CASTLE CONTROL BOARD

ANNUAL REPORT

2016/2017

CASTEEL DE GOEDE HOOP 1666

defence
Department:
Defence
REPUBLIC OF SOUTH AFRICA

CASTLE CONTROL BOARD

ANNUAL REPORT

2016/2017 FINANCIAL YEAR

"Bringing the People to the Castle and taking the Castle to the People"

RP 53/2017

ISBN: 978-0-621-45229-7

Ms. N. Mapisa-Nqakula
Minister of Defence and Military Veterans
Executive Authority of the Castle Control Board

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Minister Mapisa-Nqakula with clergy and Khoi leaders at the 19 August Krotoa Memorial event.

PART A:
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Castle Control Board
PHYSICAL ADDRESS:	C/O Castle and Darling Streets Cape Town 8001
POSTAL ADDRESS:	P.O. Box 1 Cape Town 8001
TELEPHONE NUMBER/S:	027 21 461 4673
EMAIL ADDRESS:	ceo@castleofgoodhope.co.za
WEBSITE ADDRESS:	www.castleofgoodhope.co.za
EXTERNAL AUDITORS:	AGSA
BANKERS:	ABSA
BOARD SECRETARY:	Mr Derek Williams

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
ED/CEO	Executive Director/Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small, Medium and Micro Enterprises
SCM	Supply Chain Management
CCB	Castle Control Board
DOD	Department of Defence
DMV	Department of Military Veterans
MOD&MV	Ministry of Defence and Military Veterans
UNESCO	United Nations Education, Scientific and Cultural Organization
PANSALB	Pan South African Language Board
CGH	Castle of Good Hope
ICMP	Integrated Conservation Management Plan

3. FOREWORD BY THE CHAIRPERSON

Board Chairman Lt Gen (Ret) MM Moadira

The past year has been one in which the organization focused on consolidating and capitalizing on the extraordinary media and public exposure received during the 350 commemoration programme and the major revamp of the Castle.

In its annual engagement with the executive authority on 30 March 2017, the CCB renewed its commitment to proactively showcase this former symbol of pain and exclusion into one that is embracing, educational and healing. We are also resolute that this national heritage site is ideally placed to fulfil its mandate in the sphere of social and economic transformation.

This philosophical and curatorial standpoint has already been activated through a series of radical, tangible interventions including but not limited to the following:

- Assembly of statues of the warrior kings associated with the Castle (Langalibalele, Cetshwayo, Nommoä/Doman, Sekhukhune) and positioned in front of De Kat balcony, visually defying the most conspicuous symbol of colonialism;

- Artistic interpretation and memorialization of Khoi interpreter and symbol of female oppression, Krotoa/ Eva's presence at the Castle;

- The establishment of a state of the art Centre for Memory, Healing and Learning;

- A Khoi kraal and accompanying collections;

- A restitution garden consisting of indigenous and endemic plant species;

- A series of contemporary art and historical exhibitions challenging the core of traditional colonial historiography;

- A brand-new Castle Local Craft outlet.

Building on its second consecutive clean audit opinion, the Board and Management is wholeheartedly committed to clean administration and good corporate governance. Using the principle of heritage enterprise risk, the CCB has a fully operational Board, strong management team, effective Audit and Risk Committee, Internal Audit function and excellent relationship with the EA and all its stakeholders. On the above-mentioned strategic session with the EA, the following strategic risks will be addressed during the upcoming months:

- The glaring shortcomings and contradictions in the CCB's founding Act through an urgent and thorough legislative review;

- The institutional and governance arrangements of the CCB inter alia the composition of its Board, the signing of a shareholder's agreement with the Ministry and the activating of partnerships with other government departments;

- Marketing and promoting the Castle not only as a heritage-educational site but also as a highly sought-after venue open for tourism, conference and events business;

- The security concerns of staff and visitors to the Castle;

- Finding a Treasury-approved solution to the funding of day-to-day preventative maintenance of this newly restored heritage site; and

- Finalizing the space-allocation and sustainability of the CCB.

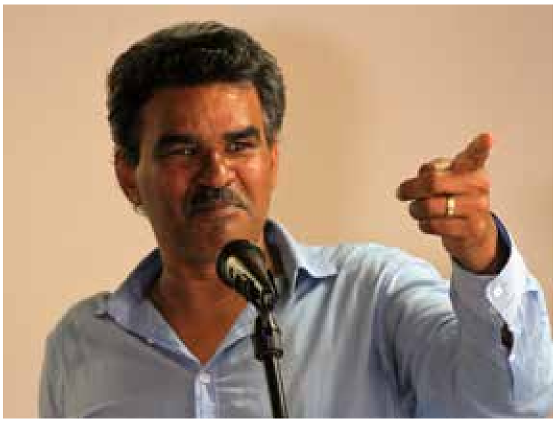
I have great pleasure presenting the CCB's 2016/17 Annual Report and Financial Statements, details which will be presented in the chapters and sections that follow.

We are confident that given the levels of Ministerial, departmental, public and business support, we shall truly transform the CGH into a globally significant, truly accessible centre that showcases South Africa's shared heritage built on healing, nation-building and reconciliation.

I thank you

SIGNED: Lt Gen (Ret.) Morris M Moadira
CCB: CHAIRPERSON

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Calvyn Gilfellan

INTRODUCTION

The 350 Commemoration of South Africa's oldest operating colonial building has undoubtedly been the highlight of our organization since the dawn of our new democracy. It has placed history, culture and heritage as contested arenas, on every possible national, development agenda.

Besides the unprecedented 645 million-audience media exposure, the most significant element of this commemoration programme, is the indelible footprint it will leave for generations to come. The programme also left tangible heritage tourism attractions behind, significantly enhancing the overall image and appeal of the Castle. Here are some of the highlights:

- **The Krotoa Memorial:** This artefact was made from an original, 350-year old wild-olive wooden beam from the Castle's roof and commemorates the fact that Krotoa, the first female interpreter in Commander Jan Van Riebeeck's' household, was buried at the chapel inside the Castle.

- **The Centre for Memory, Healing and Learning.** This fully-fledged conference complex, is built in the old Adam Tas hall. Minister Nqakula opened this centre on 9 December 2016 and it will now serve as a facility for Military Veterans, students, researchers, scholars and other groups to utilize. The conference centre will also serve to supplement the CCB's income.

- **The permanent statues of the warrior kings Nommoä/Doman, Cetshwayo, Langalibalele and Sekhukhune.** These will take a prominent spot within this colonial edifice to conspicuously challenge the orthodox colonial narrative usually prevailing in buildings like these.

- **The Restitution Memorial Garden** on top of the Leerdam Bastion. Populated with indigenous and endemic plants, this garden will be a reminder of the road we have travelled and still need to travel if we wish to have peace and security in our beautiful land.

- **National Schools Mural Campaign:** Under the theme "Your story is my story" a very exciting post-commemoration project is rolled out in schools throughout the country. Over 100 murals, depicting the history of the Castle, the re-writing of the curriculum, a scholar-dialogue programme, a national schools essay-competition and a newspaper splurge, form the backbone of a legacy project that will change the way South Africans deal with our chequered past.

It gives me immense pleasure to pick out a couple of other highlights of another exceptional financial year:

FINANCIAL REVIEW

Returning to our 2016/17 financial performance:

- At **R3 994 784 revenues from tourism, events, filming, trade** and other activities is 48.6% under the budgeted amount of R8.214 289. This is mainly due to the shifting efforts towards the hugely successful, year-long 350 Commemoration Programme. In fact, this decrease has been off-set by R8.9 million the MOD&MV spent on enhancing the Castle's heritage-tourism infrastructure. With a newly refurbished Castle at our disposal, a dedicated manager and creative marketing, we already experience significant growth in this area.
- On the expenditure side, we need to highlight that the expansion of the management team has pushed up our salaries and wages from R3 361 566 the previous year to R5 392 724 in 2016/17. But I am confident this human resource investment will pay off in the medium term.
- One of the positive spin-offs of the **renovations programme,** is the massive savings that we register for **repairs and maintenance**. Although we only spent **R101 705**, we cannot afford to adjust this budget item because post-renovations maintenance will be very costly. In fact, we already made an approach to the DOD's Logistics Division to budget for this item that cannot solely be carried by CCB income.
- In line with our mandate, we spent **R1 379 879 of our Treasury approved surplus on the digitization of our heritage offering**, the construction of a Khoi-kraal and the general improvement of the Castle's tourism offering and **R1 409 309 on heritage related 350 Commemoration** items (reflected under our Statement of Financial Performance in the AFS)**.**

The bottom line is that the CCB is still a going concern that can only excel with continued moral and financial support from the MOD&MV, the DOD, DMV and NDPW.

CAPACITY CONSTRAINTS AND CHALLENGES

One of the major challenges during the year, was managing the synchronization of the 350 Commemorations programme with the daily Castle operations.

PERFORMANCE DELIVERY REVIEW AND HIGHLIGHTS

A complete report of the CCB's performance against its predetermined objectives is presented on pages 24 – 28 in this report. Suffice to say that only one (1) of the CCB's 17 key performance indicators was missed. Seven were met whilst the majority (9) were exceeded. Herewith a summary:

Administration and Good Corporate Governance

We have **met all our KPI-targets** dealing with the operations of the Board, Board sub-committees and general administration. The Board approved its Petty Cash Policy as well as Travel and Subsistence Policy. The organization also sent its staff to attend national

Performance Information Workshops whilst an MOU was signed with SITA.

