

ARTSCAPE



an agency of the
Department of Arts and Culture

ARTSCAPE ANNUAL REPORT 2019/20

 Artscape Theatre

 @ArtscapeTheatre

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A | GENERAL INFORMATION

REGISTERED NAME	ARTSCAPE
BUSINESS ADDRESS	POSTAL ADDRESS
ARTSCAPE Theatre Centre DF Malan Street CAPE TOWN, 8001	P O Box 4107 CAPE TOWN 8000
TELEPHONE NUMBER	+27 21 410 9800
E-MAIL ADDRESS	artscape@artscape.co.za
WEBSITE ADDRESS	www.artscapeco.za
EXTERNAL AUDITORS	Auditor-General of South Africa
INTERNAL AUDITORS	SAB&T Chartered Accountants Inc.
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 ManagementAct
DSAC Department of Sports, Arts and Culture
DCAS Department of Cultural Affairs and Sport
SCM Supply Chain Management
TR Treasury Regulations
PGWC Provincial Government of the Western Cape

Foreword by the Chairperson



On behalf of the Artscape Council, it is an honour to present the annual report that focuses on reporting on Artscape's organisational performance and financial results for the year 2019/2020.

I am pleased to report that Artscape achieved an unqualified audit for the year under review. The entity refocused its attention

to tightening controls, addressing and resolving historical matters brought to light by the Auditor General, all this whilst working under strained cash flows brought about by budget cuts as inflation continued to rise. Despite the tough economic environment, Artscape is proud to have delivered quality, thought provoking productions and events that brought in over 200,000 visitors to grace our theatre.

Just as we thought we had crossed the danger line, the world as we know it changed due to the COVID-19 pandemic. This led to our doors being completely shut for a long period of time due to lockdown regulations. The arts industry as a whole suffered a major blow, as performing artists had their source of income interrupted and / or ground to a halt. The entity's additional source of income also severely took a knock because of scheduled shows being cancelled and refunds having to be processed.

Artscape, even during these difficult times, maintained its spirit of innovation and constantly reimagined how the arts should be and can be delivered. We quickly adapted to the new normal and commenced staging virtual shows using limited resources and practising safe measures to ensure the safety of our staff. The interruption caused by the pandemic led to the entity achieving 93% and partially achieving 7% of its pre-determined targets.

Highlights of the year were:

- Artscape, re-establishing a partnership with Parliaments Public Education Office to educate citizens on democracy and the role of parliament through the use of the arts.
- Taking the theatre to the people by staging a full production in the rural area of Hawston in Overberg. The local partner organisation for our rural outreach programme was Hawston's Overstrand Association for Persons with Disabilities.

- Collaborating with the Samba Resille of France, European Union Erasmus Plus Fund and Brouaha International on educational exchange programmes between Artscape and other countries in Europe and Africa for the benefit of young theatre practitioners and staff.
- Hosting 10 youth from the Presidential Youth Employment Service (YES) programme to intern in various departments for twelve months;
- Developing a comprehensive organisational scorecard with tools to monitor and evaluate progress for all our transformation targets.

As the current Council serves its last term in office, I would like to thank them for serving Artscape so diligently and always putting the entity first. It has been an honour to serve the entity with this amazing team. As our term ends, we leave behind the legacy of officially commencing the process of changing the Artscape street address name from DF Malan to Adam Small, the celebrated Poet, Playwright, Academic, Black Consciousness Activist and Recipient of the Order for Meritorious Service (Gold). We wish the incoming Council all the best as they take this entity forward and upwards to new heights.

I would like to sincerely offer my appreciation to all our valued stakeholders, The National Department of Arts and Culture, Western Cape Provincial Government, The City of Cape Town, Sponsors, suppliers, patrons, and all artists who work with Artscape. You have all played a role in the continued success of this entity and may you all continue to show the entity the support you have provided.

In conclusion, I would like to thank our Executive and staff, who serve under the leadership of our CEO, Dr. Marlene Le Roux, for the dedication and professionalism they exert in their individual roles into making this entity stand out as the golden child within our industry.

Our theatre is stronger because of all of you. Thank you!

A handwritten signature in black ink, appearing to read "H.R.H. Princess Celenhle Dlamini".

H.R.H. Princess Celenhle Dlamini

Artscape Council



HRH Princess Celenhle Dlamini
(Chairperson)



Adv. Penelope Magona



Dr Niel le Roux



Dr Tebogo Ngoma



Dr Ayanda Vilakazi



Dr Marian Jacobs



Ms Xoliswa Nduneni-Ngema



Mr Mjikisile Vulindlu



Mr Rajesh Jock

Chief Executive Officer's overview



While 2020 has been a difficult year with COVID-19 impact operations and delivery of programmes, Artscape still managed to address the key areas of our mandate. This was possible by exploring alternate platforms such as radio and YouTube on which to present our programmes for youth, women and persons with disability. As we now look towards the 2021/2022 financial year we take with us the lessons learnt so far during the lockdown period that will enable us to continue to make an impact in the arts sector both locally, provincially, nationally and internationally. The 2021 calendar year is a special one for Artscape because we celebrate the 50th year of the Theatre Centre which was built in 1971. These celebrations are to be the catalyst for a year of rebuilding and strengthening the performing arts and this is expressed in the targets that have been set out for the 2021/2022 financial year.

It is imperative for Artscape to continue to be a beacon of light for the arts sector and for us to support the initiatives of the National Department of Sport, Arts and Culture. We will also have a special focus on nation building and social cohesion over the next year so that we use the arts to repair some of the social damage that the lockdown has caused. Artscape aims to be a facilitation hub for creative expression and development and job creation for arts practitioners. Our programmes for the 2021/2022 financial year will seek to incorporate these pillars of Government and incorporate multiple genres and a wide spectrum of artists or performers.

A handwritten signature in black ink, appearing to read "MLR".

Marlene le Roux
Chief Executive Officer

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 has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

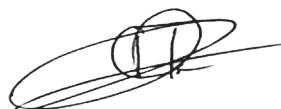
The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2020.

Yours faithfully



Chief Executive Officer
Marlene le Roux
30 September 2020



Chairperson
H.R.H. Princess Celenhle Dlamini
30 September 2020

Strategic overview

Vision

To be the Theatre of Choice

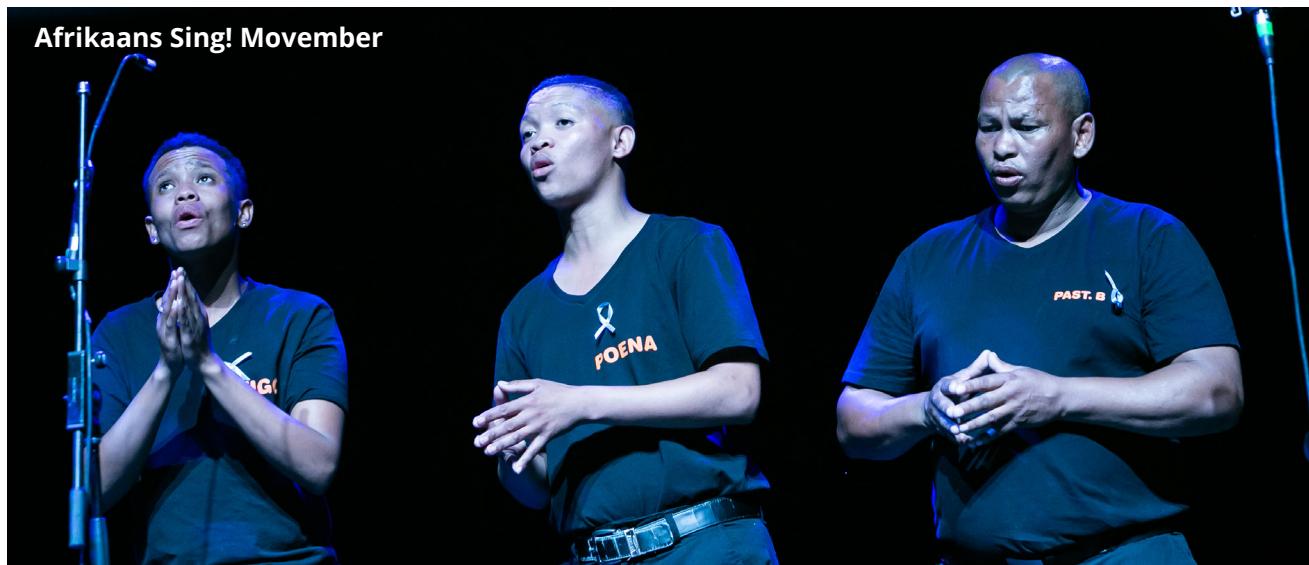
Mission

To provide excellent infrastructure that facilitates the pursuit of diverse arts programmes and contributes to nation building and social cohesion by:

- Providing safe, functional, universal design facilities
- Leveraging on technology and improve Artscape's service to its stakeholders
- Create arts programmes that serves the community
- Create educational programmes that serves the community

Artscape Core Values

- Inclusiveness
- People Centered
- 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
In addition to this Artscape operates under various legal mandates, including amongst others:
 - The Constitution of the Republic of South Africa
 - The Treasury Regulations and Division of Revenue Act, 2010 (Act No. 1 of 2010)
 - The Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
 - The Labour Relations Act, 1995 (Act No. 66 of 1995)
 - The Occupational Health and Safety Act, 1993 (Act No. 59 of 1993)

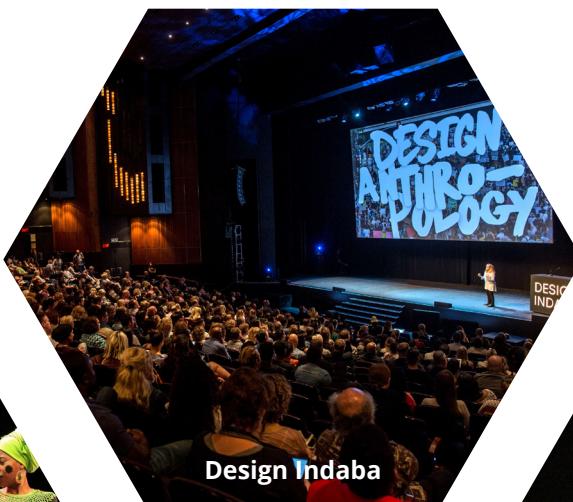
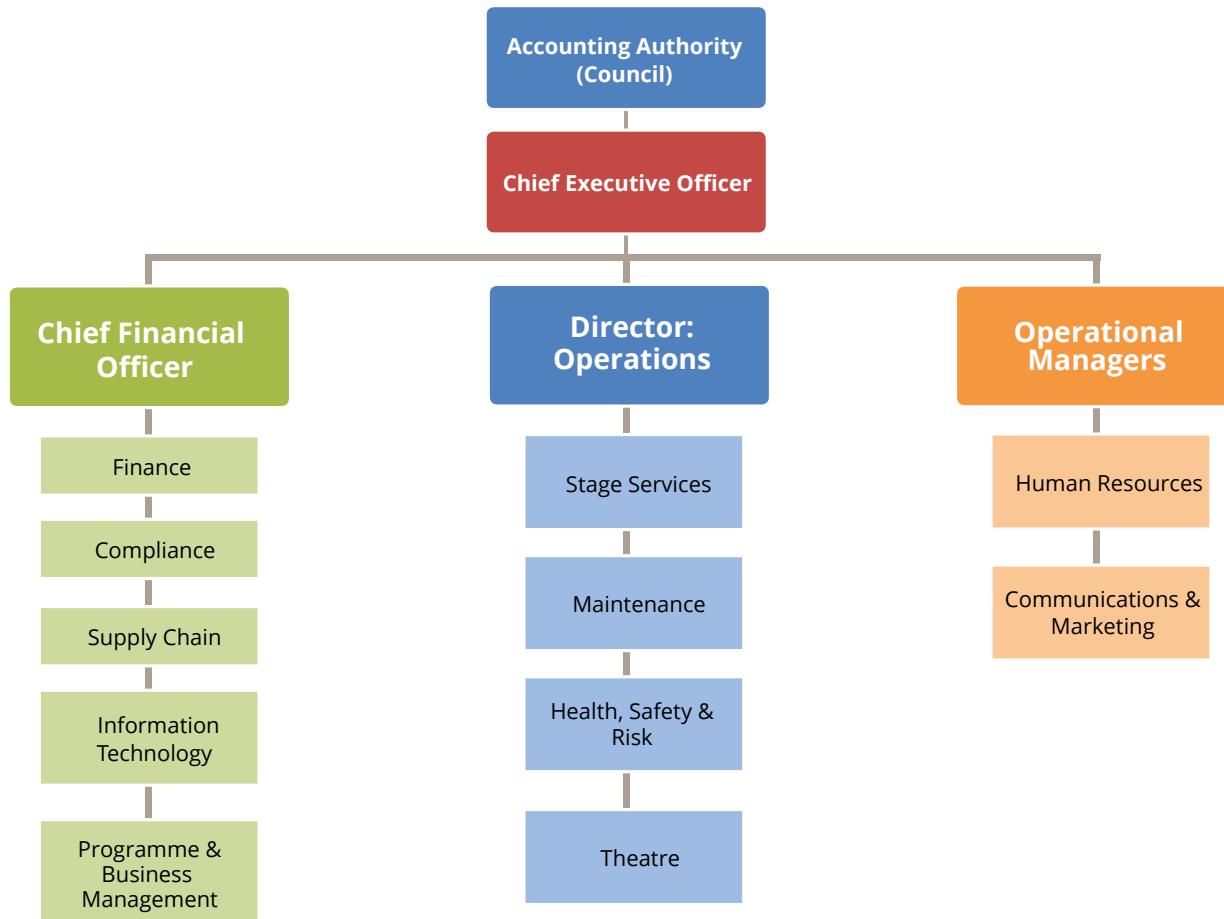
Objectives (in terms of Section 8(5) of the Cultural Institutions Act, 1998, Act No 119 of 1998)

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

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

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

Organisational Structure





B

B | PERFORMANCE INFORMATION

1. 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 51 and 52 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

Artscape has already achieved significant success as the leading public Performing Arts venue in the Western Cape and the Country. 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:

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

Even though being faced with these challenges Artscape continues to explore new opportunities such as:

1. Partnering with various education institutions to enhance the technical training opportunities available
2. Exploring new types of theatre performances to ensure we remain at the forefront of artistic expression
3. Continuing to find new and innovate ways of attracting audiences
4. Continuing with partnerships that will enhance future funding

3.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 2019/2020 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 Multicultural Programme – Artscape has in both its vision statement and mission statement focused 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.

RURAL OUTREACH PROGRAMME

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

RESOURCE CENTRE

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

PERFORMING ARTS EDUCATION

GOAL: To provide an environment to respond to the skills shortage in the theatre industry and due to the lack of proper technical training, Artscape identified a number of objectives to address such shortages.

OBJECTIVE:

Technical Training Programme

Artscape initiated a technical training programme where trainees receive training in all aspects of stage technology, including lighting, sound and stage management.

Internship Programme

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

Development of the Arts Academy – The Arts Academy should be developed in partnership with other arts education facilities. The Arts Academy should provide multiple levels and dimensions of training and skills development and be integrated into even university level education.

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

HUMAN CAPITAL DEVELOPMENT

GOAL: To maintain a highly skilled workforce within Artscape.

OBJECTIVE: To maintain training and development plans that will ensure that staff are properly trained to be sufficiently equipped to meet the job requirements.

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 Job shadowing / internships / Ongoing investment in staff training and development	Programmes 1, 2, 3
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
Improved quality of basic education	Technical training programme Job shadowing / internships	Programmes 1 and 3
Vibrant, equitable and sustainable rural communities	An annual programme presented in a different rural municipal area in the Western Cape	Programme 2

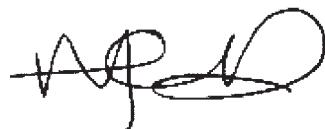
Statement of Responsibility for Performance Information for the year ended 31 March 2020

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.

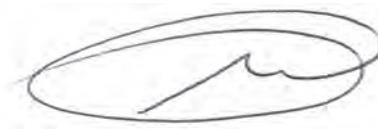
In our opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2020.

