 26.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Finance Lease Liability

	2018 R	2017 R
Total minimum lease payment	2,392	5,980
within one year	2,392	3,588
Within two to five years		2,392
Less the lease payment for the subscription	(1,672)	(4,180)
Present value of minimum lease payment	720	1,800
Present value if minimum lease payment due	720	1,800
Within one year	720	1,080
Within two to five years	0	720
Non-current liability	0	720
Current liability	720	1,080

The finance lease liability is in respect of cellular phone contracts and is classified as finance lease.

12. Post Retirement Medical Benefit

Provision is made for certain post retirement medical benefit by funding a portion of the medical contributions of eligible retired employees. Refer to note 24.

Gross carrying amount at beginning of year	1,716,000	2,044,000
Interest cost	125,000	164,000
Effect of Termination Benefit	(67,000)	–
Expected benefit payment	(373,000)	(373,000)
Actuarial (gain)/loss	(161,000)	(119,000)
Gross carrying amount at end of year	1,240,000	1,716,000
Accounted for as follows:		
Non-current liabilities	1,020,000	1,356,000
Current liabilities	220,000	360,000
	1,240,000	1,716,000
Movement of Post-retirement medical benefit liabilities		
Expected benefit payment	(440,000)	(373,000)
Interest cost	125,000	164,000
Actuarial loss/(gain)	(161,000)	(119,000)
Total actuarial loss/(gain)	(476,000)	(328,000)

13. Other operating revenue**Revenue from exchange transactions**

Manufacturing services	524,165	381,103
Marketing and advertising	21,159	63,441
Revenue – cafeteria, restaurant and bars	8,979,983	10,144,184
Other revenue	583,458	200,141
Total	10,108,765	10,788,869

Revenue from non-exchange transactions

Sponsorship – General	734,363	392,350
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
14. Interest Earned – External Investments		
Bank – Call account and Short term investments	2,826,648	2,358,157
Total	2,826,648	2,358,157
15. Employee cost		
UIF contributions	192,118	176,648
Provident fund contributions	4,140,695	3,452,718
Medical aid contributions	2,702,075	2,311,230
Post retirement medical aid contribution	394,446	477,134
Overtime and shift allowances	1,427,608	1,481,519
Gross salaries, wages and other allowances	33,708,738	28,526,522
Provision for accumulated leave	1,121,040	825,581
Total	43,686,720	37,251,352
16. Repairs and Maintenance		
Repairs and Maintenance during the year	1,006,088	1,769,822
Total	1,006,088	1,769,822
17. Depreciation and Amortisation Expense		
Property, plant and equipment	7,770,837	9,367,837
Intangible assets	21,716	17,489
Total	7,792,553	9,385,326
18. Other operating expense		
Catering – cafeteria, restaurant and bars	9,037,285	10,840,151
Production expenses	9,202,743	12,180,416
Total	18,240,028	23,020,567

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	Restated 2017 R
19. Administrative expenses		
External auditor's remuneration	1,640,922	1,409,334
Internal auditor's remuneration	287,810	517,332
Bad debts reversed	(9,335)	(8,014)
Bank charges	82,067	105,436
Cleaning service	2,974,797	3,008,028
Consultancy fees	293,653	444,377
IT maintenance and support	845,896	609,098
Council and audit committee members' remuneration	116,065	103,840
Electricity and water	7,643,793	7,753,317
Insurance	198,627	181,944
Legal fee	–	27,360
Manufacturing consumables	23,435	14,006
Security services	3,658,941	3,536,270
Marketing and publicity	1,818,386	1,688,515
Operating leases	174,843	150,517
Office cost and telephone	926,314	953,813
Operating consumables	318,613	518,775
Other sundry expense	6,560,516	6,070,108
Staff related expense	421,815	644,166
Transport and travelling cost	1,865,642	2,299,171
Total	29,842,799	30,027,393
20. Gain (Loss) on sale of assets		
Property, plant and equipment	(998)	48,891
Total	(998)	48,891
21. Operating lease		
The operating leases comprise rentals charged for the leases of telephone and photocopier equipment. The minimum operating lease commitments for these non-cancellable operating leases are:		
Due with in one year	58,592	168,262
Due later than one year but not later than five years	–	58,675
	58,592	226,938