Preservation, Interpretation and Showcasing of the History of the Castle

We are proud to report that we met all **4 of our APP targets in this area**. The combination of heritage and 350 Commemoration activities and programmes has driven this outstanding performance. This was made possible by the November 2016 Board approval of R1,7m (deemed as irregular expenditure as disclosed in the notes to the AFS) for 350 Commemoration programme purposes.

The community support and media and publicity generated by these events was unprecedented.

Maximising the Tourist Potential

Visitor figures to the Castle increased significantly from the previous year. **At 195 445 it is 26% more than our 2016/17 KPI target of 155 000 and the highest for any given year since the recording of visitor statistics was started.** The numbers were mainly driven by the following KPI's namely commercial events (40 in total, which is 15 over target), film shoots (32 in total and 15 over target), new tourism attractions (7 and 5 over target) and the number of joint marketing agreements with business partners (11 and 8 over target).

Increased Public Profile and Positive Perception Across all Sectors of the Community

Under the slogan "Bringing People to the Castle and Taking the Castle to the People", the CCB managed to meet all its four KPI targets under this Key Performance Area.

One of the undisputed highlights, is the number of potential tourists reached through positive media coverage. **The annual target was a 55 million audience but this was exceeded by a staggering 599 million – the highest in the Castle's history** and setting a new benchmark for heritage organizations on the globe.

REQUESTS FOR ROLL-OVER OF FUNDS

As reported elsewhere, access to the CCB's Treasury approved surplus funds significantly increased the capacity of the organization to fulfil its constitutional and other mandates.

SUPPLY CHAIN MANAGEMENT

The CCB SCM Policy is regularly reviewed and we have removed many of our historic procurement challenges.

The Finance Unit is also recording all technical non-compliance cases in an Irregular Expenditure Register and submits it to the Board quarterly. The extension of invitations to the AGSA and our Internal Auditors to our highly effective Audit Committee meetings, and the leadership provided by Advocate Dave Mitchell, has ensured significant improvements in this area.

ECONOMIC VIABILITY

Thus far, the CCB has operated as a relatively small, heritage management agency of the MOD&MV. This has changed in 2016. Not only did the 350th commemoration of the CGH significantly enhance the image and important role of the CCB in local, national and international heritage discourses, but the completion of the R108 million renovation of the Castle opened a myriad of exciting opportunities and challenges briefly outlined below:

- The CGH need to be operationally managed solely by the CCB and all other entities present on or connected to the site – military and non-military - must adhere to the policies and procedures of the CCB;

- The CCB, with support of the MOD&MV family, and with the ICMP as guideline, must be supported to holistically manage all maintenance, heritage, cultural, educational, security, health & safety, logistical, communication and other operations of the CGH;

- The CCB experience ongoing challenges with elements of the deployed SANDF reserve force units at the CGH serving as guards. Some frontline SANDF staff are not disciplined and the image they portray is detrimental to our Defence Force and country. The MOD&MV must deploy elite units or replace them with private security officers to avoid ongoing embarrassment;

- The CCB's income generation capacity and drive towards sustainability is often undermined by other organizations operating on site. The transfer of Het Bakhuys to the CCB and the overall role of IZIKO and the Officers Messes at the CGH, must be resolved during the 2018/19 FY;

- To execute its full mandate, the CCB's own-generated income (R5.5 million per annum) must be augmented by the MOD&MV to address the above in a manner that will not only protect the R108 million recent investment but enhance it;

- The additional resources required has been calculated at R4.5 million p.a. and should be ring-fenced as an operational subsidy based on a tightly managed MOU; and

- In the light of the recent cost containment measures, all state entities and Departments must be strongly encouraged to use the CGH's Conference and Events facilities for government functions.

FOCUS DURING THE NEW FINANCIAL YEAR

The CCB will prioritise the following areas:

- Perimeter fencing to ensure safety and security
- Preventative maintenance management plan
- Integrated Conservation Management Plan
- Institutional Strengthening
- From National to International Listing
- Commercialization strategy: Phase 2

ACKNOWLEDGEMENT AND APPRECIATION

I wish to express a sincere word of gratitude towards the following person and institutions who significantly contributed towards the growth and development of the entire organization: The

Board Chairperson and every Board member, the Minister and Deputy-Minister of Defence and Military Veterans and their staff, the 350-inter-ministerial task team the Portfolio Committee on Defence and Military Veterans, the Chairperson of CONTRALESA Western Cape, National Treasury, the Dutch Ambassador and Consul-General, the French Ambassador, the Audit Committee Chairperson and his team, the Department of Public Works, SAHRA, IZIKO Museums of SA, the City of Cape Town, and last but not least, all Castle clients, members of the Castle inter-stakeholder committee, the staff of the CCB who ultimately delivers our noble mandate to the people of South Africa.

Calvyn Travers Gilfellan
Executive Director/Chief Executive Officer
Castle Control Board
31 July 2017

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

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the SA Standards of GRAP, the Public Finance Management Act, 1999 (Act No. 1 of 1999), the Castle Management Act of South Africa, 1993 (Act 207 of 1993) and all other standards applicable to the public entity.

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

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

The external auditors are bound 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 2017.

Yours faithfully

Chief Executive Officer
Calvyn Travers Gilfellan
31 July 2017

Chairperson of the Board
Lt. General (Ret) MM Moadira
31 July 2017

6. STRATEGIC OVERVIEW

6.1 VISION

The Castle of Good Hope shall be a centre of global significance that is the embodiment of social, cultural and military heritage and truly accessible to all citizens of South Africa and the world.

6.2 MISSION

The Castle Control Board is a service-oriented public entity, striving to create an environment where national pride serves to:

- Build an internationally known and recognised cultural and heritage brand for Ubuntu, dialogue, nation-building and human rights recognition;

- Guarantee the development of a smooth functioning, self-sustaining, "must-see" iconic visitor and learner destination;

- Optimises its tourism potential and accessibility to the public; and

- Preserve and protect its cultural and military heritage by elevating it to UNESCO World Heritage status.

6.3 VALUES

The Castle Control Board, in its management of the Castle of Good Hope, has committed to infuse its programmatic and other corporate activities with the following core values:

- Service quality and excellence

- Operate with honesty and dignity

- Respect for the diversity in military, cultural and social history

- Genuine partnerships and collaborative relationships

- Community engagement and inclusivity

- Fiscal responsibility, accountability, transparency and sustainability

7. LEGISLATIVE AND OTHER MANDATES

The Castle Control Board is established in terms of the Castle Management Act of South Africa 1993 (Act No. 207 of 1993) to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans. It is furthermore a designated Schedule 3A Public Entity as defined in the Public Finance Management Act, 1999 (Act No.1 of 1999).

The Defence Endowment Property and Account Act, 1922 (Act No. 33 of 1922) designate the Castle of Good Hope as defence endowment property that was transferred to the 'defence organisations' for the exclusive use by and benefit of the SANDF and MOD&MV.

Given the global heritage significance of the Castle, the National Heritage Resources Act, Act

25 of 1999 is applicable because the Castle of Good Hope is a declared national heritage site and should be managed within the legislative framework. We also utilize Tourism policies and frameworks to guide our interventions and programmes.

While the Board has identified gaps in the 1993 Castle Management Act, it fully acknowledges that the process to drive the legislative review shall be undertaken by the MOD&MV's Legislative Drafting Directorate. The Board has engaged the said Directorate and provided a broad outline of some of the issues to be addressed in the legislative review.

Deputy Minister Maphatsoe and Brig. Gen. Mongo with the CCB's clean audit award.

8. ORGANISATIONAL STRUCTURE

8.1 THE CASTLE CONTROL BOARD

Cabinet
Highest level of reporting and decision making

Portfolio Committee on Defence and Military Veterans
Parliamentary Control, evaluation, recommendations

SCOPA
Parliamentary Control, evaluation, recommendations

Minister of Defence and military Veterans (as Member of Cabinet)
Legislation Accountability

Chief of Logistics
Responsible for Castle as defence endowment property. Appointed by the Minister as SANDF representative to the Board

Castle Control Board
CASTEEL DE GOEDE HOOP 1666
Public Entity Responsible for management on Strategic level

Chief Executive Officer
Appointed by the Board, Command and Control over the Castle Management Section

Castle Management
Responsible for Operational level management of the Castle

8.2 THE CCB'S OPERATIONAL MANAGEMENT STRUCTURE

Executive Director/CEO
Calvyn Gilfellan

Board Secretary
Mr Derek Williams

Chief Financial Officer/ Fin. Manager
Mr Mandla Ngewu

Executive Assistant
Ms Olwethu Luvalo

Precinct Manager
(To be filled by SANDF member)

350 Special Events Manager
Ms Moeshfieka Botha
(Contract ended March 2017)

Heritage, Culture & Education Manager
Mr Azola Mkosana
(1April 2016)

Tourism Marketing Manager
Ms Doreen Hendricks
(1 June 2016)

Events Manager
Ms Faith Mtabati
(1 April 2016)

Kids enjoying Heritage Day 2016 at the Castle.

PART B:
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA as auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management; with material findings being reported under the heading Predetermined Objectives in the section headed Report on the audit of the annual performance report.

Refer to pages 54–58 of the Auditor-General's Report, published as Part D.

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

The Castle Control Board is responsible for the overall management, maintenance and promotion of the Castle of Good Hope as a heritage site and tourism attraction.