Artscape's performance information for the year ended 31 March 2020 has been examined by the external auditors and their report is presented on page 50.

The performance information of the entity set out on page 17 to page 22 were approved by the Council.



Marlene le Roux
CHIEF EXECUTIVE OFFICER



Vernon van der Linde
CHIEF FINANCIAL OFFICER

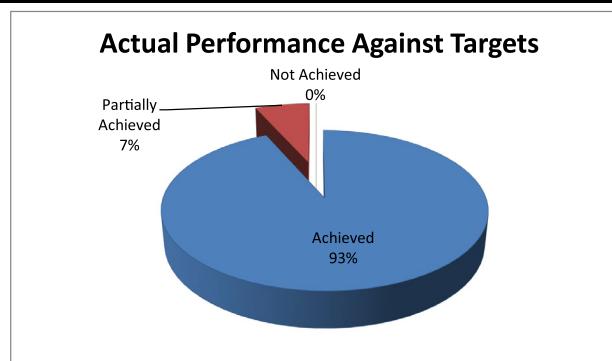


Performance Information by Programme

Summary of Actual Performance as at 31 March 2020

		Total Targets	Achieved	Partially Achieved	Not Achieved
Programme 1	Administration	11	10	1	-
Programme 2	Arts and Education	3	3	-	-
Programme 3	Public Awareness	1	1	-	-
		15	14	1	0
			93%	7%	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.



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	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
Indicator: Maintenance								
Definition: Maintenance expenditure to ensure that Artscape's physical infrastructure and equipment is properly maintained.								
Unit of measure: As per service delivery indicator and target								
To maintain the physical infrastructure and equipment to the highest possible standard.	On-going refurbishment and maintenance of the physical infrastructure.	Annual maintenance of infrastructure in order to minimise disruptions due to equipment and plant breakdown.	To maintain the physical infrastructure (building and related equipment) to the highest possible standard.	Maintenance performed in terms of the Annual Maintenance Plan	Produce a quarterly report of maintenance carried out in and around Artscape facilities in respect of the Annual Maintenance Plan	83% of tasks completed		Due to financial constraints and the COVID-19 lockdown certain tasks could not be completed

Key objective	Strategy	Output	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under 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.	To ensure appropriate stage equipment is available.	Venues are appropriately equipped for the staging of productions meeting the producer or hirer's expectation	Annually assess the condition and relevance of stage equipment	The annual assessment was conducted during April 2019		

Key objective	Strategy	Output	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under 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 create an environment that meets effective and efficient health and safety requirements.	To monitor the adherence to the Artscape health and safety strategy and plan.	Adherence to the health and safety strategy and plan.	To create an environment that meets effective and efficient health and safety requirements..	Monitor health and safety of facilities and disaster management testing	Quarterly (4) health & safety meetings to monitor adherence to health and safety in the workplace.	Quarterly health and safety meetings were held on 13 June 2019, 12 September 2019, 5 December 2019 and 10 March 2020		
					Annual testing of disaster management plan at each facility occupied by Artscape	The fire evacuation drill was conducted at Artscape Theatre Complex on 13 March 2020 and at the Epping warehouse on 25 March 2020		

Key objective	Strategy	Output	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
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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	To ensure that IT supports the overall business objectives	IT infrastructure that meets the operational business requirements	Report on IT Plan	All tasks on the plan were addressed		

SUB PROGRAMME 1.2: HUMAN RESOURCES

GOAL: 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.

Key objective	Strategy	Output	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under 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.	To sustain employee competence that will deliver on Artscape's mandate	Develop Annual training plan	Annual assessment and development of training plan	9 training initiatives were attended during the 2019/2020 fy and the training plan for 2020/2021 was drafted		
				Annual assessment of performance	Conduct annual performance assessments,	Mid Year performance assessments were completed for all executives who had performance agreements in place.		



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	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
Ensure good corporate governance.	To ensure compliance with Public Finance Management Act	Compliance with the PFMA and relevant treasury regulations. Maintain a risk register of Artscape's major operational and strategic risks.	Ensure good corporate governance.	Unqualified Audit Report Annual risk assessment	Retain unqualified audit report status, Review and report on risk register	Recommendations of Auditor General & Internal Auditors were implemented during the 2019/2020 fy and the progress was report at the Audit & Risk Committee meetings held during the financial year The risk register was reviewed and updated as required and presented at each Audit & Risk Committee meeting held during the year		
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.	A proper supply chain management strategy and system that ensures best practice.	A quarterly updated contract register Supply chain policies that meet Treasury requirements	Updated contract register. Review and update supply chain policies and procedures in line with Treasury regulations.	Contract register was kept up to date during the financial year Policies and procedures were reviewed through the year and the SCM Policy was updated and approved by Council in November 2019	 	

PROGRAMME 2: ARTS & EDUCATION

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	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under 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 facilitate an artistic programme that addresses inclusivity and education.	Annual programme that addresses inclusivity, development and education To facilitate training programmes for arts practitioners	Present 40 in-house productions addressing education, development and inclusivity Present at least 3 programmes aligned to National Days	43 in-house productions addressing education, development and inclusivity were presented during the 2019/2020 fy Presented programmes for 4 National days (Youth, Women, Heritage and Disability)	 	As a result of savings on some projects and adjustment of budgets we were able to do additional productions As a result of savings on some projects and adjustment of budgets we were able to do additional programmes

PROGRAMME 3: PUBLIC AWARENESS

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.

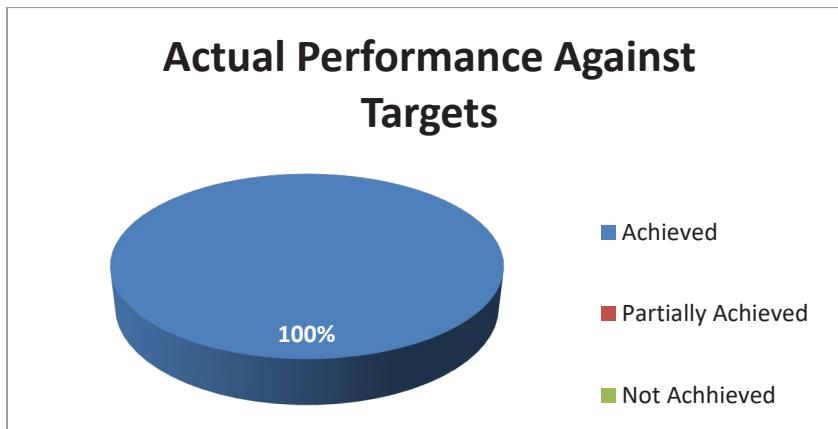
Key objective	Strategy	Output	APP Key Objective	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
To ensure public awareness of Artscape, its products and services through public relations and communication.	To increase brand awareness through correct positioning in print and electronic media.	Coverage in print and electronic media to publish productions and events.	To ensure public awareness of Artscape, its products and services through public relations and communication.	Promotion of events via print, social and electronic media.	Monthly promotion of productions/events via print or electronic or social media.	Promotion of production/events was done monthly (12 months) during the financial year. This was done via print, social and electronic media.		

Performance Information by Programme

Summary of Actual Performance as at 31 March 2019

		Total Targets	Achieved	Partially Achieved	Not Achieved
Programme 1	Administration	16	16		
Programme 2	Business Development	2	2		
Programme 3	Public Engagement	3	3		
		21	21		
			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.



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	Reason for over/under 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. <i>Unit of measure:</i> 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 and implement maintenance plan Review Stage Equipment Replacement Plan Review standard hiring contracts	The maintenance plan was reviewed and actions implemented. The current equipment was assessed and the replacement plan reviewed. During the financial year the new stage lighting was procured. Hiring contracts for the associated arts companies were reviewed and the amendments are included in the contracts going forward		

Key objective	Strategy	Output	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
Indicator: Security (Health & Safety) Definition: Expenditure necessary to ensure security of Artscape facilities, staff and patrons. <i>Unit of measure:</i> 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, 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	A fire safety assessment was conducted during the year and the outcomes are in the process of being addressed		

Key objective	Strategy	Output	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
Indicator: Information technology (IT) Definition: Expenditure necessary to ensure that Artscape has reliable and efficient information technology systems to support the operational requirements. <i>Unit of measure:</i> 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 continuously through IT Plan Establish IT Steering Committee	Quarterly updates on the IT Strategy and Plan implementations were presented to the Audit & Risk Committee. The IT Steering Committee met on 11 September 2018.		

SUB PROGRAMME 1.2: 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	Reason for over/under 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.	A competent and diverse workforce that will deliver on Artscape mandate	Implement Training Plan Implement Employee wellness plan and review annually Implement Performance Management plan	A training plan was drafted at the beginning of the year and this resulted in 22 training initiatives during the 2018/2019 financial year. The Employee Wellness Plan was reviewed and Council was kept updated via the Human Resources Committee 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	Reason for over/under achievement
Ensure good corporate governance.	To ensure compliance with Public Finance Management Act	Compliance with the PFMA and relevant treasury regulations. Internal audit compliance Maintain a risk register of Artscape's major operational and strategic risks.	Deliver clean audit report and ensure appropriate oversight is rendered by various committees by having no outstanding action items. .	Retain clean audit report Develop, maintain, and report on the risk register Ensure functioning Council sub- Committees Develop and report on Transformation Plan and targets	The Annual Financial Statements were submitted on 31 May 2018. Artscape received a clean audit report for 2017/2018 financial year. The risk register was tabled at all Audit and Risk Committee meetings during the 2018/2019 financial year. An update of the register was conducted by Management during February 2019. The following sub-committee meetings were held during 2018/2019 financial year: ARC (5), HRC (4) and SETC (1) The Transformation Plan was presented at the Social, Ethics and Transformation Committee meetings. In addition a session (17 August 2018) was conducted with Council and management to present and discuss transformation programmes.		
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 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	Reason for over/under 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.	445 productions and events addressing inclusivity, transformation and education	45 in-house productions and events 400 Receiving house productions and events	Artscape had 122 diverse in-house productions and events this financial year. Due to the receipt of unbudgeted funding received during the financial year additional programmes were possible. During the 2018/2019 financial year Artscape hosted 579 hiring productions and events. There were more hiring requests than estimated and this meant that a larger number of hiring events took place.	 	Due to the receipt of unbudgeted funding received during the financial year additional programmes were possible. There were more hiring requests than estimated and this meant that a larger number of hiring events took place.

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

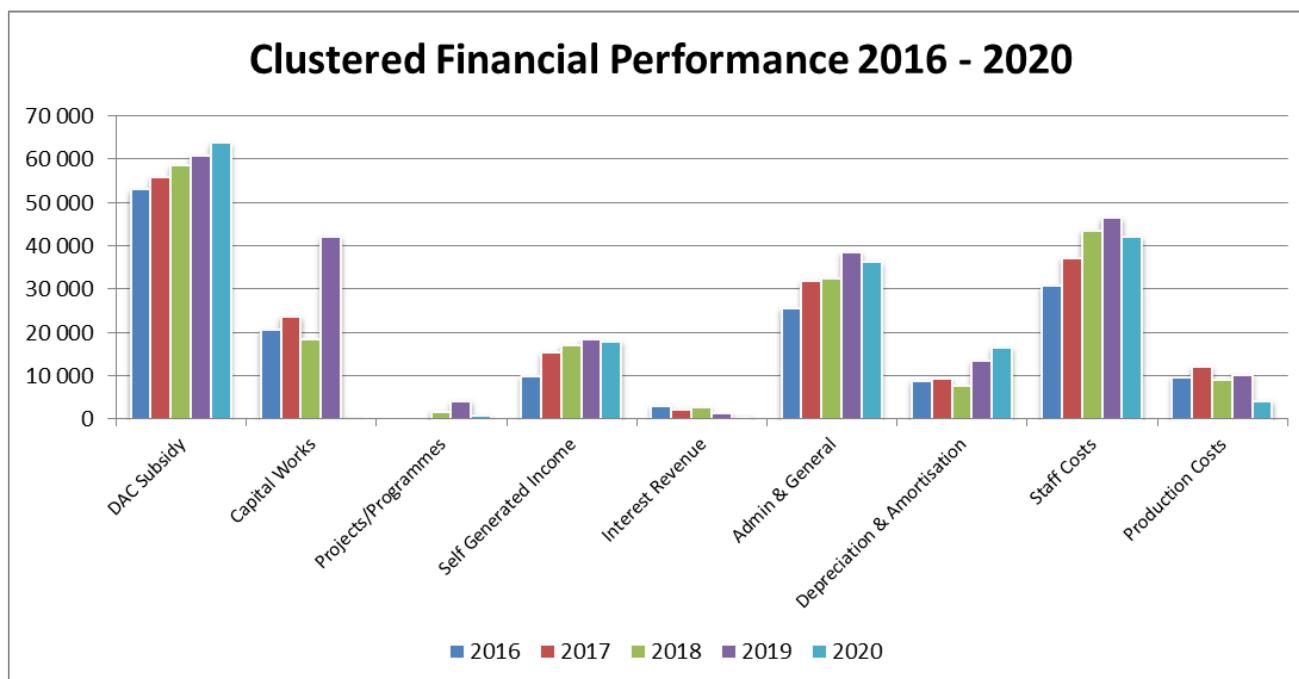
Key objective	Strategy	Output	Service delivery indicator	TARGET	ACTUAL PERFORMANCE	ACHIEVEMENT	Reason for over/under achievement
Marketing and Advertising							
To ensure public awareness of Artscape, its products and services through public relations and communication, and partnership plan is implemented.	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 Promotion of productions via print and electronic media Maintain and report on Partnerships already signed	4 brochures were printed this year Events were promoted via social media and our website. In addition adverts were placed in the relevant newspapers and magazines. Mikateko Media assisted Artscape for the annual Women and Humanities Festival (August 2018) in respect of community engagements and publicity. During the 2018/2019 financial year our partnership with Independent Newspapers enabled Artscape to feature regularly in their various publications.	 	