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Cash flows from operating activities

	2018 R	2017 R
Surplus/(deficit) for the year from:	5,763,392	8,346,297
Adjustment for :		
Gain/(loss) on sale of Property plant Equipment	998	(48,891)
Non-cash transactions	–	3,248
Depreciation and Amortisation	7,792,553	9,385,326
Investment income	(2,826,648)	(2,358,157)
Increase/(Decrease) in provision for post-retirement benefit obligation	(476,000)	(328,000)
	10,254,295	14,999,823
Operating surplus before working capital changes:		
(Increase)/decrease in inventories	87,408	(123,228)
(Increase)/decrease in future production expenditure	5,231	(817,028)
(Increase)/decrease in trade and other receivables	(280,949)	(677,579)
Increase/(decrease) in conditional grants and receipts	1,661,152	4,604,189
Increase/(decrease) in trade and other payables	2,807,274	(3,098,061)
	4,280,116	(111,707)
Investment income	2,826,648	2,358,157
Net cash flows from operating activities	17,361,059	17,246,274

23. Remuneration**23.1 Emoluments of Non-Executive Management and Members of Accounting Authority/Committee (1 April 2017 – 30 November 2017)**

Council Members:

Prof S Fikeni (Chairperson)	10,717	13,059
Mr N Muyanga (Deputy – Chairperson as from 1 December 2014)	3,114	6,084
Mr M Vulindlu (employed by City of Cape Town no fee payable)	–	–
Ms R Rorke Clarke	2,456	6,984
Dr M Jacobs	4,000	4,656
Princess C Dlamini	8,596	9,312
Ms L Meinert	3,076	–
Ms Ruth Benjamin-Swales (by invitation)	924	5,529
	32,883	45,624

Audit and Risk Committee Members

Ms R Benjamin-Swales (Chairperson)	9,198	16,582
Adv. J Kruger (resigned January 2017)	–	–
Princess C Dlamini	5,580	8,825
Dr M Jacobs	3,720	7,060
Mr M Vulindlu (employed by City of Cape Town – no fee payable)	–	–
T Sishuba (as from 19 Feb 2017)	3,720	–
	22,218	32,467

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Human Resources Committee Members		
Mr M Vulindlu (Chairperson)(employed by City of Cape Town – no fee payable)		
Dr M Jacobs	1,848	2,619
Ms L Meinert	1,797	3,492
Ms R Rorke Clarke	3,684	4,656
	7,329	10,767
Spatial Infrastructure Committee members		
Mr N Muyanga (Chairperson)	3,114	2,952
Prof S Fikeni	1,531	2,902
Dr M Jacobs	1,848	2,619
N Khan (non Board member) – member of committee since June 2016	2,772	1,746
T Tavenga (non Board member) – member of committee since June 2016	924	–
	10,189	10,219
Social, Ethics and Transformation Committee: (since November 2016)		
Princess C Dlamini (Chairperson)	2,456	1,164
Prof S Fikeni	–	1,451
Mr N Muyanga	1,038	984
Ms R Rorke Clarke	2,456	1,164
Mr M Vulindlu (employed by City of Cape Town – no fee payable)	–	–
	5,950	4,763
Total emoluments of Council and Committees (until 30 November 2017)	78,569	103,840

23.2 Emoluments of Non-Executive Management and Members of Accounting Authority/Committee (1 December 2017 – 31 March 2018)

Council Members:

Princess C Dlamini (chairperson)	4,290	
Dr M Jacobs	1,848	
Mr R Jock	4,912	
Dr N le Roux	4,304	
Ms T Ngoma	3,076	
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg – no fee payable)	–	
Adv P Magona	4,304	
Dr A Vilakazi	4,912	
Mr M Vulindlu (employed by City of Cape Town – no fee payable)	–	
	27,646	–
Audit and Risk Committee Members		
Dr M Jacobs (Chairperson)	3,066	
Adv P Magona	1,860	
Dr A Vilakazi	–	
	4,926	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Human Resources Committee Members		
Mr M Vulindlu (Chairperson)(employed by City of Cape Town – no fee payable)	–	
Dr N le Roux	924	
Adv P Magona	924	
Mr R Jock	1,228	
	3,076	–
Social, Ethics and Transformation Committee:		
Dr M Jacobs (Chairperson)	924	
Ms T Ngoma	924	
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg – no fee payable)	–	
	1,848	–
Total emoluments of Council and Committees (1 December 2017 – 31 March 2018)	37,496	–
Total emoluments of Council and Committees (1 April 2017 – 31 March 2018)	116,065	103,840

23.3 Emoluments of executive directors

	Basic salary and allowances	Social Contributions	2018 Total	2017 Total
Ms M Le Roux (CEO)	1,465,108	349,977	1,815,085	1,591,661
Mr P Pedlar (CFO)	1,287,447	279,934	1,567,381	1,484,000
Mr M Golding (Director : Operations)	1,118,377	180,311	1,298,688	304,489
Ms T Ntshinga (Interim Director: Inclusive Arts)	1,258,634	–	1,258,634	891,260
	5,129,566	810,222	5,939,788	4,271,410

24. Employee Benefit

Provision for staff accumulated Leave	1,087,660	1,047,930
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Provident fund contributions

The defined contribution Provident Fund, which covers 96 employees (2017: 89) at year-end, employer and employee contributions in the current year amounted to R4,140,695 (2017: R3,452,718).

Post retirement medical benefit

Artscape operates a post-retirement benefit scheme for eligible retired employees. The liability raised is in respect of the 4 (2017: 6) 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 2018.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Trend Information

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

	R' Million				
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14
Present value of obligations	1,240	1,716	2,044	1,801	1,274
Fair value of plan assets	–	–	–	–	–
Present value of obligations in excess of plan assets	1,240	1,716	2,044	1,801	1,274
Experience adjustments					
(Actuarial gain/(loss) before changes in assumptions)					
In respect of present value of obligations	0.083	0.119	(0.136)	(0.573)	0.288
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 7.45% (2017: 8.23%) and health care cost inflation of 7.15% (2017: 7.86%).

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 7,15%	-1%	1%
Accrued contributions liability as at 31 March 2018 (R' Million)	1,240	1,302	1,184
% Change			
Current service cost + Interest cost 2017/18 (R' Million)	0.083	0.088	0.079
% Change			

	Discount rate		
	Central Assumption 7,45%	-1%	1%
Sensitivity results from previous valuation			
Accrued contributions liability as at 31 March 2018 (R' Million)	1,240	1,305	1,182
% Change			
Current service cost + Interest cost 2017/18 (R' Million)	0.083	0.090	0.076
% Change			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Financial Instruments and Risk Management**25.1 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 GRAP104.45 the financial liabilities and assets of Artscape are classified as follows:

	2018 R	2017 R
Financial Assets carried at amortised cost	34,199,874	35,459,750
Cash and cash equivalents	1,276,397	928,633
Trade and other receivables (excluding prepayment)	35,476,271	36,388,383
Financial Liabilities carried at amortised cost	7,584,927	4,777,652
Trade and other payables	720	1,800
Finance lease liabilities	7,585,647	4,779,452

25.2 Fair Value

At 31 March 2018 and 31 March 2017 the carrying values of financial instruments reported in the financial statements approximate their fair value.

25.3 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	2018	2017
Nedbank Limited	AA1	34,177,669	35,432,132

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 and the respective producer or promoter. Without classifying debtors differently, the assessment is done to ensure a fair practice an 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. Three debtors that constitute 73% of the trade receivables balance have a favourable payment history. The recoverability of amounts due by the professional arts companies associated with Artscape is dependent on the continued public and private funding for these arts companies which is needed to continue their operations. Management is of the opinion that these debts are fully recoverable.