In terms of this legislative mandate, the organization is expected to provide a range of public services and goods on behalf of the DOD and the DMV to local community members, tourists, learners, students, conservation agencies, exhibitors, performers, cultural organizations, traditional authorities, filming companies, event-organizers, Military institutions and the like.

The responsible commercialization of the Castle of Good Hope as a heritage site requires circumspection and proper environmental impact assessments. This will ensure the integrity and authenticity of South Africa's oldest functional architectural structure. A fully-fledged Integrated Conservation Management Plan is both a statutory requirement and an operational imperative. Given the price tag of such a study, the CCB approached the Department for assistance and is optimistic that the roll-out will happen in the new financial year.

In the meantime, the CCB use cultural environmental specialists and heritage architects (or solicited guidance and support from IZIKO and SAHRA) to assess the implications of all the tourism and heritage initiatives it hosted or planned to host over the MTEF.

The ability of the Board to deliver its full range of services to the public is also dependent on close collaboration with the MOD&MV and other line and/ or support departments and institutions, as well as external experts. Therefore, the Board has strengthened its established relationships with key DOD units such as the CFO's Office, Strategy & Planning, the Legal Office, the Logistics Division, the Office of the Minister's Chief of Staff and the Office of the Deputy Minister. We also managed to establish and develop new strategic relationships to support the Minister's initiatives.

The Castle of Good Hope played a major role in supporting efforts by the tourism, conservation and education industries to deliver to the public. As a bastion of heritage, the Castle also played an important role in major military as well as cultural events, in close collaboration with stakeholders, including but not limited to, the Parliament of South Africa, the Portfolio Committee on Defence and Military Veterans, the NDPW, SAHRA, IZIKO Museums of South Africa, WESGRO, the VOC Foundation, the City of Cape Town's Heritage Department, the Cape Town Heritage Trust and the Department of Sports, Arts and Culture in the Western Cape Province.

Close relations exist with stakeholders also represented on the Castle Control Board, therefore sharing and assisting in management efforts as part of the strategic objectives of the Castle Control Board as stipulated in the Castle Management Act.

In this regard, the CCB has taken a firm decision to formalize its relationships by the signing of memoranda of understanding. The CCB is also mindful that stakeholders require a more open communication of its activities and achievements hence a massive increase in public relationship and media activity during the year under review. However, the Board has taken a deliberate decision that a partnership for the sake of partnerships is no longer sufficient; the partnership needs to show a return on investment.

Given the international significance of the Castle of Good Hope, the organization actively reached out and involved the Dutch, British and French Consulates in some of its major activities related to the 350-year commemoration programme. These relationships are starting to prove tangible results with the French Embassy hosting the CEO in Nantes Castle in 2016.

The increased awareness of the Castle and the positioning of the Castle as a place of reflection, healing and nation building placed a greater responsibility on the CCB to ensure that we manage these demands in a responsible and sensitive way. Because the CCB does not control the entire precinct, all Castle stakeholders, staff as well as the other on-site organizations involved, need to buy into this environmental change because we (the CCB) will have to deal with any potential fall-out or public outcry.

2.2 ORGANISATIONAL ENVIRONMENT

Although the organization has a well-structured, fully functional Board, the organization has a very peculiar management structure. As stated earlier in this report, this has been both a blessing and blight in the past. In 2014, the Board took a decision to invite the Department of Integrated Management Services (DIMS) to review its staff structure. The outcomes of this process have resulted in a recruitment process that would see all the entry-level management position in the CCB filled. This is a significant move that will pay immediate dividends.

After appointing its CEO in April 2013 and the CFO shortly thereafter, the Board has significantly tightened up its policy and control environment by reviewing and adopting the following policies and procedures: the SCM Policy, Risk Procedure, Board Charter, Audit Committee Charter, Delegation of Authority, Fraud Prevention Policy as well as a Performance Management System. The internalization of these policies and procedures are now underway.

The organization has shown significant progress and because of the drive to ensure good corporate governance, it is now better positioned than ever to discharge its full mandate.

It undertook to seriously look at all the remaining adverse audit findings and ensure that the necessary actions were taken to significantly reduce and eliminate these findings in the subsequent financial years. In the previous reporting year, the AGSA chastised the Board for the way in which the KPIs have been formulated and captured in the APP. Our attempts to correct these have been successful and now articulate all the above in a simpler and quantifiable manner.

The management of the organization is performed on an "enterprise risk management" basis i.e. the most important risks that would potentially compromise our ability to attain our strategic objectives are articulated in a Risk Register, ranked and regularly evaluated.

Given that we also have a precinct-wide responsibility; other on-site partners are engaged in a monthly meeting where issues of communal concern are discussed. We also circulate a weekly activity schedule to ensure that all Castle inhabitants know what is happening on the site.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

In July 2013, the Board initiated a process with the DOD to investigate the possible review of the Castle Management Act (Act 207 of 1993) as it was not completely in line with the Constitution, the PFMA as well as other key pieces of legislation. Towards the end of the financial year, the Department's legal team prepared a draft document. However, we decided to let it stand over for the next Executive Authority to pursue. In December 2014, Deputy Minister Kebby Maphatsoe met with the Board to inter alia to pursue the matter of the legislative review. Through the Legal Advisor in the Minister Office, Ms Lirette Louw's interventions, this process has been reopened and the DOD's Legislative Team recommended a complete review and redrafting of the Castle Management Act.

2.4 STRATEGIC OUTCOME ORIENTED GOALS

The strategic outcome goals of the CCB articulated in the APP for the 2016/17 financial year were:

- To ensure effective administrative management in terms of corporate governance and project a professional competent corporate image towards optimal resource support and public relations;

- To develop the museum and interpretive components of the Castle and its related themes through continuous research and development;

- To ensure promotion of the Castle as a must-see and vibrant tourist destination accessible to all the citizens of South Africa and the world; and

- To ensure the accessibility of the Castle as an attractive and user-friendly centre of cultural significance by all sectors of the community.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3. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

The core programme outputs, performance indicators and annual targets are indicated in the tables below. Core Programme Performance Indicators are defined as this performance information directly links to the sustained legislative mandate of the CCB. During the 2016/17 FY, the CCB had the following programmes:

3.1 PROGRAMME 1: ADMINISTRATION THROUGH GOOD CORPORATE GOVERNANCE

Strategic Objective 1: The objective of this programme was to ensure the effective administrative management in terms of corporate governance and project a professional, competent, corporate image towards optimal resource support and public relations. It covers the areas of administration, corporate governance, financial management, human resource management and stakeholder communication.

Table 1: Administration and corporate governance

Strategic Objective 1: *"To ensure clean, sound administration and good corporate governance"*						
Outcomes/ Outputs	**Performance Indicator**	**Actual Performance 2015/2016**	**Planned Target 2016/2017**	**Actual Achievement 2016/2017**	**Deviations**	**Comment on deviations (>5%)**
Delivery of excellent corporate governance through tight internal controls and world-class administration	Number of outstanding corporate governance measures effected	7	3	4	+1	Despite a hectic year of programmatic activities, corporate governance remained a key priority for the CCB.
Delivery of sound financial management and control measures	Percentage of significant prior-year audit findings resolved	100%	100%	100%	None	None
Delivery of good governance and clean administration	CCB Annual Performance Plan timeously submitted to the Executive Authority	100%	100%	100%	None	None
Delivery of good governance and clean administration	CCB Annual Report timeously submitted to the Executive Authority	100%	100%	AR submitted on 26 September 2016	None	None

3.2 PROGRAMME 2: PRESERVATION, INTERPRETATION AND SHOWCASING OF THE HISTORY OF THE CASTLE

Strategic Objective 2: The objective of this programme was to develop the museum and interpretative components of the Castle and its related themes, through continuous research and development projects, in order to establish effective exhibitions and strive towards maximum educational outreach, as well as to ensure professional and effective immovable heritage asset management in line with SAHRA guidelines through the establishment of a proper networking platform with role players.

Table 2: The preservation, interpretation and showcasing of the history of the Castle

Strategic Objective 2: *"To ensure the maintenance, preservation, interpretation and showcasing of the history of the Castle"*						
Outcomes/ Outputs	**Performance Indicator**	**Actual Performance 2015/2016**	**Planned Target 2016/2017**	**Actual Achievement 2016/2017**	**Deviations**	**Comment on deviations (>5%)**
Delivery of a comprehensive offering of visitor services and experiences	Percentage completion of scheduled repair and maintenance work	100%	100%	100%	None	None
Delivery of a range of projects and services aimed at the enhancement, upkeep and maintenance of the Castle as heritage site	Annual increase in the number of tangible heritage projects implemented at the CGH	17	5	6	+1	Commemoration events brought about a host of sponsorships and opportunities.
Delivery of a comprehensive offering of visitor services and experiences	Number of non-commercial, cultural events hosted annually at the CGH	New	10	21	+11	With the setting up of the Heritage, Culture and Education Unit, opportunities to offer the Castle as a venue for heritage, community and cultural events, could be fully exploited.
Delivery of a comprehensive offering of visitor services and experiences	Number of exhibitions hosted annually at the CGH	New	8	10	+2	With the setting up of the Heritage, Culture and Education Unit, opportunities to showcase the Castle as a premier exhibition venue, could be fully exploited

3.3 PROGRAMME 3: MAXIMISING THE TOURISM POTENTIAL OF THE CASTLE OF GOOD HOPE

Strategic Objective 3: The objective of this programme is to ensure the promotion of the Castle as a must-see and vibrant tourist destination, accessible to all citizens of South Africa and the world; networking with local and national tourist organisations and utilising suitable opportunities to establish educational and social programmes.