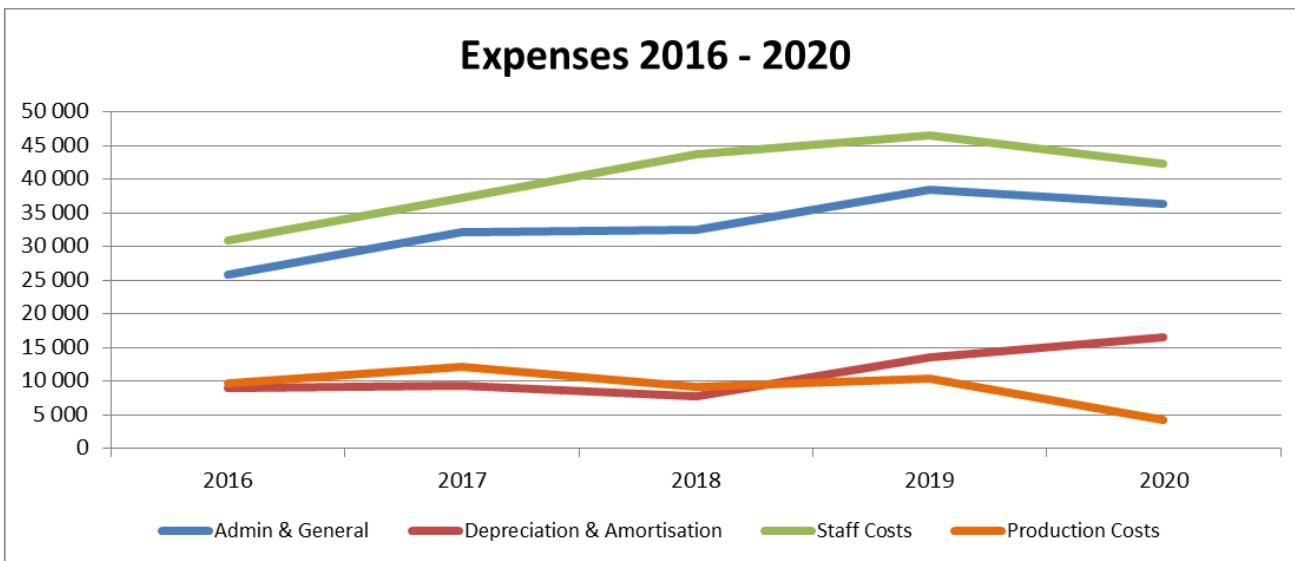
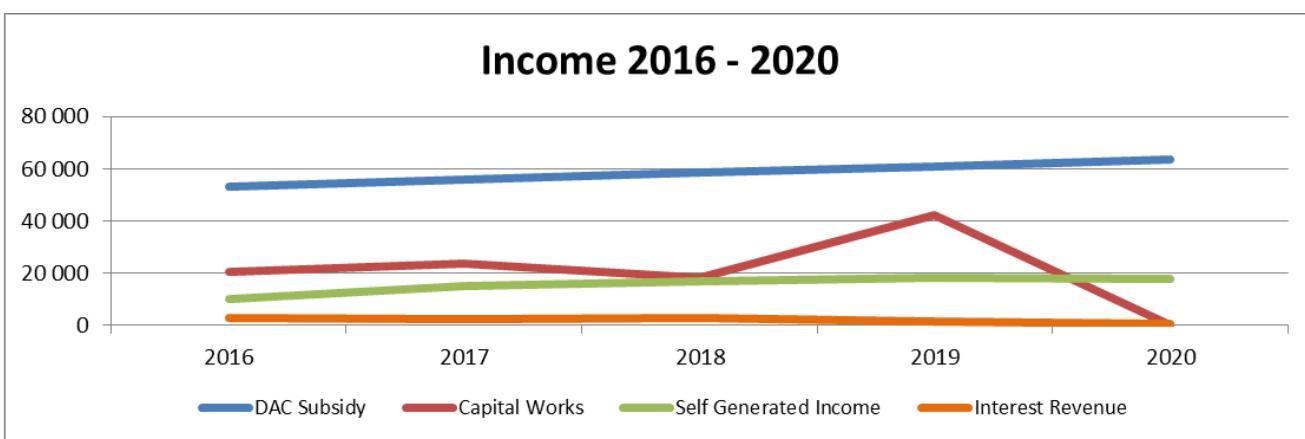
Summary of Financial Information

	2015/2016 R'000	2016/2017 R'000	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000
REVENUE					
State contribution	53 090	55 904	58 699	60 914	63 915
State contribution – essential capital works	20 701	23 711	18 455	42 217	133
State contribution – projects	197	1 487	1 229	3 363	683
Provincial contribution	709	474	577	811	175
Local government contribution			154	1 846	2 000
Venue rentals	5 971	5 874	6 144	6 698	6 493
Sponsorships & Donations	419	5 809	8 613	8 813	9 449
Other income	886	644	1 129	770	833
Performing Arts Programme	2 686	3 019	1 124	2 186	1 239
Investment revenue	3 117	2 358	2 827	1 358	640
TOTAL	87 776	99 280	98 951	128 976	85 560
EXPENDITURE					
Administrative expenses (excluding capitalised maintenance expenditure)	25 743	32 117	32 506	38 486	36 375
Amortisation and Depreciation	8 905	9 385	7 793	13 500	16 480
Compensation of employees	30 860	37 251	43 687	46 550	42 253
Performing arts programme	9 746	12 180	9 202	10 367	4 260
TOTAL	75 254	90 933	93 188	108 903	99 368
SURPLUS/(DEFICIT)	12 522	8 347	5 763	22 858	(13 808)

Revenue and Expenditure Trends

	2015/2016 R'000	2016/2017 R'000	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000
REVENUE					
Annual subsidy	60%	57%	60%	48%	75%
Essential maintenance contribution	24%	24%	19%	34%	2%
Internship programme	1%	1%	1%	1%	1%
Other revenue	15%	18%	20%	17%	22%
TOTAL	100%	100%	100%	100%	100%
EXPENDITURE					
Administrative expenses	34%	35%	35%	35%	37%
Amortisation and Depreciation	12%	10%	8%	12%	17%
Compensation of employees	41%	41%	47%	43%	42%
Performing arts programme	13%	14%	10%	10%	4%
Other non – operating expenses	0%	0%	0%	0%	0%
TOTAL	100%	100%	100%	100%	100%





PRODUCTION & EVENTS



Women and Humanity Arts Festival

August Month showcases the Artscape Women and Humanity Arts Festival. It remains the highlight of the Women's Month calendar. This annual celebration of women, men, young and old sees a variety of outstanding theatre productions, educational workshops, film screenings, talks, exhibitions, a humanity walk and more that address the issues women face today.

The Festival included productions such as Ab Fab Drag that celebrated the drag genre of lip-synching. Productions such as these supports Artscape's performance transformation agenda that gives previously marginalised art forms – in this instance the art of drag, and previously marginalised artists the opportunity to perform on a professional stage.

Celebrated, actor, Sandra Prinsloo had Afrikaans drama lovers on their feet in standing ovations in the Theatre during the run of Kamphoer – die storie van Susan Nell, while The Widow showcased in the Arena. Both productions dealt with pertinent gender issues. The former interrogated the scourge of rape while the latter interrogated indigenous culture and religious discrimination when woman are rendered widows.

Intrinsic to the Festival is the Humanity Walk held on National Women's Day on the 9 August. While it commemorates the 1956 Women's March to the Union Buildings in Pretoria it equally serves as a conduit to highlight contemporary women's issues such as gender based violence and femicide.



Rural Outreach

The Annual Artscape Rural Outreach Programme now in its 13th Year was created to give people in the outlying Western Cape areas the opportunity of a professional theatre experience.

Artscape identifies a historically disadvantaged community either within the urban boundaries or for its annual Outreach Programme. A school hall or community hall is identified and transformed by our technical team to recreate a professional theatre stage. The proximity of the venue to the people allows easy accessibility as many people walk to the venue to attend. An important aspect of this project is to expose young learners to all aspects of theatre which includes performance and technical and back stage exposure. This opens up their minds and can direct their interests in any of the many aspects of the performing arts.

The mixed bag showcased on stage is just another avenue used to expose young learners to the different genres of the performing arts. For many of the older residents it often offers an experience of a lifetime.

In 2019 Hawston was identified as the area of choice and the Hawston Primary School the venue for our performances. Our showcase was presented on the 18th of October and, included a variety of artists in various genres from Classical Western, to African indigenous, as well as well-known personalities. Inclusive to the programme is a career exhibition for learners to create an awareness of career opportunities within the entertainment industry. The Artscape technical team has a slot during which they give insight into the technical aspects of staging, sound and lighting equipment typically used in a theatre.





C | 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 Sports, Arts & Culture

- Business Strategy 2020/2025
- Annual Performance Plan 2020/2021
- Quarterly Reports for the quarters ending June 2019, September 2019, December 2019 and March 2020

The Chairperson signed the Shareholder's Compact for 2019/2020 with the Minister of Sports, Arts & Culture on 11 December 2019.

The Accounting Authority

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

Board Charter

1 Introduction

- 1.1 The Entity manages the Artscape Theatre Centre and is a facilitator of stage performances, community arts activities, training programmes and audience development initiatives to sustain all forms of performing arts.
- 1.2 The Entity was declared a Cultural Institution in terms of section 3 of the Cultural Institutions Act, 1998. It is also listed as a Schedule 3A (national entity) under the Public Finance Management Act, 1999 (The FPMA).
- 1.3 The PFMA regulates public entities and in terms of section 49 of the said Act, every public entity must have an accounting authority, which must be accountable for the purposes of this Act.

2 Purpose

The purpose of these terms of reference is to set out the Council's role and responsibilities, its relationship with the Department of Arts and Culture ("the Shareholder") as well as the requirements for its composition and meeting procedures.

3 Council and Shareholder Relationship

- 3.1 The relationship between the Shareholder and the Entity is governed by the Shareholder Compact. The targets to be achieved by the Entity in any financial year are determined in the Shareholder Compact. It is the joint responsibility of the Shareholder and the Council to ensure that the Shareholder Compact is

- developed.
- 3.2 The Council shall, when reporting to the Shareholder, present a balanced and understandable assessment of the Entity's position. The Executive Authority must immediately be provided with any information that may have a material effect on the value of the Entity as soon as the Entity becomes aware of that information.

4 Role and Responsibilities of the Council

- 4.1 In addition to their duties and responsibilities as stipulated in sections 50, 51 and 55 of the PFMA, Council Members are responsible for the governance of the Entity and has a duty of care, a fiduciary duty and a duty to act only within their powers and authority.
- 4.2 Every Member of the Council shall:
- 4.2.1 At all times conduct himself/herself in a professional manner, having due regard to his/her fiduciary duties and responsibilities.
- 4.2.2 Uphold the core values of confidentiality, integrity and independence in all dealings on behalf of the Entity;
- 4.2.3 Ensure that he/she has sufficient time available to devote to his duties as a Council Member;
- 4.2.4 Be diligent in discharging his/her duties and seek to acquire a broad knowledge of the Entity's business so as to be able to provide meaningful direction to it;
- 4.2.5 Keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social, technology and legal climate generally, which may impact on the Entity's business;
- 4.2.6 Use their best endeavors to attend all Council meetings, to read all necessary documentation and prepare themselves thoroughly in advance of Council meetings.
- 4.2.7 The Council shall allow every Member to play a full and constructive role in its affairs. Members shall accordingly participate fully, frankly and constructively in Council discussions and other activities and shall endeavor to bring the benefit of their particular knowledge, skills and abilities to Council discussions;
- 4.2.8 As Members are individually and collectively accountable for compliance with its statutory and regulatory obligations, every Member should endeavor to be conversant with the statutory and regulatory framework within which the Entity operates;
- 4.2.9 Members are required to inform the Council through the Secretariat in advance, of any conflicts or potential conflicts of interest they may have in relation to particular items of business to be transacted at a meeting and members should recuse themselves from discussions or decisions on matters in which they have a conflict of interest;
- 4.2.10 Members may not vote and must not be counted in the quorum of a meeting to pass a resolution in respect of any business where they have a direct or indirect interest;
- 4.2.11 Members may not formally communicate or comment on behalf of the Council and/or the entity unless being formally mandated to do so by the Chairperson.

5 Role of the Chairperson

- 5.1 The Chairperson's role is to lead and manage the Council and ensure that it discharges its responsibilities.
- 5.2 The responsibilities of the Chairperson include:
- 5.2.1 ensuring that all Council Members are fully involved and informed of any business issue on which a decision has to be taken;
- 5.2.2 ensuring that management play an effective management role and participate fully in the operation and governance.
- 5.2.3 ensuring that the Council Members monitor the business and contribute to the business decisions
- 5.2.4 exercising independent judgment, acting objectively and ensuring that all relevant matters are placed on the agenda and prioritized properly;
- 5.2.5 working closely with the council members in ensuring that at all times the Council Members fully understand the nature and extent of their responsibilities

- as Council Members in order to ensure the effective governance.
- 5.3 The Chairperson will act as a facilitator at meetings of the Council to ensure that no member dominates the discussion, that relevant discussion takes place, that the opinions of all members relevant to the subject under discussion are solicited and freely expressed and that Council discussions lead to appropriate decisions.
- 5.4 The Chairperson will seek a consensus amongst the Council but may, where considered necessary, call for a vote, in which event the decision of an ordinary majority of members will prevail and dissenting views will be recorded. The Chairperson shall have a casting vote.
- 5.5 In the event of any matter arising, which the Chairperson, or the majority of the Council, feel that the Chairperson may not be able to deal with objectively, the Chairperson shall temporarily relinquish the chair to the Deputy Chairperson or any other Non-Executive Member for the duration of the discussion on such issue. In such event, the Chairperson shall be entitled to enter into discussion and to vote as any other member present at the meeting.
- 5.6 Communication with the Shareholder will take place through the Chairperson of the Council. At his discretion, the Chairperson may invite the CEO or any other Council Members to meetings with the Shareholder.
- 5.7 The CEO may communicate with the Director General of the Department of Arts and Culture provided, that the Chairperson is informed prior to the meeting and its purpose. The CEO shall report to the Chairperson the outcome of such meetings.

6 Conflict of Interests

- 6.1 Council Members should declare all interests and minimise circumstances which may give rise to conflicts of interest, misinterpretation, misunderstanding and breach of ethics. Council Members should also declare any possible conflict of interest in any matter under discussion at a Council meeting.
- 6.2 The Council should consider all declarations after the facts are fully disclosed and should make a ruling whether a conflict exists based on the following principles:
- 6.2.1 That the duty of loyalty to the entity is strict;
 - 6.2.2 That a breach is based on conflict between duty and interest;
 - 6.2.3 That there should not be any connections or other conditions which could affect, or appear to affect the independence of the decisions of the Council Member;
 - 6.2.4 That the Council Members is not receiving any benefit as a result of his/her other position or connection that is being disclosed;
 - 6.2.5 The onus is on the Council Member to show that there is no conflict.
- 6.3 If any Council Member willfully or negligently fail to disclose an interest as required above or if he/she participates in the proceedings of the Council notwithstanding any conflict of interest, the relevant proceedings of the Council may, at the discretion of the other Members be declared null and void. This shall be in addition to any other sanction that the Council may collectively apply in respect of the errant Member, which sanction may include a recommendation to the Minister that such Member be removed from the Council.

7 Committees of the Council

- 7.1 The Council must form Committees to assist the Council to discharge its duties. The Committees must have their responsibilities set out in a formal terms of reference.
- 7.2 Council committees will observe the same rules of conduct and procedures as the Council, unless the Council specifically determines otherwise in the Committee's terms of reference and the Shareholder will be informed if any Committee Member is absent from two consecutive Committee meetings without a compelling reason and a recommendation will be made to the Minister that such Member be removed from the Council.
- 7.3 Such Committees as may be formed may take independent professional advice at the Entity's cost as and when necessary. The Committee structure, membership and mandates must be reviewed regularly.

- 7.4 The Chairperson, considering the desires of individual Members, will propose the assignment of Members to various Committees.
- 7.5 Council Committees must be constituted having regard to the skills, expertise and experience of Members propose the respective Committees' mandates. Where appropriate or necessary, independent external professionals with relevant skills and expertise may be co-opted as Advisors to the Committees to assist or bolster the Committees where there is a shortage of such skills or expertise. Such co-opted professionals shall have the status of invitees to the Committee, shall not form part of the quorum for meetings and shall have no voting rights.
- 7.6 The Council shall have the power, at all times, to alter the size of any of its Committees, to remove any Member or Members from a Committee and to fill any vacancies created by such removal.
- 7.7 Committees must have due regard to the fact that they do not have independent decision-making powers. They make recommendations to the Council except in situations where the Council authorizes the Committee to take decisions and implement them. Thus, in undertaking its duties, each Committee must have due regard to its role as an advisory body to the Council, unless specifically mandated by the Council to make decisions.
- 7.8 A formal report back, either orally or in writing, shall be provided by the Chairperson of each Committee to all Council meetings following the Committee meetings to keep the Council informed and to enable the Council to monitor the Committee's effectiveness.

8 Council Meetings

- 8.1 The Council should meet regularly, at least once a quarter, but could meet more frequently if circumstances require as such and must disclose in the Annual Report the number of Council and Committee meetings held in the year and the details of attendance of each Member.
- 8.2 The Council must institute efficient and timely methods for informing and briefing Council Members prior to meetings while each Council member is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.
- 8.3 Council Members shall use their best endeavours to attend Council meetings and to prepare thoroughly for them. Council Members must participate fully, frankly and constructively in Council discussions and other activities to bring the benefit of their particular knowledge, skills and experience to the Council.
- 8.4 Council Members who are unable to attend a meeting must advise the Chairperson or the Entity Secretary at the earliest possible time and a record should be kept to that effect.
- 8.5 A Council member should at least attend two thirds of a meeting to be regarded as having attended the meeting.
- 8.6 The Shareholder will be informed if any Council Member is absent from two consecutive Council meetings without a compelling reason a recommendation will be made to the Minister that such Member be removed from the Council.
- 8.7 Five (5) members of the Council will constitute a quorum at any meeting of the Council. The five (5) Members of the Council must be present in person or through electronic media.
- 8.8 The Chairperson, with the assistance of the responsible official, shall develop the agenda for each Council meeting and in doing so may consult with the CEO and other Members. The agenda for each meeting shall provide an opportunity for the Chairs of the Committees to report orally on any matters of importance.
- 8.9 The Chairperson must also place on the agenda any item that is proposed in writing by a Member. The agenda and other relevant documents shall be circulated to Council members at least five (5) days in advance.
- 8.10 The Company Secretary shall cause information and data that is important to the Council's understanding of the business to be distributed in writing at least five days before the Council meets. This material should be as brief as possible

- while still providing the essential information.
- 8.11 Presentations, wherever possible, should be sent to the Council Members at least five (5) days in advance so that the Council's meeting time can be conserved, and the discussion time focused on questions that the Council has about the material distributed. On those occasions when, in the opinion of the Chairperson, the subject matter may be too sensitive to record, the presentation will be discussed at the meeting.
- 8.12 The Council and its Committees may, subject to this being sanctioned by the Chairperson in the case of the Council and by the respective Committee Chairperson in the case of the Committees, take decisions on urgent and non-contentious issues, by means of the round robin resolution method. The approval of the round robin resolution should be by at least the majority of the Council members.