25.3 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

2018	Less than 12 months	Over 12 months
Trade payables	5,943,650	
leave accruals	1,087,660	
Other payables	553,617	
Finance lease liabilities	720	

Maturity analysis

2017	Less than 12 months	Over 12 months
Trade payables	3,241,943	
leave accruals	1,047,930	
Other payables	487,779	
Finance lease liabilities	1,080	720

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.

2018
R2017
R**26. Related Parties****26.1 Department of Arts & Culture**

The National Department of Arts & Culture (DAC) has ownership control over Artscape. DAC 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 DAC are related parties. Except for the transaction with the DAC public entities listed below, Artscape had no transactions with any of the other entities.

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

Revenue received		
Operational grant	58,699,000	55,904,000
Capital works grant	16,480,000	28,270,000
Incubator programme	2,288,000	1,408,000
Total revenue received for the year	77,467,000	85,582,000
Amount deferred as balance as at year end	32,990,937	31,329,785

The deferred government grant will be fully utilised during the 2017/2018 and 2018/2019 financial year as part of the new tender to be awarded for the ongoing space optimization projects.

Details of the transactions between the Market Theatre and Artscape are as follows:

Revenue received		
Market Theatre contribution to the production cost of the Incubator Programme	18,600	-

26.2 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. PGWC is responsible for the structural maintenance of the building and the maintenance of stages.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2018 R	2017 R
Revenue received		
Annual maintenance	173,500	190,000
Contribution to EPWP internship programme	505,791	407,869
Contribution to Arts Organisations	1,000,000	–
Total revenue received for the year	1,679,291	597,869
Amount deferred as balance as at year end	1,226,063	124,239

The management of Artscape are those responsible for planning, directing and controlling the activities of Artscape. As a result, the board members and directors are related parties to Artscape. Their remunerations are disclosed under notes 23.

27. Service In Kind

Artscape occupies premises owned by the Western Cape Provincial Government free of charge. The value of the use of the premises has been calculated at R 5,760,000 (2017: R 5,333,333 assuming an annual increase of 8%). These amounts have been recognised as income and expenditure in the Statement of Financial Performance.

28. Irregular Expenditure

Reconciliation of irregular expenditure

Opening balance -	11,922,729	2,759,735
Add: Irregular expenditure – due to the overspending on the budget	–	8,207,801
Add: Irregular expenditure – due to supply chain deviation	710,834	–
Add: Irregular expenditure (due to theft)	65,000	955,193
Less: Condoned or written off by relevant authority	(11,922,729)	–
Irregular expenditure awaiting condonement	775,834	11,922,729

Analysis of current year irregular expenditure:

The irregular expenditure of R 65,000 was as a result of theft by an employee of Artscape. She was found guilty and dismissed on 16 March 2018. Steps have been taken to recover the loss through her pension fund. A criminal case was also opened with SAPS.

29. Commitments

At the financial performance date Artscape had outstanding commitments in respect of orders placed for goods and services but not yet received or rendered. These commitments are in respect of:

Goods and services	9,887,310	17,464,176
Capital expenditure	28,678,468	2,652,698
	38,565,778	20,116,874

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. 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 the generate economic benefits and Business development programmes cannot generate economic benefit alone and they can not been seen as segments. Public Engagement Programmes on the other hand does 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.

31. Events after the reporting date

No adjusting events have occurred after the reporting date.

32. Prior Period Adjustments

An amount of R 5,333,333 relating to service in kind in respect of the use of premises free of charge has been recognised as income and expenses in the Statement of Financial Performance in the prior year.

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

Section 55 (2)

No material losses through criminal conduct or fruitless or wasteful expenditure were incurred during the year.

Irregular expenditure has been disclosed in note 27.

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.





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A R T S C A P E



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