Table 3: Maximising the tourism potential of the Castle

Strategic Objective 3:"To maximise the tourism potential of the Castle of Good Hope"						
Outcomes/Outputs	**Performance Indicator**	**Actual Performance 2015/2016**	**Planned Target 2016/17**	**Actual Achievement 2016/17**	**Deviations**	**Comment on deviations (>5%)**
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Total number of visitors per annum	154 067	155 000	195 445	+40, 445	This increase was driven by the December 2016 community markets and the general increase after the big 350 commemoration closing event.
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Total gross revenue generated per annum	R4,259 871	R4.65m	R3,994,783 (excludes Restaurant turnover)	(R655 217)	If one includes the income from the Goew-erneur Restaurant, the gross income was R4,239,979 bringing the deficit down to R410 021. The CCB team is confident that they will turn this around in the new FY.
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Number of commercial events hosted annually at the CGH	New	25	40	+15	With the setting up of the Events Unit, the opportunities for commercial events could be fully exploited
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Number of film and fashion shoots accom-modated at the CGH per annum	New	7	22	+15	With the setting up of the Events Unit, the opportunities for filming and film-shoots could be fully exploited
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Number of tourism infrastructure upgrades undertaken	New	2	7	+5	With the setting up of the Tourism & Marketing Unit, the opportunities for Joint Marketing Agreements could be fully exploited
Delivery of a comprehensive range of services and experiences to visitors in order to attract tourists and locals to the Castle	Number of Joint Marketing Initiatives undertaken per year	New	3	11	+8	With the setting up of the Tourism & Marketing Unit, the opportunities for Joint Marketing Agreements could be fully exploited.

3.4 PROGRAMME 4: INCREASED PUBLIC PROFILE AND POSITIVE PERCEPTION ACROSS ALL SECTORS OF THE COMMUNITY

Strategic Objective 4: The objective of this programme is to ensure the accessibility of the Castle as an attractive and user-friendly centre of cultural significance by all sectors of the community and that it is also promoted to the business and corporate community as a high profile conference and functions venue.

Table 4: Public access and communication

Strategic Objective 3:"To maximise the tourism potential of the Castle of Good Hope"						
Outcomes/ Outputs	**Performance Indicator**	**Actual Performance 2015/2016**	**Planned Target 2016/2017**	**Actual Achievement 2016/2017**	**Deviation**	**Comment on deviations (>5%)**
Deliver a series of public innovative events aimed to promote understanding of the Castle as heritage icon	Annual number of potential visitors reached through the media	107m	55 m	654 m	+599 m	This unprecedented, extraordinary increase in media exposure was driven by the following events: The Castle's 350 Commemoration Programme, the renovation programme, the Cape Town Flower Show, two live SABC broadcasts and three appearances on Chinese television
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of student leaderships and internships offered per annum	26	25	25	None	None
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of heritage-educational programmes organized for women, unemployed youth, disabled and traditional communities	15	12	12	None	None
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of heritage programmes organized for Military Veterans	New	6	6	None	None

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The CCB is continuously looking at ways to enhance performance. In respect of income-improvement, we are rolling out our Revenue Generation Strategy. We have now opened a Gift Shop, started to promote the state-of-art Conference Centre to generate income, recruit a new restauranteur to improve turnover and will focus on high-yield events for the site. In the areas of administration, we will settle our human resource component and in respect of corporate governance we want to eliminate all the outstanding control issues.

CHANGES TO PLANNED TARGETS

No targets were changed although we think that the targets for media coverage will be adjusted upwards in the next APP.

LINKING PERFORMANCE WITH BUDGETS

The following tables deal with the financial resources deployed to meet our strategic objectives and specific KPIs: The financial information agrees to the information in the annual financial statements.

Table 5: Linking performance with budgets

	2015/2016			2016/2017		
Programme/ activity/ objective	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	R'000	R'000	R'000	R'000	R'000	R'000
Administration through corporate governance	5 091	5 658	(567)	6 637	8 010	(1 373)
Preservation and protection of military and cultural heritage	1 950	282	1 668	369	260	109
Maximising the Castle's tourism potential	130	10	120	41	30	11
Increased public profile and positive perception of the Castle	330	1 476	(1 146)	1 167	1 640	(473)
Castle						
TOTAL	7 501	7 426	75	8 214	9 940	(1 726)

Cape Minstrels performing at a Castle 350 Commemoration event.

4. REVENUE COLLECTION

Table 6: Revenue collection

	2015/2016			2016/2017		
Sources of revenue	**Estimate**	**Actual Amount Collected**	**(Over)/ Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Sales	3 730	2 942	788	4 000	2 295	1 705
Rental Income	3 156	1 277	1 879	3 410	1 139	2 271
Other Income	15	41	(26)	204	163	41
Interest Income	600	646	(46)	600	397	203
Total	7 501	4 905	2 595	8 214	3 994	4 220

From the above table, it is clear that the Castle Control Board runs a relatively uncomplicated enterprise with a limited number of revenue sources.

Sales income is in line with our estimates for the year. However, the provision made to compensate for the access to our historic surplus funds, skews this estimate thus painting a picture of underperformance. The inability of the new Restaurant manager to settle an amount of rent for the De Goewerneur Restaurant worsened the situation. The latter has subsequently been "insourced" to a black, female company and the income should henceforth increase.

4.1 CAPITAL INVESTMENT

The historically accumulated liquid assets were originally invested with two institutions, namely Rand Merchant Bank and ABSA Bank. During the past financial year, it was decided to consolidate these investments and invest it with ABSA Bank as this investment carried an interest rate of 0.5% more. The Board has no investment in fixed property, thus no infrastructure projects were embarked on by the Board for the period under review.

Indigenous plants on display at the October 2016 Cape Town Flower Show.

Arts and Craft on display at the Castle.

PART C:
GOVERNANCE

1. INTRODUCTION

The CCB is extremely serious about its corporate governance responsibility. In fact, one of the first assignments that the new chief executive received, was to look at all the corporate governance infringements in the previous financial year and to develop and implement an action plan to deal with them. The Executive Authority was also informed about the Board's intentions regarding this. This specific aspect was addressed at the quarterly so-called "dashboard" engagements with the AGSA, and significant improvement was made in this regard.

2. PORTFOLIO COMMITTEES

The Board engaged the Portfolio Committee twice during the past financial year where we met with them on the following dates:

- April 2016 when the Chairperson and CEO presented the full draft 2016/17 APP to the Portfolio Committee.
- October 2016 when the Board Chairperson and CEO presented the 2015/16 Annual Report highlights. The Committee commended the significant progress made and raised no major issues.

The honourable members also visited the Castle of Good Hope to acquaint themselves with the renovations and 350 commemoration programmes.

3. EXECUTIVE AUTHORITY

Besides the regular quarterly reports presented through the Defence Secretariat, it had communications with the EA on the following occasions:

- January 2016 when the Deputy Minister officiated over the Castle's 350 anniversary programme at the Leerdam Bastion.
- 18 August 2016 when the Minister officiated over the Castle's Women's Day/Krotoa event at the Castle;
- December 2016 when the Minister and Deputy Minister presided over the closing event for the Castle's 350 Commemoration programme; and
- March 2017 when the Deputy Minister received a summary report back of the 350 Commemorations programme and the CCB's plans for 2017/18.

4. THE ACCOUNTING AUTHORITY: THE CASTLE CONTROL BOARD

As a Schedule 3A Public Entity of the Department of Defence and Military Veterans, the Board is constituted in a specific fashion to reflect its diverse stakeholder interest. In terms of the Castle Management Act, the Castle of Good Hope has been placed under the juristic control of the Castle Control Board, where the Act furthermore stipulates certain conditions in

terms of the composition of the Castle Control Board, including, but not limited to, the following:
The Board comprises of representatives of the various national and provincial stakeholders, as specifically referred to in the Act.

- The chairperson of the Board shall be appointed by SAHRA as a member of the Board, with the exclusion of the Officer Commanding Army Support Base Western Cape and the Executive Director, who is not electable as chairperson.
- Appointment of members, and alternates appointed as representatives of stakeholders, is for a period of two (2) years, except for the Officer Commanding Army Support Base Western Cape and the Executive Director who will remain appointed members to the Board for as long as they serve in their respective capacities in the service of such stakeholder.
- The Vice Chairperson is to be elected by Board members and the Executive Director will act as Secretary to the Board. A quorum for a meeting comprises the Chairperson or Vice Chairperson and at least six (6) members.

After the appointment of their Executive Director (CEO), the Board adopted a firm stance in respect of the day-to-day management of the organisation. The Board Charter, Code of Ethics, and Business Conduct and Fraud Prevention Plan has been updated and adopted. In order to separate the role of the Board and executive management, a Delegation of Authority has also been developed and adopted in the previous quarter.