9 Secretary

- 9.1 The Company Secretary shall be the secretary of the Council and shall ensure that minutes are kept of all meetings. The minutes must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Council for review thereof. The minutes must be formally approved by the Council at its next scheduled meeting.
- 9.2 The Company Secretary is also responsible for providing legal guidance to the Council and the Entity and must act in good faith and avoid any conflicts of interest between the interests of the Council and the Entity.

10 Self- assessment

The Council should conduct continual self-assessment or self-evaluation and the Council must perform an evaluation of the effectiveness of the Council every year.

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.

Council conducted a strategic workshops in October 2019 to agree on transformation objectives and strategy for Artscape.

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

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

Council met 8 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. Three special meetings were held during March 2020 to address the impact of the COVID 19 pandemic on the entity.

COUNCIL

The following Council members, appointed by the Minister of Arts & Culture on 1 December 2017, were in office at 31 March 2020:

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

COUNCIL MEMBERS' ATTENDANCE OF MEETINGS – APRIL 2019 TO MARCH 2020

COUNCIL MEETINGS

Member	Number of Meetings	Number of Meetings attended
Dlamini, C	8	7
Jacobs, M	8	8
Jock, R	8	8
Le Roux, N	8	5
Magona, P	8	6
Nduneni-Ngema, X	8	4
Ngoma, T	8	6
Vilakazi, A	8	5
Vulindlu, M	8	7

HUMAN RESOURCES COMMITTEE MEETINGS

Member	Number of Meetings	Number of Meetings attended
Vulindlu, M (Chair)	4	4
Jock, R	4	4
Le Roux, N	4	4
Magona, P	4	2

AUDIT & RISK COMMITTEE MEETINGS

Member	Number of Meetings	Number of Meetings attended
Jock, R (Chair)	5	5
Vilakazi, A	5	2
Jacobs, M	5	5
Magona, P (appointed from 31 August 2019)	2	1
Rhoda, R (External Member)	5	5
Maharaj, T (External Member)	5	3

SOCIAL ETHICS AND TRANSFORMATION COMMITTEE MEETINGS

Member	Number of Meetings	Number of Meetings attended
Jacobs, M	2	2
Nduneni-Ngema, X	2	1
Ngoma, T	2	2

STRATEGIC SESSION

Member	Number of Sessions	Number of Sessions attended
Dlamini, C	1	0
Jacobs, M	1	1
Jock, R	1	1
Le Roux, N	1	1
Magona, P	1	1
Nduneni-Ngema, X	1	1
Ngoma, T	1	1
Vilakazi, A	1	1
Vulindlu, M	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	R 2 109	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Vice-Chairperson	R 1 440	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R 1 308	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	R 3 066	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.
Member	R 1 860	The rate per meeting includes remuneration for preparation time, and shall not exceed the daily rate.

Remuneration of Council and Committee members

2020

Council Members:

Princess C Dlamini (chairperson)	15 554
Dr M Jacobs	15 910
Mr R Jock	27 150
Dr N le Roux	8 716
Ms T Ngoma	15 246
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg - no fee payable)	-
Adv P Magona	15 924
Dr A Vilakazi (employed by Coega - no fee payable)	-
Mr M Vulindlu (employed by City of Cape Town - no fee payable)	-
	98 500

Audit and Risk Committee Members:

Adv P Magona (Chairperson) - until 16 August 2018	6 132
Mr R Jock (Chairperson) - from 14 February 2019	18 396
Dr M Jacobs	11 160
Mr R Rhoda	19 324
Ms T Maharaj	5 580
Dr A Vilakazi (employed by Coega - no fee payable)	-
	60 592

Human Resources Committee Members:

Mr M Vulindlu (Chairperson)(employed by City of Cape Town - no fee payable)	-
Dr N le Roux	6 540
Adv P Magona	1 308
Mr R Jock	8 710
	16 558

Social, Ethics and Transformation Committee:

Dr M Jacobs (Chairperson)	2 616
Ms T Ngoma	3 484
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg - no fee payable)	-
	6 100

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

SAB&T Chartered Accountants Inc was appointed as Artscape's internal auditors on the 1st of November 2018.

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

Audit and Risk Committee Responsibility

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

The report of this committee appears on page 39 of the Annual Report.

B-BBEE Compliance

Artscape's Supply Chain Management process ensures that Artscape enforces the preference points system and thus provides the platform for Artscape to implement its socio-economic objectives at correcting the imbalances of the past. Artscape's policy is intended to address the Preferential Procurement Policy Framework Act (PPPFA) objectives. Artscape has recently been verified and is non-compliant and will be addressing this issue to ensure compliance.

Fraud and corruption

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

Staff guilty of misconduct are disciplined in term of Artscape's disciplinary code. All disciplinary matters are reported to Council's Human Resources Committee and also included in the Annual Report (see page 44).

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 as well as other committee members are also required to submit annual declarations of interest and to declare their possible interests at every meeting.

Code of conduct

A code of conduct is in place for all staff members. 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, which is included in the Council Charter.

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.

Company Secretary

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

Social responsibility

Artscape has an internship programme to provide on the job training 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:

- Two internship programmes, supported by the Distell, focusing on technical training and the president's YES internship programme administered by the Ubuntu Institute focusing on administration. The YES - Ubuntu internship also had a special focus on youths with disabilities
- The Artscape-Brouhaha International exchange partnership benefited 2 artists; one in dance and one in indigenous music. These two artists and one Artscape administrative representative were hosted by Brouhaha International at the Edinburgh International Festival.
Artscape also hosted one exchange student from the World Exchange program; a collaboration between South Africa and the Netherlands Universities, for workplace experience.

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 2019/2020 financial year there were 5 meetings.

Members 1 April 2019 – 31 March 2020	Number of meetings attended
Mr R Jock (Chairperson)	5
Adv. P Magona	1 of 2 meetings attended from 31 August 2019
Dr M Jacobs	5
Mr R Rhoda	5
Ms T Maharaj	3
Dr A Vilakazi	2

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 internal audit function is outsourced to SAB&T Chartered Accountants Inc. The Internal audit through its reports provides recommendations to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the Institution. The Audit and Risk Committee has reviewed and approved the internal audit charter and the coverage plans for the year ended 31 March 2020. Internal audit reports were presented to the committee during the year under review. 3 internal audits were undertaken during the financial year.

Internal Audit

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 on material misstatements of expenditure. These reported findings resulted in an unqualified AGSA Audit Report with an emphasis of matters 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 requires improvement.

The Quality of Quarterly Reports

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

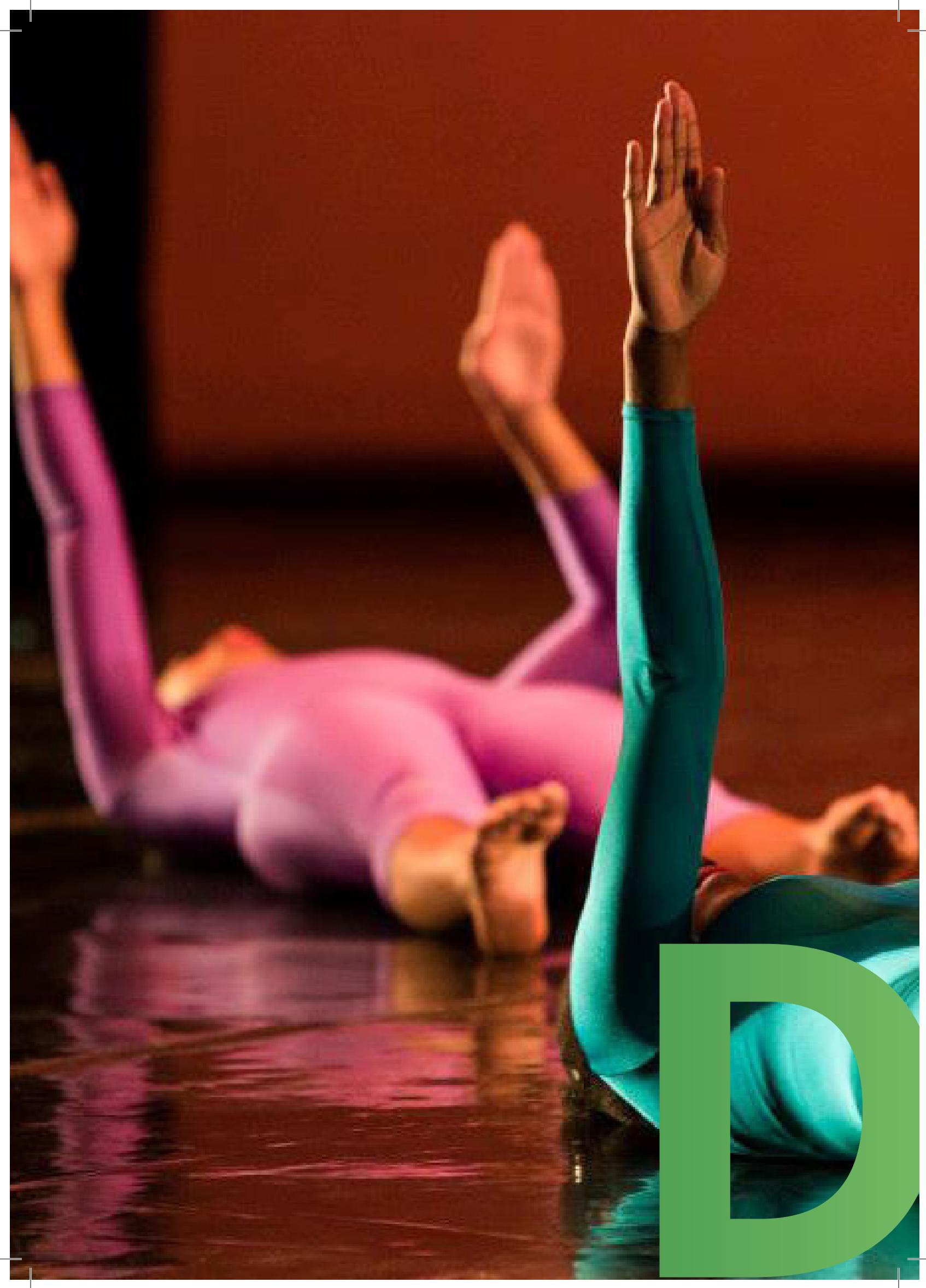
Evaluation of Financial Statements and Predetermined Objectives

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 2020.

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

Mr Rajesh Jock
Chairperson of the Audit Committee
30 September 2020



D | HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The Artscape Human Resource Committee (HRC) consisting of Mr M Vulindlu (Chairperson), Dr Neil le Roux, Advocate Penelope Magona and Mr Rajesh Jock, meets on a quarterly basis to provide oversight over human resource management at the public entity.

The key highlights of the past financial year include:

- Performance Management – the performance agreements with the key executives were implemented during the year
- Job profile updates – all employees job profiles were updated
- Staff Wellness – our annual staff wellness day has grown year-on-year with a continued focus on the ethics of care for all employees. The appointment of an employee wellness service provider, was of valued add to employees and their immediate family for counselling services
- Youth Development – the commitment to creating development opportunities for youth is of great importance to Artscape and during the 2019/2020 financial year the following programmes contributed to this:

- Technical Training Programme which was supported by Distell and the president's Youth Employment Service (YES) internship in collaboration with the Ubuntu Institute. The YES internship had a special focus on youth with disabilities. The Technical training internship provided young persons with an opportunity to be trained on the technical aspects of stage productions, including lighting, sound and stage management whilst the president's YES internship programme focussed on administration.

- Erasmus International Exchange Programme in collaboration with Samba Resille (France)
- This is a programme which includes participants from various countries and provides an international perspective on the arts.

Human Resource Oversight Statistics

Human Resources Management

As at 31 March 2020 Artscape employed 81 (2019: 88) persons on a permanent basis and 12 (2019: 13) 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	
2020	87 990	41 056	79	1 172	42 308	48%
2019	102 722	44 981	422	1 569	46 550	45%

Analysis of staff compensation (excluding part-time wages)

	Salary & other benefits		Overtime		Provident fund		Medical Assistance		Cost of Employment	
	(R'000)	% staff cost	(R'000)	% staff cost	(R'000)	% staff cost	(R'000)	% staff cost	Staff compensation (Excluding part time)	Average Staff Expenditure (R'000)
2020	31 668	79.04%	1070	2.67%	4391	10.96%	2939	6.96%	40068	397
2019	34285	79.40%	1665	3.86%	4426	10.25%	2804	6.49%	43180	428

Employment and Vacancies as at 31 March 2020

	Number of posts	Number of posts filled	Vacancy
Permanent staff	93	81	12
Annual contractual staff	14	12	2
TOTAL	107	93	14

Staff turnover for the period 1 April 2019– 31 March 2020

	Staff as at 31-Mar-19	New Appointments	Transfer from contract to permanent	Terminations	Staff as at
					31-Mar-2020
Permanent staff	88	2	0	9	81
All Contract staff	13	0	0	1	12
TOTAL	101	2	0	10	93

Reasons for leaving the Institution

Termination type	Number of employees	% of total terminations	% of total number of employees
Resignations	5	50%	5.3%
Dismissed	0	0%	0%
Contract ended	1	10%	1.08%
Death	1	10%	1.08%
III Health	0	0%	0%
Retired	3	30%	3.23%
TOTAL	10	100%	10.69%

STAFF PROFILE

PERMANENT HEADCOUNT AS AT THE 31 MARCH 2020

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 (gr. 20 - 25)	1	2	0	0	0	2	0	1	0	0	6		1
Senior management(gr. 16 – 19)	0	2	0	0	1	1	0	0	0	0	4		
Professionally qualified and experienced specialists and mid-management(gr. 11 – 15)	0	7	0	1	0	3	0	1	0	0	12		
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents(gr. 6 – 10)	6	24	0	4	4	9	0	3	0	0	50	2	
Semi-skilled and discretionary decision making(gr. 3 -5)	1	6	0	0	3	5	0	1	0	0	16		1
Unskilled and defined decision making(gr. 1 & 2)	1	3	0	0	0	1	0	0	0	0	5		
GRANT TOTAL	9	44	0	5	8	21	0	6	0	0	93	3	1
PERMANENT	9	41	0	4	5	18	0	4	0	0	81	3	1
CONTRACT	0	3	0	1	3	3	0	2	0	0	12	0	0