Table 7: Composition of the Board

Stakeholders	Name
South African National Defence Force – Chief of Logistics	Lieutenant General MM Moadira
Cape Town Regional Chamber of Commerce and Industry	Ms C. de Vries
Iziko Museums of South Africa	Ms R. Omar
Department of Public Works	Mr F. Johnson
South African Heritage Resources Agency	Mr G. Ontong (replaced by Ms V Baduza)
Officer Commanding Army Support Base Western Cape	Brig. Gen. M.R. Mongo
City of Cape Town	Mr D. Hart
South African Tourism Board (WESGRO)	Ms J Lain
Appointed by the Minister of Defence and Military Veterans	Adv D. Mitchell
	Ms A. Aggenbach
Western Cape Provincial Legislature	Vacant
Chief Executive Officer	Mr C. Gilfellan
Chief Financial Officer	Mr M. Ngewu
Secretary	Mr D. Williams

Table 8: Committees

Committee	No. of meetings held	No. of members	Name of members
Audit & Risk Committee	4	5	Adv. Dave Mitchell (Chairman), Ms Carmen de Vries (Member) Mr Dirk Rossouw (Member) Mr Calvyn Gilfellan (ED) Mr Mandla Ngewu (CFO)

REMUNERATION OF BOARD MEMBERS

Board members represent a particular stakeholder organisation and an agreement was made that each statutory organisation takes care of the travel and other expenses related to the members' attendance at Board meetings. The exceptions are the Chairperson and another member who served on the Audit Committee and ex-officio members of the Board.

Table 9: Remuneration of Board members

Name	Remuneration	Other allowance	Other re-imbursements	Total
Lt Gen MM Moadira	Nil	Nil	Nil	Nil
Brig. Gen. R. Mongo	Nil	Nil	Nil	Nil
Ms R. Omar	Nil	Nil	Nil	Nil
Mr F. Johnson	Nil	Nil	Nil	Nil
Mr G. Ontong	Nil	Nil	Nil	Nil
Ms C de Vries**	R6 888	Nil	Nil	R6 888
Mr D. Hart	Nil	Nil	Nil	Nil
Mr M. Parker	Nil	Nil	Nil	Nil
Adv. D. Mitchell*	R11 352	Nil	Nil	R11 352
Ms A. Aggenbach	Nil	Nil	Nil	Nil
Mr C.T. Gilfellan***	R994k	Nil	Nil	R994k
Mr D Williams***	R238k	Nil	Nil	R238k
Mr M Ngewu***	R776k		Nil	R776k

Notes: *In his capacity as Audit Committee Chairperson
**In her capacity as Audit Committee Member
***In their capacity as full-time employees of the Board

5. RISK MANAGEMENT

Since the second quarter of the financial year, the Board has endeavoured to put together a framework for a risk management policy and strategy. Given the delegations of authority and segregation of duties, the Board has appointed management to spearhead this important part of the entity's work and has adopted a Risk-based Enterprise Development approach to its work.

Management has developed a Risk Register (adopted by the Board), which forms the basis for regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

This is a standard item on the CCB's Audit and Risk Committee that advises management on the overall system of risk management, especially the justification of unacceptable levels of risk.

This step, in conjunction with the appointment of the Internal Audit function and the CFO has seen a significant improvement in the overall effectiveness of the entity's operational and control environment.

6. INTERNAL CONTROL UNIT

The CCB has traditionally been a very small organisation with limited staff, and hence limited segregation of duties and responsibilities and weak internal controls. The latter has been alleviated through a strong functioning Audit Committee and the efforts of individual Board members. Since the appointment of an Executive Director, key appointments (with clear duties and responsibilities), regular meetings, clear delegation of authority and the appointment of internal SCM committees have significantly strengthened the internal control environment.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The CCB had a fully-functional Internal Audit function for the entire year under review. Sizwe-Ntsaluba Gobodo was appointed to fulfil the following functions:

- Evaluate the effectiveness of controls in relation to the reliability and integrity of information for management processes, including performance measurement.
- Ascertain the correct level of compliance with plans, policies, procedures, directives, laws and regulations.
- Assess the adequacy and effectiveness of controls to safeguard assets, including intangible and non-financial assets.
- Appraise the economies and efficiencies with which resources are employed.
- Review operations to ascertain whether established objectives and goals are being achieved as planned.
- Assist management in identifying business risks and in assessing the adequacy of their risk management and governance processes.

The working relationship between the Internal Audit team, management, the Audit Committee and the AGSA is excellent, and some of the preliminary work around the review of key policies and the Internal Audit Charter was completed by year-end.

The Audit & Risk Committee, under the exemplary leadership of Advocate Dave Mitchell, has been invaluable to the strides that have been made in the CCB policy, oversight as well as control environments. The Audit Committee members' active participation in matters related to financial management, organisational performance, corporate governance, risk and oversight is undeniably the major reason for the smooth, strategic operation of the Board.

Table 11: Audit committee details

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Adv D. Mitchell	B Com. LLB., B Compt. (Hons), CFA, Advocate of the High Court of SA., Chartered Accountant (SA)	Internal	Board Member	May 2012	N/A	4
Mr D Rossouw	MBA	External	–	May 2012	October 2016	3
Ms C de Vries	Post Grad Dip in Marketing/ Management, B. Soc. Sci.	External	–	Feb. 2015	N/A	4
Mr C Gilfellan	BA, BA-Honours', MA Major in Geography and Environmental Studies	Ex-Officio	Board Member	April 2013	N/A	4
Mr M Ngewu	BSc, B Com, B Compt (Hons)	Ex-Officio	Board Member	April 2014	N/A	4
Ms J Niekerk	BA, LL.B	External		February 2017	N/A	1

8. COMPLIANCE WITH LAWS AND REGULATIONS

In previous audits, the findings in this area related to the fact that AFS were not prepared in terms of section 55 (1) of the PFMA, expenditure not managed in terms of section 51 (1) (b) (ii) of the PFMA, SCM not done in terms of the relevant sections of Treasury Regulations 16A6.3 and the PPPFA, and strategic planning not done in terms of Treasury Regulation 30.1.3(d).

This year's audit proved that most of these matters have been addressed to the satisfaction of the Board, the Executive Authority and the AGSA.

9. FRAUD AND CORRUPTION

Although the CCB does not have an anti-criminality plan, it has a fully-fledged Fraught Prevention Policy that also addresses criminality.

The aims and purpose of the plan is to introduce a common mechanism to guide all staff to reduce fraud to an absolute minimum; introduce ways to ensure that resources are used for providing better care and quality of services; and ensure that any form of waste is regarded unacceptable by all employees.

It further aims to make losses due to fraud and corruption intolerable so that citizens are not deprived of resources intended for their benefit. It is determined and committed to see fraud and corruption matched by insistence that the work of those responsible for countering fraud, is carried to the highest standards and is supported by well-designed comprehensive training, covering all aspects of work. This training covers the whole spectrum from preventative through to the effective imposition of appropriate sanctions for those committing fraud to ensure that awareness of and involvement to counter fraud is made a general responsibility of all professionals.

Because the Castle of Good Hope is a hemmed-in, well-monitored and protected citadel, access monitoring by SANDF is a major crime deterrent. It is more likely that criminal activities would be internally induced, and for that matter the MOD&MV's functional guidelines as applied by the on-site military staff is more than sufficient to deal with the issue. In the case of big corporate functions at the Castle, additional private security is sourced and paid for by the client.

10. MINIMISING CONFLICT OF INTEREST

Board Members were requested to declare their conflict of interest at every Board meeting. As a standard practice, a declaration register, which allows for directorships of companies, were also filled out.

11. CODE OF CONDUCT

The Board has reviewed and re-adopted a Code of Conduct to provide direction to all civilian officials and employees about their relationship with the legislature, political and executive office-bearers, other employees and the public, and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflict of interests and what is expected of them in terms of their personal conduct in public and private life.

Although the Code of Conduct is drafted to be as comprehensive as possible, it is not an exhaustive set of rules regulating standards of conduct. However, the leadership of the Castle Control Board, by their responsibility for the efficient management and administration of the Castle Control Board and the maintenance of discipline, are, inter alia, duty-bound to ensure that the conduct of their employees conform to the basic values and principles governing the Board's administration, and the norms and standards as prescribed by the Board. The Board's leadership should also ensure that the staff members are acquainted with these measures and that they accept and abide by them.

The primary purpose of the Code is a positive one, namely to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct, and may be dealt with in accordance with the relevant collective agreement if he/she contravenes any provision of this Code or fails to comply with any provision thereof.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Given that the Castle of Good Hope is a quasi-military site, health and safety is the constant concern of the CCB. Every precaution has been taken to provide a safe workplace. Regular inspections and safety meetings are done by the Support Services Manager. He also meets with management to plan and implement further improvements in our safety program. Common sense and personal interest in safety are still the greatest guarantees of safety at work, on the road, and at home.

The CCB is serious about the safety of employees and tourists, and any wilful or habitual violation of safety rules is a cause for dismissal. The Castle Control Board is sincerely concerned about the health and well-being of each member of the team.

13. BOARD SECRETARY

In terms of the Act, the accounting officer is responsible for the role and responsibilities of the company secretary, as well as the reports and returns. However, the Board has appointed Mr Derek Williams as secretary and the position will be reviewed as the organization grows

14. SOCIAL RESPONSIBILITY

In both the Chairperson and Accounting Officer's reports, it is evident that the entity takes it social responsibility very seriously. In fact, it dedicates an entire strategic objective to the increase in public access to the Castle of Good Hope.

We are acutely aware that, measured against international standards, the entrance fees of R30 and R15 to access our heritage offering is very reasonable, however still unaffordable to large sections of our communities. Mindful of this, we have provided free access to all citizens on Freedom Day 27 April 2016, Museum Day on 18 May 2016 and Heritage Day on 24 September 2016.

In addition to this, we regularly receive requests from local scholars who cannot afford the R5 entry for the Castle. In such cases, we assess the situation and let the group in, either at a reduced cost or no cost at all. During the year we also hosted smaller groups of disabled and destitute youths at our various cultural functions and events. We also opened our venues to struggling NGOs and organized Khoisan and Nguni cultural groups.

15. AUDIT COMMITTEE REPORT

We are pleased to present the Audit Committee Report for the Castle Control Board for the financial year ended 31 March 2017.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of three independent persons all with the required expertise and experience in business, compliance and financial matters. The Committee meets quarterly and has met four times during the year to 31 March 2017 and twice subsequently, in accordance with its approved terms of reference. An additional meeting was held in July 2016.

Table 12: Attendance at meetings

Name of Member	No. of Meetings Attended	
	Year to 31.3.2017	Since 31.3.2017
Adv. D Mitchell (Chairperson)*	4	1
Mr D Rossouw	3	0
Ms C de Vries (appointed 22May 2015)*	4	1
Ms J Niekerk	1	1
Mr EM Bruttoh	0	1*

** Appointed after year-end*

Representatives of the Auditor-General have attended or were invited to all Audit Committee meetings.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from sections 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act and Treasury Regulation 27.

The Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs and discharged its responsibilities in compliance with this charter.

INTERNAL AUDIT

Internal audit services were provided by an outsourced professional auditing firm in terms of a short-term contract, supplemented by the Board's own internal audit charter. Internal audit attention was focused on risk management during the Castle's extensive building works restoration programme and has been especially effective in the areas of heritage assets and internal control support to management.

INTERNAL CONTROL, FINANCIAL MANAGEMENT AND ADMINISTRATION

Management has taken effective steps during the year to expand and develop its human resources, to enhance financial management disciplines and controls, and to review documented policies and procedures.

AUDIT REVIEW OF PREDETERMINED OBJECTIVES

The Auditor-General has confirmed the quality, usefulness and reliability of performance management reporting which continues to be of a good standard.

QUARTERLY REPORTING AND THE APPROVAL OF BUDGETS AND PLANS

The entity has fulfilled all its responsibilities for submitting quarterly financial and performance reports to its Executive Authority and to National Treasury and has worked closely with its Executive Authority in compiling and presenting its strategic plan and annual performance plan.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements and performance report to be included in the annual report with the Auditor-General, with management and the Chief Executive Officer, and with the Board as the CCB's accounting authority

- reviewed the Auditor-General's management report on the findings of the audit and management's response, and has reviewed all changes in accounting policies and practices

- noted and reviewed the Auditor-General's assessment of the usefulness and reliability of performance information examined.

The Committee concurs with and supports the Auditor-General's opinion on the annual financial statements and other legal and regulatory matters, and is of the view that the audited annual financial statements can be accepted and read together with the Auditor-General's report

AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee confirms that it has met with the Auditor-General and that there are no unresolved issues.

Adv. D. J. Mitchell, C.A. (S.A.)
Chairperson of the Audit Committee

Date: 31 July 2017

Cultural performances like this have become a regular feature of the Castle's offering.


QHABESI

CCB staff in front of the Kat balcony.

PART D:
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources component of the CCB has been both its Achilles heel and strength. On the one hand its reliance on DOD-remunerated staff assigned to the Castle has led to significant savings, but on the other hand it has delayed any decisiveness as to the ultimate management structure of the CCB. It was only in the current financial year that the Board addressed this matter.

In December 2014, the Board finalized its second iteration of a management structure which significantly whittled down the findings dealing with staff and the segregation of duties. However, a couple of the historic HR issues remain, and given the fact that the organization does not have a dedicated HR unit, a complete review of the HR policies and structure of the CCB is envisaged for the new financial year. As mentioned earlier, the CCB has approached the DIMS, which is hard at finalized the optimal CCB management and staff structure. The positions have subsequently been filled and appointments happen in the new financial year.

Key issues to be addressed include reviewing of all staff contracts, development of performance agreements to all staff, revising the remuneration scales, staff contentment, staff benefits and obligations and building a truly high-performance Castle team.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The Castle Management comprises a total of thirty nine (39) members, of which sixteen (16) are permanent, twenty (20) casual/intern/short-term contract and three (3) are remunerated by the Department of Defence and thus not included in the HR Tables below. The organization has appointed the Events, Tourism and Heritage Managers as of 1 April 2016.

Table 13: Personnel Cost by programme/ activity/ objective

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	R9 939	R5 393	54.3%	36	R150

Table 14: Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R1,770	32.8%	2	R885
Senior Management	R1,286	23.8%	4	R322*
Professional qualified	R468	8.7%	5	R94**
Skilled	R238	4.4%	1	R238
Semi-skilled	R239	4.4%	3	R80
Unskilled	R1,392	25.8%	21	R66***
TOTAL	R5,393	100%	36	R150

Notes: *One was a contracted project manager

**One is a part-time staff member

***Includes temporary employees, short-term employees and interns

PERFORMANCE REWARDS

The first CCB staff member to be appointed on a performance contract basis was the chief executive who, in terms of his contract: ***"…it being recorded that the Board has resolved and undertaken that an executive director who substantially exceeds the stipulated performance delivery targets may be considered for a supplementary performance bonus, depending upon the Board's operational and financial performance – this to be capped at a maximum of 20% of the incumbent's guaranteed basic annual salary."***

As part of the organisational performance framework of the CCB, all future staff appointments will be dealt with in this manner.

Table 15: Performance Rewards

Employment category	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R161*	R5 393	3.0%
Senior Management	R179*	R5 393	3.3%
Professional qualified	R21*	R5 393	0.4%
Skilled	-	-	-
Semi-skilled	-	-	-
Unskilled	-	-	-
TOTAL	R361	R5 393	6.7%

*This is a provisional amount

Table 16: Training Costs

Programme/activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	R5 393	R11	0.2%	2	R5.5

Note: Two tourist guides received complimentary training

EMPLOYMENT AND VACANCIES

The CCB traditionally had a very peculiar human resources component. This is partially due to the availability of SANDF and Department of Public Works staff on site. However, the Board articulated the necessity to employ additional staff to execute their full mandate. Starting with the chief executive, the Board approved a structure to appoint a Heritage, Cultural an Education Manager, Events Manager, Tourism Marketing Manager and a Precinct Coordinator. The managers have been appointed during the year under review.

Table 17: Employment and vacancies

Programme/activity/ objective	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of vacancies
Administration	14	16	17*	0	0%

*One was a short-term contracted 350 Commemoration project manager.

Table 18: Employment and vacancies per employment category

Employment category	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of vacancies
Top Management	2	2	2	0	0%
Senior Management	1	3	4*	0	0%
Professional qualified	5	5	5	0	0%
Skilled	1	1	1	0	0%
Semi-skilled	3	3	3	0	0%
Unskilled	2	2	2	0	0%
TOTAL	14	16	17	0	0%

*One was a short-term contracted project manager, and these posts have been filled in April and June 2016

EMPLOYMENT CHANGES

Table 19: Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2	0	-	2
Senior Management	1	3	1	3
Professional qualified	5	-	-	5
Skilled	1	-	-	1
Semi-skilled	3	-	1	2
Unskilled	2	0	0	2
TOTAL	14	3	2	15

Table 20: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	-	-
Dismissal	-	-
Retirement	1	50%
Ill health	-	-
Expiry of contract	1	50%
Other	-	-
TOTAL	2	100%

Table 21: Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	–
Written Warning	–
Final Written warning	–
Dismissal	–
TOTAL	–

Table 22: Equity Target and Employment Equity Status (Male)

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1		1		0		0	
Senior Management	1		0		0		0	
Professional qualified	1		1		0		0	
Skilled	0		0		0		1	
Semi-skilled	0		0		0		1	
Unskilled	0		0		0		0	
TOTAL	3		2		0		2	

Table 23: Equity Target and Employment Equity Status (Female)

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0		0		0		0	
Senior Management	1		2**		0		0	
Professional qualified	1		1		0		1	
Skilled	0		0		0		0	
Semi-skilled	0		1		0		1*	
Unskilled	1		1		0		0	
TOTAL	3		5		0		2	

*Employees left during the year.

**One was a short-term contracted 350 Commemoration project manager.

Table 24: Equity Target and Employment Equity Status (Disabled)

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0		0	
Senior Management	0		0	
Professional qualified	0		0	
Skilled	0		0	
Semi-skilled	0		1	
Unskilled	0		0	
TOTAL	0		1	

Report of the auditor-general to Parliament on the Castle Control Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Castle Control Board set out on pages **55** to **137**, which comprise the statement of financial position as at 31 March 2017, and the 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 the Castle Control Board as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Castle Management Act of South Africa, 1993 (Act No. 207 of 1993).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the classification of the prior year expenditure in the financial statements of the entity at, and for the year ended, 31 March 2017.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Castle Management Act and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Castle Control Board'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 there is an intention either to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Programme 2 – the preservation, interpretation and showcasing of the history of the castle	21
Programme 3 – maximising the tourism potential of the Castle of Good Hope	22
Programme 4 – increased public profile and positive perception across all sectors of the community.	23

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the

reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
    - Programme 2 – the preservation, interpretation and showcasing of the history of the castle.
    - Programme 3 – maximising the tourism potential of the Castle of Good Hope
    - Programme 4 – increased public profile and positive perception across all sectors of the community.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 21 to 23 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Unaudited supplementary information

19. The supplementary information set out on page 20 and pages 24 to 26 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not express a conclusion on them.

Report on audit of compliance with legislation

Introduction and scope

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

21. I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

Other information

22. The Castle Control Board's 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 on in the auditor's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported in the auditor's report.