PERCENTAGES / PERMANENT HEADCOUNT AS AT THE 31 MARCH 2020

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I/A	W	Male	Female	
Top management (gr. 20 - 25)	1.08%	2.15%	0.00%	0.00%	0.00%	2.15%	0.00%	1.08%	0	0	6.45%
Senior management(gr. 16 – 19)	0.00%	2.15%	0.00%	0.00%		1.08%	0.00%	0.00%	0	0	4.30%
Professionally qualified and experienced specialists and mid-management(gr. 11 – 15)	0.00%	7.53%	0.00%	1.08%	0.00%	3.23%	0.00%	1.08%	0	0	12.90%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents(gr. 6 – 10)	6.45%	25.81%	0.00%	4.30%	4.30%	9.68%	0.00%	3.23%	0	0	53.76%
Semi-skilled and discretionary decision making(gr. 3 -5)	1.08%	6.45%	0.00%	0.00%	3.23%	5.38%	0.00%	1.08%	0	0	17.20%
Unskilled and defined decision making(gr. 1 & 2)	1.08%	3.23%	0.00%	0.00%	0.00%	1.08%	0.00%	0.00%	0	0	5.38%
GRANT TOTAL	9.68%	47.31%	0.00%	5.38%	8.60%	22.58%	0.00%	6.45%	0	0	100%
PERMANENT	9.68%	44.09%	0.00%	4.30%	5.38%	19.35%	0.00%	4.30%	0	0	87.10%
CONTRACT	0.00%	3.23%	0.00%	1.08%	3.23%	3.23%	0.00%	2.15%	0	0	12.90%
WESTERN CAPE EAP	19.30%	25.40%	0.60%	7.70%	17.30%	22.20%	0.40%	7.20%	0	0	100%
VARIANCE	-9.62%	21.91%	-0.60%	-2.32%	-8.70%	0.38%	-40.0%	-0.75%	0	0	

4% Persons with disabilities

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. Other ad-hoc opportunities for skills development was the job shadowing programme 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 2019 to 31 March 2020

	Number of employees trained (previous period)	Training needs identified and provided (previous period)
TOTAL	66	16

Analysis of training costs (Excluding part time)

	Staff compensation	Training & Capacity building	Training & Capacity building as % of staff compensation	Training needs identified and provided	Average training & capacity building cost per training provided
2020	42229	79	0.19%	9	8.78
2019	46550	422	0.91%	16	26.38

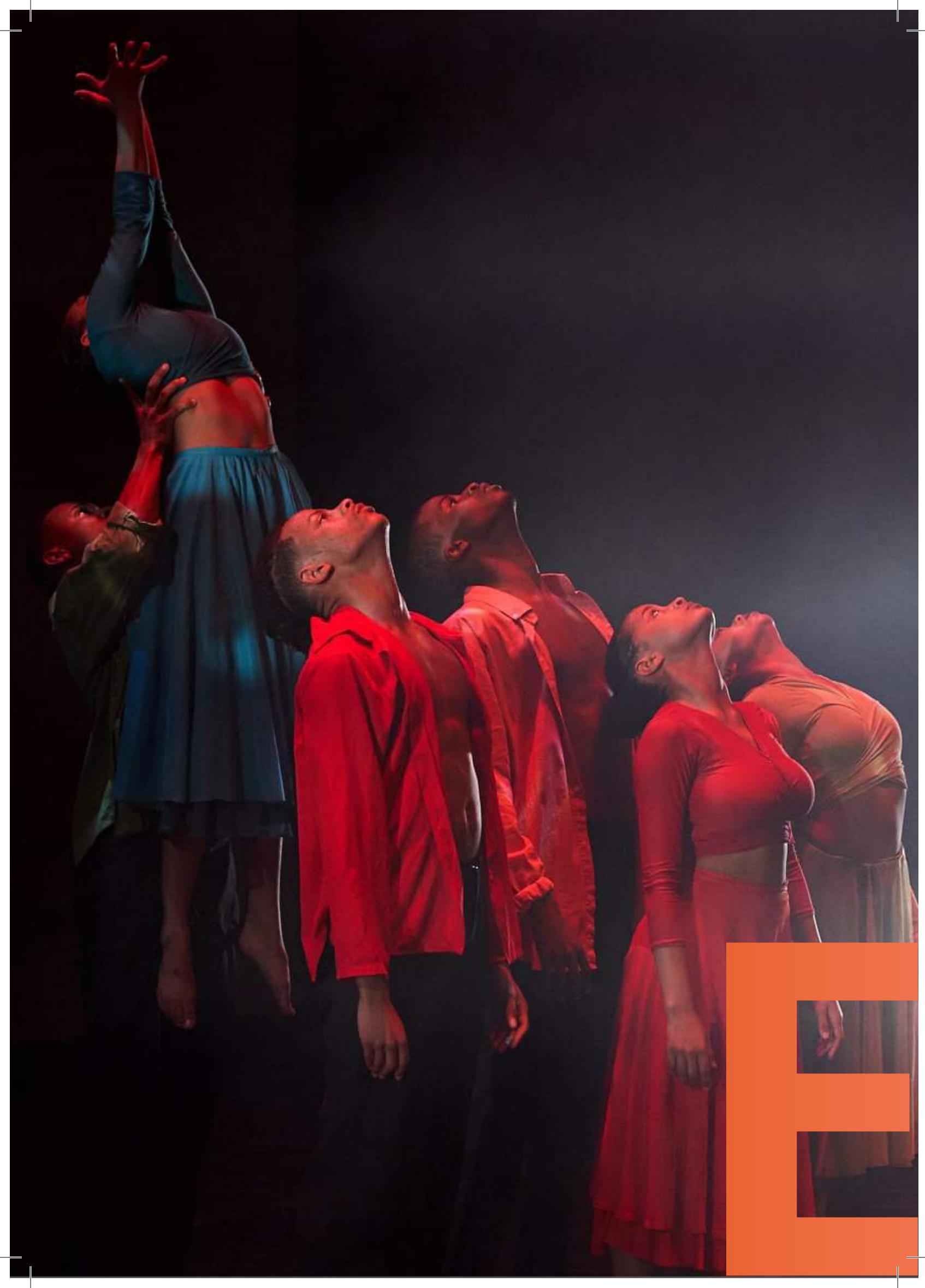
EPWP and YES – Ubuntu internship opportunities provided for the period 1 April 2019 to 31 March 2020

	Gender	No of interns
Distell - EPWP	Male	
	Female	3
	TOTAL	3
YES - UBUNTU	Male	6
	Female	7
	TOTAL	13

Five of the 13 YES (Youth Employment Service) – Ubuntu interns were youth with disabilities

Performance Rewards

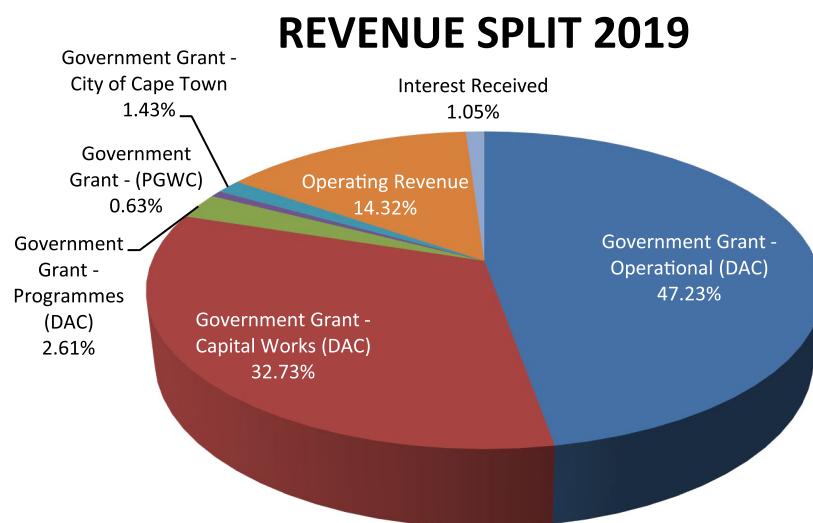
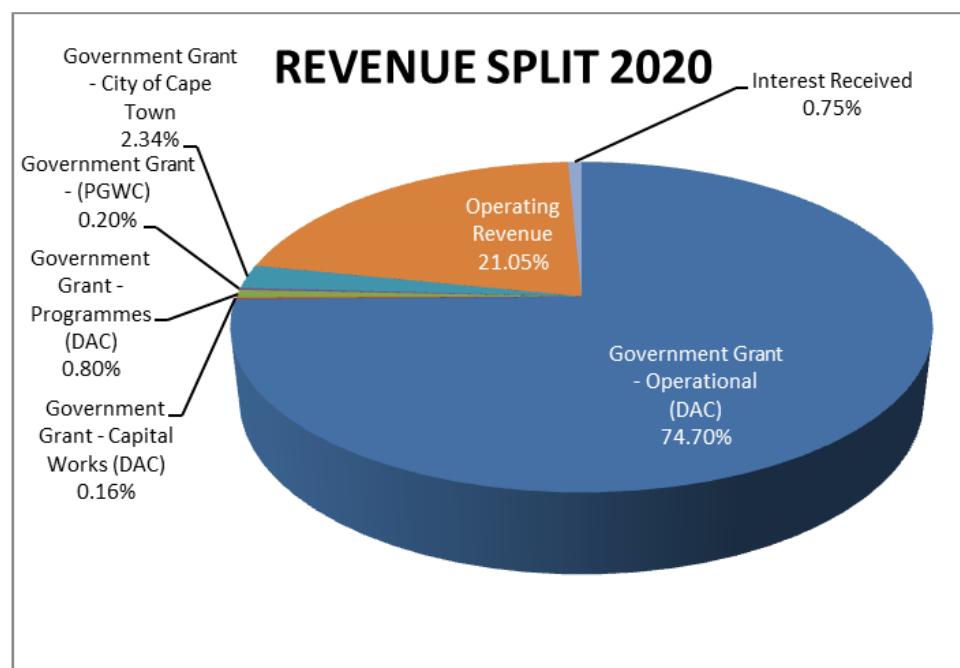
None during the current year.



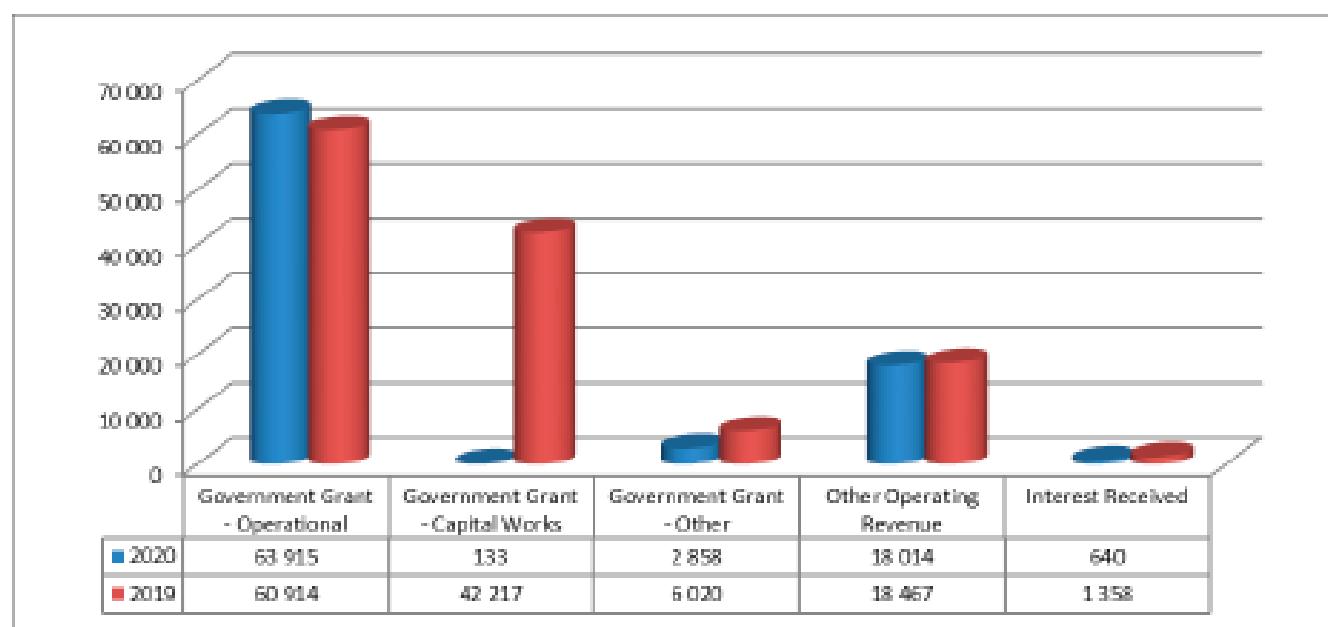
E | FINANCIAL INFORMATION

Overview of the year ended 31 March 2020

Total revenue decreased by 34% from R128,9m to R85,5m, mainly due to a decrease in capital works funding. The total government grants for 2020 decreased by 39% from 2019 and it accounts for 78% of total revenue (2019: 85%), while other operating income generated contributed 21% of total revenue. Interest revenue contributed 1% of total revenue.



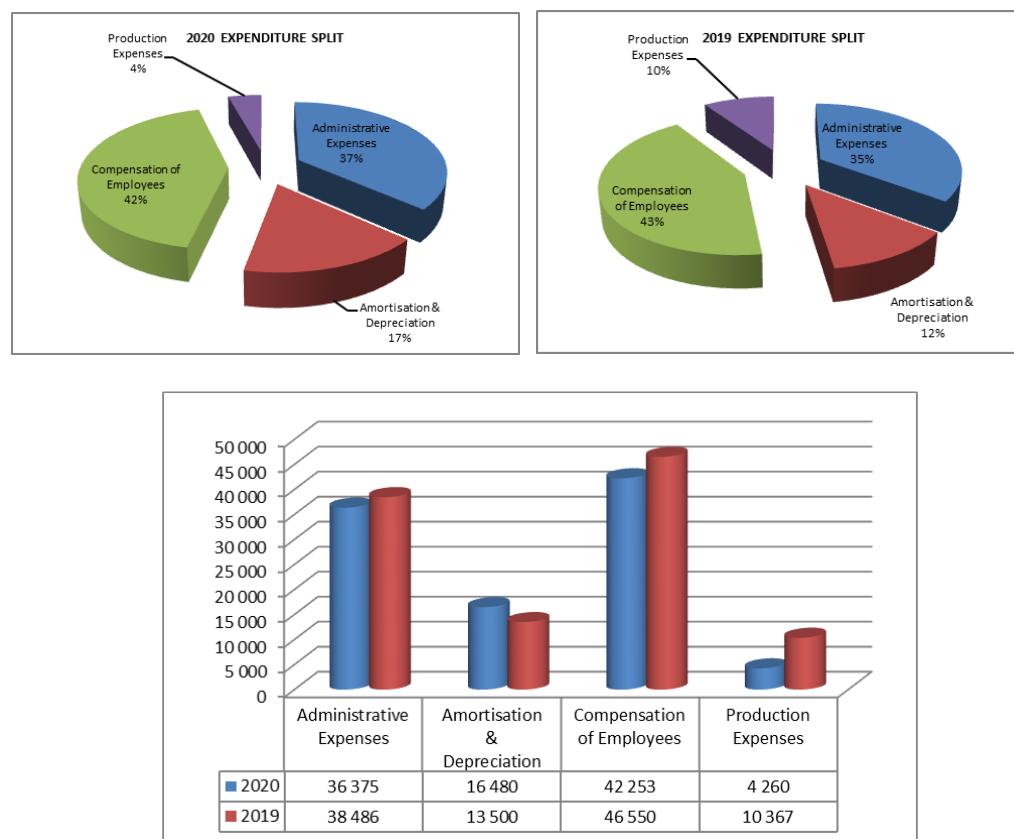
The graph below reflects a comparison of revenue between 2020 and 2019.



- The annual grant from the Department of Sports, Arts and Culture (DSAC) increased by 5% from R60,9m to R63,9m.
- R42,2m of the DSAC capital funding was received in 2019 and only R0,1 m in 2020.
- Other Government Grants utilised in the current year included R0,7m (2019:3,4m) from DSAC for the Incubator Programme and R0,15m (2019: R0,811m) from PGWC for the EPWP Internship Programme.
- Other operating revenue decreased by 2% from R18,5m to R18,0m, mainly as a result of reduced box office and marketing revenue.
- Interest received decreased from R1,4m to R0,6m due to a significant decrease in available funds for short-term investment

Operating Expenses

A comparison between 2020 and 2019 shows a decrease of R9,5 million in total expenses incurred.



Administrative expenses (excluding amortisation and depreciation) decreased from R38,5m to R36,4m.

Substantial decreases include:

- The net loss from the service concession agreement reduced by R0,4 m as a result of the implementation of the new business model.
- Transport related expenses decreased by R0,9m (37%) due to improved management of service providers and fewer trips.

Compensation of employees decreased by 9% from R46,5m to R42,2m. This was mainly as a result of the non-filling of posts when vacancies arose and reduction in overtime costs.