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

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance

report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

25. 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 thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

31 July 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

Learners gather around the statue of the "Lady of Good Hope"

Khoi Kraal inside the Castle

PART E:

FINANCIAL INFORMATION

CASTLE CONTROL BOARD ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related information included in this report. It is the responsibility of the CCB to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA).

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

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

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

The Board has reviewed the CCB's cash flow forecast for the year ended 31 March 2018 and, in the light of this review and the current financial position, is satisfied that the CCB has adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the entity, it is supported by the CCB's external auditors.

The external auditors are responsible for independently reviewing and reporting on the CCB's annual financial statements. The annual financial statements have been examined by the CCB's external auditors and their report is presented on pages 48 to 52.

The annual financial statements set out on pages 55 to 137, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2017 and were signed on its behalf by:

LIEUTENANT GENERAL (RET) M.M. MOADIRA
CHAIRMAN

REPORT OF THE ACCOUNTING AUTHORITY

1. INCORPORATION

The Castle Control Board (CCB) was established by an Act of Parliament, the Castle Management Act (Act 207 of 1993) and is listed as a national public entity in schedule 3A of the Public Finance Management Act, 1999 (PFMA). The Board of the CCB acts as the accounting authority in terms of the PFMA.

2. REVIEW OF ACTIVITIES

The Castle Control Board is a service-orientated public entity, striving to optimise the Castle of Good Hope's tourism potential and its accessibility to the public and to preserve and protect its cultural and military heritage.

The operating results and state of affairs of the entity are fully set-out in the attached financial statements and do not, in our opinion, require any further comment.

3. GOING CONCERN

The Board believes that the CCB has adequate financial resources to continue operations for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The Board is satisfied that the CCB is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The Board is not aware of any new material changes that may adversely impact on the CCB. The Board is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may affect the CCB.

4. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any matter or circumstance arising since the end of the financial year.

5. COMPOSITION OF THE BOARD

In terms of the Castle Management Act, the Castle of Good Hope, a national heritage site, has been placed under the control of the Castle Control Board. The Board of the CCB comprises of various national and provincial stakeholders. The stakeholders currently represented on the CCB Board are indicated below:

Stakeholders	Name
Lt-Gen M.M Moadira	SANDF – Chief of Logistics and Chairman
Ms R. Omar	Iziko Museums of South Africa
Mr F. Johnson	National Department of Public Works

Stakeholders	Name
Mr G. Ontong	South African Heritage Resources Agency (Resigned 31 March 2017)
Brig. Gen. M.R Mongo	Officer Commanding Army Support Base Western Cape
Mr D. Hart	City of Cape Town
Ms A. Aggenbach	Appointed by the Minister of Defence and Military Veterans
Adv. D. Mitchell	Appointed by the Minister of Defence and Military Veterans
Ms C. de Vries	Cape Chamber of Commerce and Industry
Ms J. Lain	WESGRO
Mr C.T Gilfellan	Chief Executive Officer
Mr M. Ngewu	Chief Financial Officer
Ms V. Baduza	South African Heritage Resources Agency (Appointed 1 March 2017)

6. SECRETARY

The secretary of the Board is Mr. Derek Williams of:

Business address	Cnr Castle and Darling Streets Cape Town 8001
Postal address	P.O Box 1 Cape Town 8000

7. BANKERS

ABSA

8. AUDITORS

In accordance with section 20 of the Castle Management Act the Auditor General South Africa acts as auditors of the CCB.

9. EXECUTIVE AUTHORITY

The executive authority responsible for the entity is the Minister of Defence and Military Veterans.
The Minister has delegated this responsibility to the Deputy Minister of Defence and Military Veterans

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 R	2016 Restated R
ASSETS			
Current Assets		**3 937 594**	10 010 618
Receivables from Exchange Transactions	2	**106 003**	250 745
Cash and Cash Equivalents	3	**3 831 591**	9 759 873
Non-Current Assets		**1 712 905**	1 692 106
Property, Plant and Equipment	4	**322 531**	204 646
Intangible Assets	5	**8 414**	105 500
Heritage Assets	6	**1 381 960**	1 381 960
Total Assets		**5 650 499**	11 702 724
LIABILITIES			
Current Liabilities		**1 474 532**	1 582 384
Provisions	7	**575 109**	468 639
Payables from Exchange Transactions	8	**899 423**	1 113 746
Total Liabilities		**1 474 532**	1 582 384
Total Assets and Liabilities		**4 175 966**	10 120 340
NET ASSETS		**4 175 966**	10 120 340
Accumulated Surplus/(Deficit)	9	**4 175 966**	10 120 340
Total Net Assets		**4 175 966**	10 120 340

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 R	2016 Restated R
REVENUE			
Revenue from Exchange Transactions			
Sales	10	**2 295 153**	2 588 374
Special Days	11	**300**	353 552
Interest Earned	12	**397 396**	645 512
Rental of Facilities and Equipment	13	**1 139 099**	1 113 265
Other Revenue	14	**162 735**	204 680
Revenue from Non-exchange Transactions			
Public Contributions and Donations	15	**100**	–
Total Revenue		**3 994 784**	4 905 383
EXPENDITURE			
Employee Related Costs	16	**5 392 724**	3 361 566
Administration Costs	17	**282 750**	183 367
Contracted Services	18	**327 393**	382 469
Cost of Sales	19	**–**	17 763
Debt Impairment	20	**19 636**	100 000
Depreciation and Amortisation	21	**185 446**	87 995
Repairs and Maintenance	22	**101 705**	96 862
Share of Ticket Sales	23	**765 133**	860 821
Special Days	24	**1 409 309**	1 252 659
General Expenses	25	**1 379 879**	1 084 207
Loss on Disposal of Property, Plant and Equipment	26	**75 181**	10 660
Total Expenditure		**3 994 784**	7 438 367
SURPLUS/(DEFICIT) FOR THE YEAR		**(5 944 374)**	(2 532 984)

Refer to Budget Statement for explanation of budget variances

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2017

Description	Total for Accumulated Surplus/ (Deficit) Account R	TOTAL R
2016		
Balance at 31 March 2015	12 653 324	12 653 324
Surplus/(Deficit) for the year	(2 532 984)	(2 532 984)
Balance at 31 March 2016	10 120 340	10 120 340
2017		
Surplus/(Deficit) for the year	**(5 944 374)**	**(5 944 374)**
Balance at 31 March 2017	**4 175 966**	**4 175 966**

Details on the movement of the Funds and Reserves are set out in Note 9.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 R'000	2015 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest Received	12	**397 396**	590 071
Rental of Facilities & Equipment, Sales and Other Services	13	**3 559 658**	3 847 903
Other Receipts	14	**162 735**	144 680
Public Contributions and Donations	15	**100**	–
Payments			
Employee Related Costs	16	**(5 286 254)**	(3 038 594)
Suppliers Paid	25	**(4 480 493)**	(2 930 283)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(5 646 857)**	(1 386 222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	4	**(275 841)**	(73 404)
Purchase of Intangible Assets	5	**(7 739)**	(107 190)
Purchase of Heritage Assets	6	**–**	(150)
Proceeds on disposal of PPE		**2 155**	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(5 646 857)**	(180 743)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5 928 282)**	(1 566 965)
		0.00	0.00
Cash and Cash Equivalents at Beginning of Period		**9 759 873**	11 326 838
Cash and Cash Equivalents at End of Period	3	**3 831 591**	9 759 873

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Description	Original Total Budget R	Budget Adjustments R	Final Adjustments Budget R	Shifting of Funds R
FINANCIAL PERFORMANCE				
Revenue from Exchange Transactions				
Sales	4 000 000	–	4 000 000	–
Special Days	–	–	–	–
Interest Earned	600 000	–	600 000	–
Rental of Facilities and Equipment	3 345 000	269 289	3 614 289	–
Other Revenue	–	–	–	–
Gains on Disposal of Property, Plant and Equipment	–	–	–	–
Revenue from Non-exchange Transactions				
Public Contributions and Donations	–	–	–	–
Total Revenue	7 945 000	269 289	8 214 289	–
Expenditure				
Employee Related Costs	4 128 000	150 000	4 278 000	–
Administration Costs	–	282 750	282 750	–
Contracted Services	480 000	(102 790)	377 210	–
Cost of Sales	–	–	–	–
Debt Impairment	–	–	–	–
Depreciation and Amortisation	–	–	–	–
Repairs and Maintenance	1 020 000	(931 616)	88 384	–
Share of Ticket Sales	–	665 000	665 000	–
Special Days	137 000	815 753	952 753	–
General Expenses	2 170 000	(599 809)	1 570 191	–
Loss on Disposal of Property, Plant and Equipment	10 000	(10 000)	–	–
Total Expenditure	7 945 000	269 289	8 214 289	–
Surplus/(Deficit for the Year	–	–	–	–

Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R	R	R	R	R	R
–	4 000 000	2 295 153	(1 704 847)	57,38	57,38
–	–	300	300	0.00	0.00
–	600 000	397 396	(202 604)	66.23	66.23
–	3 614 289	1 139 099	(2 475 189)	31.52	34.05
–	–	162 735	162 735	0.00	0.00
–	–	–	–	0.00	0.00
–	–	100	100	0.00	0.00
–	8 214 289	3 994 784	(4 219 505)	48.63	50.28
–	4 278 000	5 392 724	1 114 724	126.06	130.64
–	282 750	282 750	–	100.00	0.00
–	377 210	327 393	(49 817)	86.79	68.21
–	–	–	–	0.00	0.00
–	–	19 636	19 636	0.00	0.00
–	–	185 446	185 446	0.00	0.00
–	88 384	101 705	13 321	115.07	9.97
–	665 000	765 133	100 133	115.06	0.00
–	952 753	1 409 309	456 556	147.92	1 028.69
–	1 570 191	1 379 879	(190 312)	87.88	63.59
–	–	75 181	75 181	0.00	751.81
–	8 214 289	9 939 157	1 724 869	121.00	125.10
–	–	(5 944 374)	(5 944 374)	–	–

FINANCIAL PERFORMANCE: EXPLANATION OF VARIANCES BETWEEN APPROVED BUDGET AND ACTUAL

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Sales:

The site was undergoing significant repairs and maintenance, hence not all venues were accessible to tourists.