Production costs decreased from R10,4 m to R4,3m. This was mainly as a result of cash flow constraints which necessitated a reduction of performances.

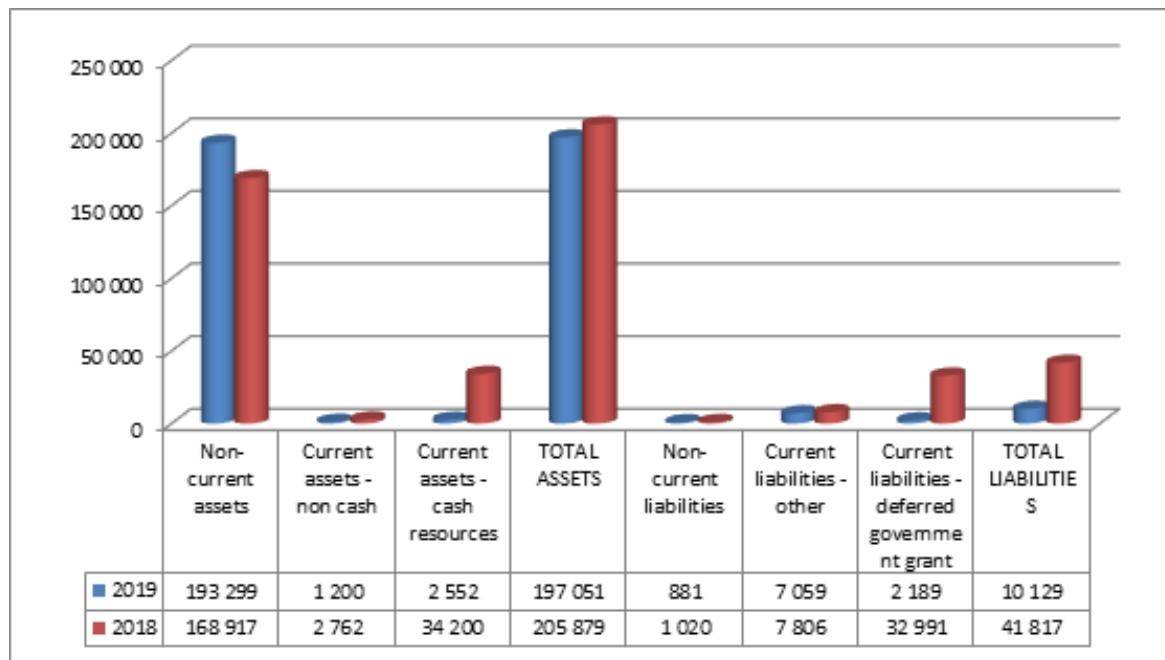
Operating Surplus/(Deficit)

An operating deficit of R13,8 m (2019 surplus of R20,1m) was achieved for this financial year. The operating deficit is mainly the result of the high depreciation charge as a result of the significant increase in the leasehold improvements and capital equipment acquired over the past few years.

Provision for post-retirement medical benefit

The actuarial valuation, as well as current contributions paid, resulted in a liability being reduced from R1,122m in 2019 to R0,767 million in 2020. This is a decrease from 2019 which is mainly due to a decrease in the expected benefit payment as a result of the death of 1 of the qualifying pensioners during the financial year.

Financial Position (R'000)



The decrease in non-current assets is due to minimal additions to fixed assets, but an increase in the depreciation charge for the year.

The minimal increase in cash resources is as a result of funds being better managed.

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

Current liabilities decreased primarily due to a decrease in trade payables and better management of the payment of suppliers.

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 Artscape set out on pages 57 to 89, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Artscape as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance

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 sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Significant subsequent event that may impact future operations

7. As disclosed in note 31 to the financial statements, the entity has identified the possible effects of future implications of the COVID-19 pandemic on its future prospects, operations, performance and cash flows, as well as management's plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2020.

9. As disclosed in note 09 to the financial statements, the entity materially underspent on the capital government grant by R4 695 743.

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 2: arts and education	19
Programme 3: public awareness	19

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programme:
- Programme 2: arts and education
 - Programme 3: public awareness
19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on page 19 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of targets.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R4 701 551 as disclosed in note 27 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure was caused by non-compliance with supply chain management regulations.

Procurement and contract management

25. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.

26. The preference point system was not applied in some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and treasury regulations 16A6.3(b).

27. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations. Similar non-compliance was also reported in the prior year.

28. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of PPPFA preferential procurement regulations.

29. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board and qualified for the contract in accordance with section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) and CIDB regulations 17 and 25(7A).

30. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.

31. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation. Similar non-compliance was also reported in the prior year.

32. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar limitation was also reported in the prior year.

Other information

33. 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 the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
34. 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.
35. 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.
36. I did not receive all other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, 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

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
38. Management's oversight and review processes over the implementation and monitoring of controls were not sufficient to prevent non-compliance and irregular expenditure.

Auditor-General

Cape Town

30 September 2020



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 use by the accounting authority of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Artscape to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also 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, actions taken to eliminate threats or safeguards applied.

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.

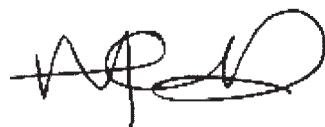
The financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board. The annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements 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 2020 set out on pages 57 to 89, were submitted for auditing on 31 July 2020 in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act 1 of 1999).



Marlene le Roux
CHIEF EXECUTIVE OFFICER



Vernon van der Linde
CHIEF FINANCIAL OFFICER

Artscape

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 2017, and were in office on 31 March 2020:

Princess C Dlamini (Chairperson)
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. As at 31 March 2020, the Executive Management consisted of the following:

Chief Executive Officer (CEO)	Marlene le Roux
Chief Financial Officer (CFO)	Vernon van der Linde
Manager: Human Resources	Lungisani Nkomo
Director: Operations	Marius Golding
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 Sports, 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, DF Malan street. Cape Town, 8001	Artscape PO Box 4107 Cape Town 8001

Country of incorporation: Republic of South Africa

Statement of Financial Position as at 31 March 2020

	Note(s)	2020	2019 RESTATED
		R	R
ASSETS			
Current assets			
Cash and cash equivalents	3	4 636 744	2 551 649
Trade and other receivables from exchange transactions	4	498 787	395 015
Inventories	5	210 170	210 170
		5 345 700	3 156 834
Non-current assets			
Property, plant and equipment	6	181 857 013	198 278 001
Intangible assets	7	17 209	34 107
		181 874 222	198 312 108
TOTAL ASSETS		187 219 923	201 468 942
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	4 806 736	7 560 333
Unspent government grants and receipts	9	4 978 369	2 189 328
Unspent sponsorship		60 083	150 000
Current portion of post retirement medical aid liability	11	131 413	241 000
		9 976 601	10 140 659
Non-current liabilities			
Post retirement medical benefit	11	635 678	881 000
		635 678	881 000
TOTAL LIABILITIES		10 612 279	11 021 659
Net assets			
Accumulated Surplus		176 607 645	190 447 282
		176 607 645	190 447 282
TOTAL NET ASSETS AND LIABILITIES		187 219 923	201 468 942

Statement of Financial Performance for the year ended 31 March 2020

	Note(s)	2020 R	2019 RESTATED R
REVENUE			
Revenue from non-exchange transactions			
Government grants - Operational (DAC)		63 915 000	60 914 000
Government grants - Capital Works (DAC)	9	132 540	42 217 319
Government grants - Incubator Programme (DAC)	9	683 418	3 363 254
Government grants - PGWC	9	175 000	811 201
Government grants - City of Cape Town	9	2 000 000	1 845 600
Donations		-	210 170
Lease (Service-in-kind)	27	9 309 397	8 540 732
Sponsorship - General	12	139 417	272 149
		76 354 773	118 174 424
Revenue from exchange transactions			
Venue rental		6 492 994	6 698 054
Production revenue		1 239 329	1 976 092
Other operating revenue	12	833 076	770 600
Interest earned - external investments	13	639 633	1 357 519
		9 205 032	10 802 265
TOTAL REVENUE		85 559 804	128 976 688
EXPENSES			
Employee related costs	14	42 252 778	46 550 112
Repairs and maintenance	15	405 776	606 575
Depreciation and amortisation expense	16	16 480 517	13 500 110
Other operating expenses	17	4 378 811	10 484 292
Administrative expenses	18	34 396 110	35 800 172
Net loss from service concession agreement	28	1 710 791	2 077 783
TOTAL EXPENSES		99 624 782	109 019 045
OTHER GAINS / (LOSSES)		257 214	115 439
Gain/(Loss) on sale of assets	19	(97 695)	(2 561)
Gain/(loss) on provision for post-retirement medical benefit	11	354 909	118 000
CONTINUING OPERATIONS (DEFICIT)/SURPLUS		(13 807 766)	20 073 082

Statement of Changes in Net Assets for the year ended 31 March 2020

	Accumulated Surplus R	Total Net Assets R
FOR THE YEAR ENDED 31 MARCH 2018	170 342 328	170 342 328
BALANCE AT 1 APRIL 2018	<u>170 342 328</u>	<u>170 342 328</u>
Surplus for the period	20 073 083	20 073 083
FOR THE YEAR ENDED 31 MARCH 2019	<u>190 415 411</u>	<u>190 415 411</u>
BALANCE AT 1 APRIL 2019	<u>190 415 411</u>	<u>190 415 411</u>
Deficit for the period	(13 807 766)	(13 807 766)
FOR THE YEAR ENDED 31 MARCH 2020	<u>176 607 645</u>	<u>176 607 645</u>

Artscape

Cash Flow Statement for the year ended 31 March 2020

	Note(s)	2020	2019 RESTATED
		R	R
Cash flows from operating activities			
Receipts		84 341 804	91 952 834
Cash received from customers		16 287 172	11 245 552
Cash received from government grants		67 415 000	79 349 763
Interest received - investment	13	639 633	1 357 519
Payments		82 116 385	87 199 844
Cash paid to suppliers		40 793 599	41 984 517
Cash paid to employees		41 322 786	45 215 327
Net cash flows from operating activities	21	2 225 418	4 752 990
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(140 326)	(36 368 674)
Purchase of Intangible Assets		-	(32 541)
Net cash flows from investing activities.		(140 326)	(36 401 215)
Net cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		2 085 093	(31 648 225)
Cash and cash equivalents at the beginning of the year		2 551 649	34 199 874
Effect of exchange rate movement on cash balances			
Cash and cash equivalents at the end of the year	3	4 636 744	2 551 649

Statements of Comparison Budget and Actual Amount as at 31 March 2020

Actual	Actual amounts on comparable basis	Original Approved Budget	Adjustment	Final Approved Budget	Difference between final budget and actual
2019	2020				
R	R	R	R	R	R
128 976 688 INCOME	85 559 804	114 002 000		114 002 000	(28 442 195)
117 692 105 Government grants	76 215 356	83 998 000	-	83 998 000	(7 782 644)
9 927 063 Rendering of services	8 704 816	26 934 000	-	26 934 000	(18 229 184)
1 357 519 Investment revenue	639 633	3 070 000	-	3 070 000	(2 430 367)
109 019 045 OPERATING EXPENDITURE	99 624 783	114 002 000	-	114 002 000	(14 377 218)
37 995 156 Administrative expenses	36 225 702	45 547 000		45 547 000	(9 321 298)
13 500 110 Amortisation and depreciation	16 480 517	7 500 000	-	7 500 000	8 980 517
46 550 112 Compensation of employees	42 252 778	50 900 000		50 900 000	(8 647 222)
606 575 Repairs and maintenance	405 776	992 000	-	992 000	(586 224)
10 367 092 Production expenses	4 260 011	9 063 000	-	9 063 000	-4 802 989
19 957 643 OPERATING SURPLUS	-14 064 979				-14 064 979
(2 561) Gain/(Loss) on sale of assets	(97 695)				(97 695)
118 000 Gain/(loss) on provision for post-retirement medical benefit	354 909				354 909
20 073 082 SURPLUS	-13 807 765				-13 807 765
Capital Works	-	-			0
20 073 082 NET SURPLUS / DEFICIT	- 13 807 765		-	- -	13 807 765
36 368 675 CAPITAL EXPENDITURE	140 326	0	-	0	140 326

Statements of Comparison Budget and Actual Amount as at 31 March 2020**Reconciliation of approved budget surplus with the (deficit) / surplus in the statement of financial performance**

	2020	2019
	RESTATED	R
Net (deficit) / surplus per the statement of financial performance	-13 807 765	20 073 082
<i>Adjusted for:</i>		
(Increase)/Decrease in capital works grant utilised	1*	7 782 644
(Increase)/Decrease in other operating revenue	2*	18 229 184
Decrease/(Increase) in interest received	3*	2 430 367
Increase/(Decrease) in administrative expenses	4*	(9 321 298)
Increase in amortisation and depreciation	5*	8 980 517
(Decrease) in compensation of employees	6*	(8 647 222)
(Decrease)/Increase in repairs and maintenance	7*	(586 224)
(Decrease) /Increase in other production expenses	8*	(4 802 989)
(Decrease) in provisions for post retirement medical benefit		(354 909)
Increase in loss on sale of fixed assets		97 695
(Decrease) in capital works		-
Net surplus/(Deficit) per approved budget	0	0

Statements of Comparison Budget and Actual Amount as at 31 March 2020

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. Capital works grant was not received for the year.

2*- Operating revenue decreased as a result of economic climate in general which affected venue rentals and box office. We also see a downward shift in sponsorships received in comparison to what was expected as well as the fact the catering revenue was offset against catering expenses.

3*- Interest income decreased due to the fact that no significant capital work funds were received during the year and therefore there were limited funds to invest.

4*- Administrative expenses decreased primarily due to the net catering expenses being reflected, whereas in the budget the gross catering expenses were budgeted for.

5*- Depreciation and Amortisation cost increased due revaluation of R 1 assets from the 2019 FY. It should also be noted that depreciation is utilised as a balancing figure in the submission as it is expected by Treasury that depreciation is included when drafting the budget

6*- Employee cost was below the budgeted amount primarily due to the delay in filling certain vacancies and curtailment of overtime.

7*- Decrease of repairs and maintenance was due to cash flow challenges which necessitated a reduction in planned maintenance.

8*- Production expenses decreased as a decision had to be made to cut down on productions due to cashflow challenges.

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

Fair value estimation

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

Provisions and contingencies

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

Property, plant and equipment and intangible assets

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

1.3 Property, Plant and Equipment

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

Property, plant and equipment are stated at historical cost less accumulated depreciation. Improvements to the property belonging to PGWC 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	14 – 51 years
Cellular phones	2 years
Equipment	2 - 60 years
Musical instruments, furniture and fittings	10 - 60 years
Computer equipment	3 -25 years

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

Annual reassessment of useful life

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

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

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

Residual values

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

Impairment

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

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

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

Notes to the Annual Financial Statements**Reversals of impairment**

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

1.4 Intangible Assets

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

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

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

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

1.5 Inventory

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

1.6 Leases**1.6.1 Financial Leases**

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

1.6.2 Operating Leases

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

1.7 Financial Instruments

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

1.7.1 Trade and other receivables

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

1.7.2 Cash and cash equivalents

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

Notes to the Annual Financial Statements

1.7.3 Trade and other payables

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

1.8 Provisions and contingencies

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

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

Contingent assets and contingent liabilities are not recognised.

1.9. Commitments

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

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

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

Notes to the Annual Financial Statements

1.11 Employee benefits

1. 11.1 Short-term employee benefit

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

1.11.2 Defined contribution plans

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

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

1.11.3 Post-retirement medical benefits

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

Notes to the Annual Financial Statements

1.13 Revenue from non-exchange transactions

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

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

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

Grants received from Government are recognised as per note 1.14.

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

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

1.14 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

Notes to the Annual Financial Statements

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. 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.

Notes to the Annual Financial Statements

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 21 - Impairment of non-cash generating assets	01-Apr-18	Not material
Amendments to GRAP 26 - Impairment of cash generating assets	01-Apr-18	Not material

2.2 Standards and interpretations issued, effective 1 April 2019

At the date of authorisation of the financial statements for the year ended 31 March 2020, 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.

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 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.

2.3 Standards and interpretations issued, effective 1 April 2020

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

GRAP 34 - Separate financial statements

GRAP 35 - Consolidated financial statements

GRAP 36 - Investments in associates and joint ventures

GRAP 37 - Joint arrangements

GRAP 38 - Disclosure of interests in other entities

GRAP 110 - Living and non-living resources

Notes to the Annual Financial Statements

	2020	2019	RESTATED
	R	R	
3. Cash and Cash Equivalents			
Cash and cash equivalents consist of the following:			
Cash on hand	23 420	21 625	
Cash at bank - Nedbank	1 002 224	107 212	
Call deposit and investments - Nedbank	3 611 099	2 422 811	
Total Cash and cash Equivalents	4 636 744	2 551 649	

4. Trade and Other Receivables from Exchange Transactions

Balance as at 31 March 2020		
Gross Balances	Provision for Doubtful Debts	Net Balance
R	R	R
Trade receivables	604 053	(120 073)
Prepayments	-	-
Other sundry debtors	14 806	14 806
Total	618 859	(120 073)
	498 787	
Balance as at 31 March 2019		
Gross Balances	Provision for Doubtful Debts	Net Balance
R	R	R
Trade receivables	258 028	(40 669)
Prepayments	68 565	-
Other sundry debtors	109 091	-
Total	435 684	(40 669)
	395 015	
Ageing of trade receivables		
Current (0 – 30 days)	2020	2019
31 - 60 Days	R	R
31 - 60 Days	259 613	175 118
61 - 90 Days	77 489	41 791
91 + Days	195 079	378
Provision for bad debts	71 871	40 741
Total	(120 073)	(40 669)
	483 980	217 359
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	40 669	10 019
Contributions to provision	79 404	40 590
Doubtful debts written off against provision above	-	(9 940)
Total	120 073	40 669

Notes to the Annual Financial Statements

	2020 R	2019 RESTATED R
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.		
At 31 March 2020, trade and other receivables can be analysed as follows:		
Neither past nor due	259 613	175 118
Past due but not impaired	224 367	42 241
Past due and impaired	120 073	40 669
	604 053	258 028

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

30 days past due	224 367	42 241
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5. Inventory

Costumes	210 170	210 170
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Notes to the Annual Financial Statements**6. Property, Plant and Equipment**

	2020			2019		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R	R	R	R	R	R
Motor Vehicles	785 492	(698 551)	86 941	785 492	(655 065)	130 427
Equipment	40 405 541	(20 098 405)	20 307 136	40 788 437	(14 040 925)	26 747 512
Musical instruments	457 802	(401 531)	56 271	457 802	(385 212)	72 591
Furniture & Fittings	10 993 670	(5 871 879)	5 121 791	10 993 670	(4 895 776)	6 097 894
Computer Equipment	2 179 511	(1 833 144)	346 367	2 193 347	(1 516 142)	677 204
Capital Work in Progress *	-	-	-	1	-	1
Improvement to leased property	212 062 051	(56 345 987)	155 716 063	211 936 986	(47 607 058)	164 329 928
Artworks	222 444	-	222 444	222 444	-	222 444
Total	267 106 510	(85 249 497)	181 857 013	267 378 178	(69 100 177)	198 278 001

Reconciliation of Property, Plant and Equipment - 2020

	Carrying Value		Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	Opening Balance						
	R	R	R	R	R	R	R
Motor Vehicles	130 427	-	-	-	(43 486)	-	86 941
Equipment	26 747 512	15 262	(97 693)	(6 357 945)	-	-	20 307 136
Musical instruments	72 591	-	-	(16 319)	-	-	56 271
Furniture & Fittings	6 097 894	-	-	(976 103)	-	-	5 121 791
Computer Equipment	677 205	-	(1)	(330 836)	-	-	346 367
Capital Work in Progress *	-	-	-	-	-	-	-
Improvement to leased property	164 329 927	125 064	-	(8 738 929)	-	-	155 716 061
Artworks	222 444	-	-	-	-	-	222 444
Total	198 278 000	140 326	(97 694)	(16 463 619)	1	181 857 013	

Reconciliation of Property, Plant and Equipment - 2019

	Carrying Value		Additions	Disposals	Depreciation	Transfer in/out	Carrying Value Closing Balance
	Opening Balance						
	R	R	R	R	R	R	R
Motor Vehicles	173 874	-	-	-	(43 446)	-	130 428
Equipment	10 988 483	13 609 257	(14 230)	(4 521 422)	6 685 423	26 747 512	
Musical instruments	88 911	-	-	(16 320)	-	-	72 591
Furniture & Fittings	2 868 348	340 877	(12)	(712 197)	3 600 878	6 097 894	
Computer Equipment	923 327	140 372	(285)	(386 208)	-	-	677 205
Capital Work in Progress *	23 179 014	22 278 171	-	-	(45 457 183)	-	-
Improvement to leased property	136 954 875	(2)	-	(7 795 829)	35 170 883	164 329 927	
Artworks	222 444	-	-	-	-	-	222 444
Total	175 399 276	36 368 675	(14 527)	(13 475 423)	1	198 278 000	

* The Capital Works in Progress relates to Leasehold Improvements

Notes to the Annual Financial Statements**7. Intangible Assets**

Reconciliation of Carrying Value

	2020			2019		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R	R	R	R	R	R
Computer Software	840 572	(823 363)	17 209	840 572	(806 465)	34 107
Total	840 572	(823 363)	17 209	840 572	(806 465)	34 107

Reconciliation of Intangible Assets - 2020

	Carrying Value Opening Balance					Carrying Value Closing Balance
		Additions	Disposals	Amortisation	Impairment	
	R	R	R	R	R	R
Computer Software	34 107	-	-	(16 897)		17 209
Total	34 107	-	-	(16 897)	-	17 209

Reconciliation of Intangible Assets - 2019

	Carrying Value Opening Balance					Carrying Value Closing Balance
		Additions	Disposals	Amortisation	Impairment	
	R	R	R	R	R	R
Computer Software	26 260	32 541	(8)	(24 687)		34 107
Total	26 260	32 541	(8)	(24 687)	-	34 107

Notes to the Annual Financial Statements

	2020 R	2019 R
8. Trade and Other Payables from Exchange Transactions		
Trade payables	3 095 099	3 982 746
Staff leave accrual	1 136 408	1 238 285
Payables to third parties	575 229	2 339 302
Total creditors	4 806 736	7 560 332
9. Unspent government grants and receipts		
DEPARTMENT OF SPORTS, ARTS&CULTURE		
Capital works		
Carrying amount at beginning of year	2 186 701	27 906 020
Amount received for capital works	1 975 000	16 498 000
Amount utilised for capital works	(132 540)	(42 217 319)
Carrying amount at end of year	4 029 161	2 186 701
Incubator Programme		
Carrying amount at beginning of year	0	2 013 254
Amount received for incubator programme	1 350 000	1 350 000
Amount utilised for incubator programme	(683 418)	(3 363 254)
Carrying amount at end of year	666 582	0
Total carrying amount at end of year	4 695 743	2 186 701
PROVINCIAL DEPARTMENT OF THE WESTERN CAPE		
Maintenance		
Carrying amount at beginning of year	-	-
Amount received for maintenance	175 000	175 000
Amount utilised for maintenance	(175 000)	(175 000)
Carrying amount at end of year	-	-
EPWP		
Carrying amount at beginning of year	2 625	226 063
Amount received for sponsored projects (EPWP)	-	412 763
Amount utilised for sponsored projects (EPWP)	-	(636 201)
Carrying amount at end of year	2 625	2 625
Arts		
Carrying amount at beginning of year	-	1 000 000
Amount received for Arts Organisations/Programmes	280 000	-
Amount utilised	-	(1 000 000)
Carrying amount at end of year	280 000	-
CITY OF CAPE TOWN		
Arts Programmes		
Carrying amount at beginning of year	1 845 600	
Amount utilised	2 000 000	
Amount utilised	(2 000 000)	(1 845 600)
Carrying amount at end of year	-	-
Total carrying amount of unspent government grants at end of year	4 978 369	2 189 327

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

	2020 R	2019 RESTATED R
10. Finance Lease Liability		
Total minimum lease payment:	0	720
Within one year	-	720
Within two to five years	-	-
Less the lease payment for the subscription	-	(720)
Present value of minimum lease payment	0	0
Present value if minimum lease payment due	0	0
Within one year	0	0
Within two to five years	0	0
Non-current liability	0	0
Current liability	0	0
The finance lease liability is in respect of a cellular phone contract and is classified as finance lease.		
11. 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	1 122 000	1 240 000
Interest cost	79 918	83 000
Effect of Termination Benefit	-	-
Expected benefit payment	(250 884)	(228 000)
Actuarial (gain)/loss	(183 943)	27 000
Gross carrying amount at end of year	767 091	1 122 000
Accounted for as follows:		
Non-current liabilities	635 678	881 000
Current liabilities	131 413	241 000
	767 091	1 122 000
Movement of Post-retirement medical benefit liabilities		
Expected benefit payment	(250 884)	(228 000)
Interest cost	79 918	83 000
Actuarial loss/(gain)	(183 943)	27 000
Total actuarial (gain)	(354 909)	(118 000)
12. Other operating revenue		
Revenue from exchange transactions		
Manufacturing services	416 771	412 378
Marketing and advertising	10 199	33 275
Other revenue	406 106	324 947
Total	833 076	770 600
Revenue from non-exchange transactions		
Sponsorship - General	139 417	272 149
13. Interest Earned - External Investments		
Bank - Call account and Short term investments	639 633	1 357 519
Total	639 633	1 357 519

Notes to the Annual Financial Statements

	2020 R	2019 RESTATEd R
14. Employee cost		
UIF contributions	183 342	199 026
Provident fund contributions	4 391 363	4 426 227
Medical aid contributions	2 939 221	2 803 817
Post retirement medical aid contribution	242 160	233 523
Overtime and shift allowances	1 070 309	1 664 521
Gross salaries, wages and other allowances	32 496 392	35 888 213
Provision for accumulated leave	929 992	1 334 785
Total	42 252 778	46 550 112
15. Repairs and Maintenance spent on maintenance of PPE		
Repairs and Maintenance during the year	393 775	521 228
Capital Works Expenditure	12 000	85 348
Total	405 776	606 575
16. Depreciation and Amortisation Expense		
Property, plant and equipment	16 463 619	13 475 423
Intangible assets	16 898	24 687
Total	16 480 517	13 500 110
17. Other operating expense		
Production expenses	4 260 011	10 367 092
Management fee for service concession agreement	118 800	117 200
Total	4 378 811	10 484 292
18. Administrative expenses		
External auditor's remuneration	2 184 212	1 448 069
Internal auditor's remuneration	307 082	469 574
Bad debts reversed	79 403	40 591
Bank charges	69 447	80 697
Cleaning service	3 274 875	3 113 285
Consultancy fees	265 861	111 918
IT maintenance and support	771 014	760 336
Council and sub-committee members' remuneration	170 658	88 010
Electricity and water	8 591 487	8 558 380
Insurance	176 953	200 420
Legal fee	5 391	9 104
Manufacturing consumables	6 541	11 295
Security services	4 065 287	3 574 299
Marketing and publicity	1 172 965	2 620 318
Operating leases	78 139	126 945
Office cost and telephone	1 150 660	1 108 201
Operating consumables	230 174	503 335
Other sundry expense	437 449	660 545
Lease (Service-in-kind)	9 309 397	8 540 732
Staff related expense	537 632	1 361 396
Transport and travelling cost	1 511 484	2 412 723
Total	34 396 110	35 800 172

Notes to the Annual Financial Statements

	2020 R	2019 R
19. Gain/(Loss) on sale of assets		
Property, plant and equipment	(97 695)	(2 561)
Total	(97 695)	(2 561)
20. 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	31 549	58 592
Due later than one year but not later than five years	7 887	0
	39 436	58 592
21. Cash flows from operating activities		
Surplus/(deficit) for the year from:	-13 807 766	20 073 083
Adjustment for :		
Gain/(loss) on sale of Property plant Equipment	97 695	2 561
Non-cash transactions		
Depreciation and Amortisation	16 480 517	13 500 110
Investment income	(639 633)	(1 357 519)
Increase/(Decrease) in provision for post-retirement benefit obligation	(354 909)	(476 000)
	1 775 906	31 742 234
Operating surplus before working capital changes:		
(Increase)/decrease in inventories	-	262 528
(Increase)/decrease in future production expenditure	-	1 168 740
(Increase)/decrease in trade and other receivables	(103 772)	935 699
Increase/(decrease) in conditional grants and receipts	2 667 249	(32 683 634)
Increase/(decrease) in trade and other payables	(2 753 596)	1 969 903
	(190 119)	(28 346 764)
Investment income	639 633	1 357 519
Net cash flows from operating activities	2 225 418	4 752 990
22. Remuneration		
22.1 Emoluments of Non-Executive Management and Members of Accounting Authority/Committee (1 April 2018 - 31 March 2019 and 1 April 2019 - 31 March 2020)		
Council Members:		
Princess C Dlamini (chairperson)	15 554	15 310
Dr M Jacobs	15 910	7 392
Mr R Jock	27 150	8 596
Dr N le Roux	8 716	6 468
Ms T Ngoma	15 246	6 140
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg - no fee payable)	-	-
Adv P Magona	15 924	4 620
Dr A Vilakazi (employed by Coega - no fee payable)	-	-
Mr M Vulindlu (employed by City of Cape Town - no fee payable)	-	-
	98 500	48 526
Audit and Risk Committee Members		
Adv P Magona (Chairperson) - until 16 August 2018	6 132	11 058
Mr R Jock (Chairperson) - from 14 February 2019	18 396	3 066
Dr M Jacobs	11 160	3 720
Mr R Rhoda	19 324	8 364
Ms T Maharaj	5 580	5 580
Dr A Vilakazi (employed by Coega - no fee payable)	-	-
	60 592	31 788

Artscape

Unaudited Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

	2020 R	2019 RESTATED R
Human Resources Committee Members		
Mr M Vulindlu (Chairperson)(employed by City of Cape Town - no fee payable)	-	-
Dr N le Roux	6 540	3 696
Adv P Magona	1 308	2 772
Mr R Jock	8 710	4 912
	16 558	11 380
Social, Ethics and Transformation Committee:		
Dr M Jacobs (Chairperson)	2 616	-
Ms T Ngoma	3 484	1 228
Ms X Nduneni-Ngema (employed by Johannesburg Theatre, City of Johannesburg - no fee payable)	-	-
	6 100	1 228
Total emoluments of Council and Committees	181 750	92 922

22.2 Emoluments of executive directors

	Basic salary and allowances	Social Contributions	2020 Total	2019 Total
Ms M Le Roux (CEO)	1 662 526	424 900	2 087 426	2 062 807
Mr P Pedlar (CFO) - until 30 June 2018	0	0	0	496 018
Mr V van der Linde (CFO) - from 1 August 2018	1 242 525	196 624	1 439 149	932 143
Mr M Golding (Director : Operations)	1 225 906	201 421	1 427 327	1 529 957
Ms T Ntshinga (Interim Director: Inclusive Arts)	0	-	0	1 354 129
	4 130 957	822 945	4 953 902	6 375 054

23. Employee Benefit**Provision for staff accumulated Leave**

1 136 408	1 238 285
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Provident fund contributions

The defined contribution Provident Fund, which covers 93 employees (2019: 94) at year-end, employer and employee contributions in the current year amounted to R4,337,818 (2019: R4,426,227).

Post retirement medical benefit

Artscape operates a post-retirement benefit scheme for eligible retired employees. The liability raised is in respect of the 3 (2019: 4) 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 2020.

Notes to the Annual Financial Statements

	2020 R	2019 RESTATED R
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Trend Information

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

	R' Million				
	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
Present value of obligations	767	1 122	1 240	1 716	2 044
Fair value of plan assets	-	-	-	-	-
Present value of obligations in excess of plan assets	767	1 122	1 240	1 716	2 044
Experience adjustments					
(Actuarial gain/(loss) before changes in assumptions)					
In respect of present value of obligations	0.18	(0.027)	0.083	0.119	(0.136)
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. The most significant assumptions used for the current and previous valuations were a discount rate of 10.33% (2019: 8%) and health care cost inflation of 7.40% (2019: 6.56%).

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 7.4%	-1%	1%
Accrued contributions liability as at 31 March 2020 (R' Million)			
% Change	767	725	813
Current service cost + Interest cost 2019/20 (R' Million)			
% Change	0.0691	0.065	0.074
Discount rate			
Sensitivity results from previous valuation		Central Assumption 10.33%	-1%
Accrued contributions liability as at 31 March 2020 (R' Million)			
% Change	767	727	812
Current service cost + Interest cost 2019/20 (R' Million)			
% Change	0.069	0.067	0.071

Notes to the Annual Financial Statements

	2020	2019	RESTATED
	R	R	R

24. Financial Instruments and Risk Management**24.1 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:

Financial Assets carried at amortised cost			
Cash and cash equivalents	4 636 744	2 551 649	
Trade and other receivables (excluding prepayment)	498 786	326 450	
	5 135 530	2 878 100	
Financial Liabilities carried at amortised cost			
Trade and other payables	4 806 736	7 560 332	
Unspent government grants and receipts	4 978 369	2 189 328	
Unspent sponsorship	60 083	150 000	
Finance lease liabilities	0	0	
	9 845 188	9 899 659	

24.2 Fair Value

At 31 March 2020 and 31 March 2019 the carrying values of financial instruments reported in the financial statements approximate their fair value.

24.3 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	2020	2019
Nedbank Limited	AA1	4 613 323	2 530 023

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. The eleven debtors that constitute 70% 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.

Notes to the Annual Financial Statements

	2020	2019	RESTATED
	R	R	R

24.4 Liquidity Risk

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

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

	Less than 12 months	Over 12 months
2020		
Trade payables	3 095 099	
Leave accruals	1 136 408	
Other payables	575 229	
Finance lease liabilities	-	
 Maturity analysis		
2019		
Trade payables	3 982 746	Over 12 months
Leave accruals	1 238 285	
Other payables	2 339 302	
Finance lease liabilities	-	

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.

25. Related Parties**25.1 Department of Sports, Arts & Culture**

The National Department of Sports, Arts & Culture (DSAC) has ownership control over Artscape. DSAC provides Artscape with an operational grant, additional funding for essential maintenance and funding for special projects and events. All public entities under the control of DSAC are related parties. Except for the transaction with the DSAC public entities listed below, Artscape had no transactions with any of the other entities.

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

Revenue received	63 915 000	60 914 000
Operational grant	1 975 000	16 498 000
Capital works grant	1 350 000	1 350 000
Incubator programme	67 240 000	78 762 000
 Total revenue received for the year	 4 978 369	 2 189 328
 Amount deferred as balance as at year end	 4 978 369	 2 189 328

The deferred government grant will be fully utilised during the 2020/2021 financial year as part of the capital works and maintenance projects.

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

Revenue received	-	29 280
Market Theatre contribution to the production cost of the Incubator Programme		

Artscape

Notes to the Annual Financial Statements

	2020 R	2019 RESTATED R
25.2 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.		
Details of the transactions between Artscape and PGWC are as follows:		
Revenue received		
Annual maintenance	175 000	175 000
Contribution to EPWP internship programme	-	412 764
Contribution to Arts Organisations/Programmes	280 000	0
Total revenue received for the year	455 000	587 764
Amount deferred as balance as at year end	282 625	2 625

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.

26. 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 9,309,397 (2019: R 8,540,732) assuming an annual increase of 9%. These amounts have been recognised as income and expenditure in the Statement of Financial Performance.

27. Irregular Expenditure

Reconciliation of irregular expenditure

Opening balance	28 665 449	775 834
Add: Irregular expenditure - due to the overspending on the budget *	-	20 368 677
Add: Irregular expenditure - due to supply chain deviation**	4 701 551	8 296 772
Add: Irregular expenditure (due to theft)	-	-
Irregular expenditure for the current period	4 701 551	28 665 449
Less: Condoned or written off by relevant authority	-	(775 834)
Irregular expenditure at end of year awaiting condonation	33 367 000	28 665 449

* Funds were approved, allocated and received from DSAC for capital works (R20 368 977), but it was not reflected in the submitted budget because Artscape was not privy to what the allocation would be ahead of the budget being submitted. The Auditor General (AG) deemed the allocation as overspending on the budget, even though it was well within the approved capital allocation from DSAC.

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1. Artscape presented various programmes during the year and engaged arts companies and artists to stage productions for these programmes. Where the intellectual property rights for a production are owned by a specific arts company or where a specific artist has legally obtained the rights for the production, these specific arts companies and/or artists have to be appointed. Artists are also engaged on the basis that they are relevant and will attract audiences, either as individual performers or featuring in a production. The Supply Chain Policy of Artscape makes allowance for the procurement of arts companies and artists in this manner and prior to engagement, the rights or ownership of the production are confirmed. For the financial year 2019/2020 Artscape has engaged arts companies for our programmes on this basis, which has always been the acceptable best practice at the entity and at other performing arts entities. Artscape however now realized that in order to regularize this best practice, Treasury condonation had to be obtained prior to deviating from the required sourcing of three quotations. The total of these appointments amounted to R 1710 900.

Artscape

Notes to the Annual Financial Statements

	2020	2019 RESTATED
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2. Cleaning Services - The cleaning contract terminated on 31 March 2019. The tender process could not be finalised and the service provider's contract was extended to 31 August 2019. An extension of the old contract should not exceed 15% of the original contract value. Hence the cleaning contract charges from 1 April 2019 to 31 August 2019 amounting to R 1 191 734 would be deemed irregular. A new appointment following a proper bidding process resulted in the appointment of a service provider from 1 September 2019.

3. Travel management Service - A travel company was initially appointed following a due process. However as they failed to deliver the service, the 2nd place bidder who was the cheapest of all the bidders, was then appointed to perform the service. In terms of Treasury Regulation 16A6.4 under emergency circumstances, it may be possible to procure without competitive bids. However the AG did not agree as they are of the opinion that the appointment process of appointing the service provider was not done properly. The total costs of these travel services deemed to be irregular amounted to R 651 451. A Tender for Travel services was issued on 13 December 2019. An appointment of a new travel agent was made with effect from 1 April 2020.

4. Staff transport services - On 15 October 2018, Treasury granted Artscape approval to approach a compliant service provider after they have been informed of the challenges faced with obtaining quotations for shuttle services. The approval letter did not indicate a validity period and Artscape incorrectly assumed that it would apply for a period of at least three (3) years. It is now clear that tenders should have been invited again for the 2019/2020 financial year and the expenditure incurred during this financial year, amounting to R 787 500 is thus seen as irregular.

28. Service concession arrangement: Grantor (GRAP32)

Artscape concluded a service agreement with a Service Provider with effect from 1 April 2008 to operate the restaurant and bars at the Artscape theatre complex. The restaurant and bars provided an enhanced theatre experience to the patrons of Artscape when they attend a performance as it enabled them to enjoy a meal and drinks prior to the show, or drinks and snacks during the intervals or after performances. This service provider was appointed as an independent contractor and neither service provider nor any employees of the service provider were employees of Artscape.

The initial agreement was for a period of 3 years expiring 31 March 2011 but with an automatic extension of a further 12 months to 31 March 2012 unless it was terminated by any of the two parties to the agreement. Either party could terminate the agreement by giving written notice to the other party at least 90 days prior to the expiry date of the initial period or any subsequent extended period. This contract with the service provider was extended on numerous occasions until it was finally terminated on 31 March 2020.

Artscape provided the facilities (space as well as equipment and utensils) to the service provider to enable them to provide the service to Artscape patrons. The expenditure incurred by the service provider in providing such a service as well as the revenue which was derived from such a service, accrued to Artscape. Artscape also paid the service provider a monthly management fee to operate the restaurant and bar service for Artscape. As the service over the past few years resulted in the expenditure exceeding the income, the service was terminated to enable Artscape to consider a new operating model.

In the prior years this relationship was not recognised as per requirement of GRAP 32 - Service concession arrangement: Grantor. This correction has been corrected retrospectively starting from the 2018/2019 Financial Year.

28.1 Service concession - Revenue and Expenses

Net loss	-1 710 791	-2 077 783
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The impact of the Net loss as reported on the Financial Statement figures is zero.

Concessionary Assets

The following Artscape assets stated at net book value, and included under Equipment (note 6), were concessionary assets provided to the service provider in order to provide the agreed service.

Concessionary PPE	343 756	415 187
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These assets are included in Property Plant and Equipment (refer to note 7)

Notes to the Annual Financial Statements

	2020	2019
	R	RESTATED R

29. Events after the reporting date

No adjusting events have occurred after the reporting date.

The President of South Africa issued a State of Disaster Statement for South Africa and put the country on level 5 of nationwide lockdown with effect from 26 March 2020 as a result of the Corona Virus Pandemic. This State of Disaster had the effect that all productions and shows at Artscape, which were booked and scheduled from 1 April 2020 onwards, had to be cancelled for the foreseeable future. This will have an impact on Revenue rentals and box office income for the 2021 financial year (refer to note 32).

30. Prior Period Adjustments**30.1 Service Concession agreement**

The service concession agreement was incorrectly recognised in prior year, the correction of the error is summarised below.

Decrease in Revenue	7 346 880
Decrease in Expenses	-
Increase in net loss	<u>9 424 663</u>

30.2 Inventory - Consumables - cafeteria, restaurant and bars

Due to the Service concession contract being disclosed incorrectly in the prior years, this resulted in the inventory for consumables for Restaurants and bars being recognised incorrectly. The correction can be summarised below.

The impact is as follows**2018**

Decrease in retained earnings	262 528
Decrease in Inventory	262 528
2019	
Increase in retained earnings	196 337
Decrease in Inventory	196 377
Net impact - Increase in Retained earnings	<u>66 191</u>

30.3 Revaluation of R1 assets

In the Prior financial year revaluation of R1 asset was reviewed as incorrect, as such this has prompted the organisation to reassess and recalculate values for R1 value assets. This recalculation has been done retrospectively from the 2018 FY

The Impact is as follows :-**2018**

Increase in Property Plant and Equipment	6 508 202
Increase in Retained earnings	6 508 202

The R 6 508 202 adjustment has affected the Opening balance for the 2018/2019 Financial Year as well as Depreciation for the 2018/2019 Financial Year

2019

Increase in Depreciation and amortisation	1 483 132
Decrease in Property Plan and Equipment	1 483 132

The above adjustments have resulted in an overall increasing in PPE by R 5 025 070 for the 2019/2020 Financial Year

Notes to the Annual Financial Statements

	2020	2019 RESTATED
	R	R

30.4 Production Revenue

A payable was incorrectly recognised in the Revenue account, the correction of the error is summarised below.

Decrease in Production Revenue	1 369 526
Increase in payables	1 107 609
Decrease in accounts receivable	261 917

30.5 Trade Payables

An incorrect provision was recognised in the prior year, the correction of the error can be summarised as below.

Decrease in payables	215 434
Decrease in Production expenses	176 248
Decrease in administration expenses	38 752

30.6 Donations received

In the prior year we incorrectly accounted for Costumes and correction of the error is summarised below.

Increase in Donations Received	210 170
Increase in inventory	210 170

30.7 Net expenditure Future values

In the prior year we incorrectly recognised the Net expenditure Future Values, correction of the error is summarised below

Decrease in Net expenditure from future Productions after adjustment	358 350
Increase in production expenditure	358 350

31 . Going Concern Assesment

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.

Attention is drawn to the fact that Artscape made a Deficit for the year of R13,8 million (2019 Surplus of R20,1 million) which include a depreciation charge of R16.5 million. Furthermore the Current Liabilities at 31 March 2020 exceed Current Assets by R4,6 million (2019 : R6,9 million). However it should be pointed out that a balanced budget for the year ending 31 March 2021 has been approved by Council in November 2019. However, since then the landscape of the South African economy has changed significantly.

With the manifestation of the COVID-19 pandemic and the fact that the State President declared a National State of Disaster with effect from 26 March 2020, normal operations at Artscape came to a complete halt. The National State of Disaster contains 5 lockdown stages and under Lockdown level 5 and level 4 theatres such as Artscape could not operate at all and all performances and shows had to be cancelled from the end of March 2020. From Lockdown Level 4 which commenced on 1 May 2020, Artscape could host limited recordings for streaming but these actions did not and will not be able to generate any income for Artscape. From 1 June 2020, lockdown level 3 commenced and performances were allowed to take place but with severe restrictions and conditions. From 18 August 2020, lockdown level 2 commenced still with restrictions for playhouses. These restrictions do not make it viable for producers to arrange performances at playhouses. Lockdown alert level 1 commenced from midnight 20 September 2020, and still has restrictions as to the attendance by patrons at performances.

Hence in all likelihood, Artscape will not be able to generate any revenue from box office ticket sales and venue rentals. A revised budget has therefore been prepared. This Revised budget will take into account the loss of revenue, as well as additional expenses. We have however managed to revise the budget which will provide us with a zero deficit, based on the assumption that the Department of Sports, Arts and Culture (DSAC) will honour the commitment of our Operational funding of R 63 915 000 for the 2020/21 financial year.

Notes to the Annual Financial Statements

	2020	2019 RESTATED
	R	R

We have also done a Cash flow projection based on a Revised budget and the projection is that we will have a Cash balance at 31 March 2021 of about R11, 4 million for which about R6,8 million relate to earmarked funding which need to be either spent or returned to the funders (City of CT and DSAC). This implies that Artscape would have a net Cash surplus of approximately R4,6 million and that we will be able to meet the commitments for the financial year such as Salaries for permanent staff and staff with long term contracts, security services, cleaning services, ICT services, payment of our municipal utility bills etc.

Artscape has experienced cash flow challenges since 2018, which to a large extent was caused by Employee related costs which moved from R37,3 million in the 2017 financial year, to R43,7 million in 2018 and then to R46,5 million in the 2019 financial year. This growing payroll costs was clearly not sustainable when the dire economic circumstances which prevailed in the country made it impossible to grow the revenue base (from the side of Government and in respect of box office ticket sales and venue rentals).

Hence, Artscape introduced a turnaround strategy towards the end of 2018 which attempted to curtail this growing payroll costs by managing overtime costs, and following a process of natural attrition where vacancies which arose only got filled for the most essential posts. Training costs were also reduced to the absolute minimum. These actions had the result of us reducing Employee related costs to R42,2 million for the 2020 financial year.

Other austerity steps taken were the following:

The following additional initiatives and interventions have already been implemented or will be implemented:

1. Reduction in overtime hours worked as a result of a more effective management of our resources.
2. Limited attendance of workshops and training courses to those of absolute necessity.
3. Managed the renewal of employment contracts for critical staff positions only.
4. Delay the filling of certain positions.
5. Implement the audit of all positions to ensure no duplicate positions exist or that there is any excess staff in those areas.
6. Managed salary increases for 2019/2020 financial year to a maximum of 5,5% (and in some cases 2,8% and zero increases). We will continue to manage salary increases for the 2020/21 financial year to affordable and sustainable levels.
7. Managed overseas travelling expenses and reduce such to the absolute bare minimum.
8. More efficient management of our transport services.
9. Managed the catering operating expenses by reducing the opening hours of Arts Café and temporarily closed the operations at Arts 10. Managed any surplus cash more effectively where possible, through our Call account.
11. Managed the generation of third stream income as best as possible – our third stream income is in the main the rental income rental income from the hiring out of venues and donations from possible sponsors.

We are of the opinion that based on the fact that the Department of Sports, Arts And Culture will continue to fund Artscape for the 2020/21 financial year as per the funding allocation letter, it is appropriate that the financial statements have been prepared on the going concern basis.

32. Change in Accounting Policy

During the 2020 financial year, Artscape changed its accounting policy for the treatment of Costumes. These were received through donations from various arts companies and producers.

In previous periods Artscape did not recognise these Costumes in its accounting records.

Artscape has decided to treat these Costumes as inventory. Management judges that the new policy is preferable as it results in a more transparent treatment of these items in the accounting records of the organisation.

Employees working in the specific department where these costumes are managed, utilised their expertise to assess the values of specific items.

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.



A R T S C A P E



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ARTSCAPE

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