Special Days:

Amount is insignificant.

Interest Earned:

The approved surplus was utilised, as per Board approved mandate, thus resulting in significant drop in interest earned from short-term investments.

Rental of Facilities and Equipment:

The site was undergoing significant repairs and maintenance, hence not all venues were available for rental.

Other Income:

Other Income received was less than budgetary expectations.

Public Contributions and Donations:

Amount is insignificant.

Employee Related Costs:

Four managers, including the 350 Special Project manager, were employed during the year. Casuals were also employed to assist with the aesthetics of the site during the 350 Commemoration events.

Contracted Services:

Savings were made from the maintenance of the website as well as from the provision of IT services.

Debt Impairment:

The amount owed to the CCB by the Department of Military Veterans was written off in leu of the contribution made by the Department to the Castle of Good Hope.

Depreciation and Amortisation:

Depreciation and Amortisation increased beyond budgetary expectations because of the review of remaining useful lives of assets.

Repairs and Maintenance:

Expenditure incurred in relation to preparation for the 350 Commemoration events.

Share of Ticket Sales:

The CCB had anticipated a higher revenue than actual.

Special Days:

Reflects the utilisation of the surplus.

General Expenses :

Management embarked on cost containment measures.

Loss on Disposal of Property, Plant and Equipment:

It was not budgeted for Loss on Disposal of Property, Plant and Equipment.

The Board of the CCB approved an upwards adjustment of the original budget to encompass expenditure for the 350 commemoration events.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2016/17 R	2015/16 R
Net surplus/(deficit) per the statement of financial performance	**(5 944 374)**	**(2 532 984)**
Revenue from Exchange Transactions		
Sales	1 704 847	(2 588 374)
Special Days	(300)	(353 552)
Interest Earned	202 604	(645 512)
Rental of Facilities and Equipment	2 475 189	(1 113 265)
Other Revenue	(162 735)	(204 680)
Gains on Disposal of Property, Plant and Equipment	–	–
Revenue from Non-exchange Transactions		
Public Contributions and Donations	(100)	–
Expenditure		
Employee Related Costs	1 114 724	3 361 566
Administration Costs	–	183 367
Contracted Services	(49 817)	382 469
Cost of Sales	–	17 763
Debt Impairment	19 636	100 000
Depreciation and Amortisation	185 446	87 995
Repairs and Maintenance	13 321	96 862
Share of Ticket Sales	100 133	860 821
Special Days	456 556	1 252 659
General Expenses	(190 312)	1 084 207
Loss on Disposal of Property, Plant and Equipment	75 181	10 660
Net surplus/deficit per approved budget	(0)	(0)

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act, 1999 (Act No. 1 of 1999).

1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 31 March 2016 and 31 March 2017 the entity has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The entity changes an Accounting Policy only if the change:

(a) is required by a Standard of GRAP; or

(b) results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1.2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the entity's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

1.2.1 REVENUE RECOGNITION

Accounting Policy 8.2 on Revenue from Exchange Transactions and Accounting Policy 8.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 FINANCIAL ASSETS AND LIABILITIES

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on Financial Assets Classification and Accounting Policy 7.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the entity in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (Financial Instruments).

1.2.3 IMPAIRMENT OF FINANCIAL ASSETS

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the entity considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the entity is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions is disclosed in Notes 2 to the Annual Financial Statements.

1.2.4 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As described in Accounting Policies 3.3 and 5.2, the entity depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on managements estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.5 IMPAIRMENT: WRITE-DOWN OF PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND HERITAGE ASSETS

Accounting Policy 6 on Impairment of Assets and Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets and Heritage Assets are disclosed in Notes 4, 5 and 6 to the Annual Financial Statements, if applicable.

1.2.6 BUDGET INFORMATION

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained as footnotes to the Statement of Comparison of Budgeted and Actual Amounts.

1.3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the entity's functional currency.

1.4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a Going Concern Basis.

1.5 OFFSETTING

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the entity:

- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor – issued August 2013
- GRAP 108 Statutory Receivables – issued September 2013
- GRAP 109 Accounting by Principals and Agents – issued July 2015
- IGRAP 17 "Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the entity may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The entity applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.

Amendments have been made to numerous standards based on adjustments to the standards of GRAP 16, GRAP 17, GRAP 31 and GRAP 104. The amendments are only effective for periods beginning on or after 1 April 2016 and management has chosed not to early adopt these amendments.

2. NET ASSETS

Included in the Net Assets of the entity are the following Reserves that are maintained in terms of specific requirements:

2.1 ACCUMULATED SURPLUS

Included in the Accumulated Surplus of the entity are the following Reserves that are maintained in terms of specific requirements:

2.1.1 MILITARY TATTOO RESERVE

The Military Tatoo Reserve represents a portion of the Accumulated Surplus that can be attributed to military tattoos previously staged at the Castle of Good Hope.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

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

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

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

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

3.2 SUBSEQUENT MEASUREMENT

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

3.3 DEPRECIATION

Depreciation on assets is calculated on cost, using the Straight-line Method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

ASSET CLASS	%
Other Assets	
Computer Equipment	33.3%
Office Equipment	15%

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

3.4 DERECOGNITION

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

4. INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The entity recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

(a) It is technically feasible to complete the Intangible Asset so that it will be available for use;

(b) Management intends to complete the Intangible Asset and use or sell it;

(c) There is an ability to use or sell the Intangible Asset;

(d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;

(e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and

(f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item’s fair value was not determinable, it’s deemed cost is the carrying amount of the asset(s) given up.

4.2 SUBSEQUENT MEASUREMENT, AMORTISATION AND IMPAIRMENT

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a Straight-line Basis over the Intangible Assets’ useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

ASSET CLASS	YEARS
Computer Software	3

Intangible Assets are annually tested for impairment as described in Accounting Policy 6 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

4.3 DERECOGNITION

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

5. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The entity assess at each reporting date if there is an indication of impairment.

5.1 INITIAL RECOGNITION

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

5.2 SUBSEQUENT MEASUREMENT

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

5.3 DERECOGNITION

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

6. IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

6.1 IMPAIRMENT OF CASH GENERATING ASSETS

The entity assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

6.2 IMPAIRMENT OF NON-CASH GENERATING ASSETS

The entity assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

7. FINANCIAL INSTRUMENTS

The entity has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The entity only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the entity's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The entity does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

7.1 FINANCIAL ASSETS – CLASSIFICATION

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the entity are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:

  (i) Derivatives;
  (ii) Combined instruments that are designated at fair value;
  (iii) Instruments held for trading;
  (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The entity has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

TYPE OF FINANCIAL ASSET	CLASSIFICATION IN TERMS OF GRAP
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The entity categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

7.2 FINANCIAL LIABILITIES – CLASSIFICATION

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:
(i) Financial Liabilities measured at Fair Value;
(ii) Financial Liabilities measured at Amortised Cost; or
(iii) Financial Liabilities measured at Cost.

The entity has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

TYPE OF FINANCIAL ASSET	CLASSIFICATION IN TERMS OF GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

7.3 INITIAL AND SUBSEQUENT MEASUREMENT

7.3.1 FINANCIAL ASSETS:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Trade and Other Receivables that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

7.3.2 FINANCIAL LIABILITIES:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

7.4 IMPAIRMENT OF FINANCIAL ASSETS

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

7.4.1 FINANCIAL ASSETS AT AMORTISED COST

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value excluding transaction costs, and subsequently carried at amortised cost using the Effective Interest Rate Method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

7.4.2 FINANCIAL ASSETS AT COST

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

7.5 DERECOGNITION OF FINANCIAL ASSETS

The entity derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when the Board approves the write-off of Financial Assets due to non-recoverability.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the entity continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

7.6 DERECOGNITION OF FINANCIAL LIABILITIES

The entity derecognises Financial Liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire.

The entity recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

8. REVENUE RECOGNITION

8.1 GENERAL

Revenue is derived from a variety of sources which include ticket sales, rental of facilities and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the entity and when specific criteria have been met for each of the entity's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

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

Revenue from Non-exchange Transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

8.2 REVENUE FROM EXCHANGE TRANSACTIONS

8.2.1 SALE OF GOODS

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

(a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) The amount of revenue can be measured reliably;

(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and

(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

8.2.2 INTEREST EARNED

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

8.2.3 RENTALS RECEIVED

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

8.2.4 REVENUE FROM TICKET SALES

Revenue from ticket sales is recognised at the point of sale. The revenue from ticket sales received but not yet utilised at year-end is disclosed under payables from exchange transactions in the Statement of Financial Position.

8.3 REVENUE FROM NON-EXCHANGE TRANSACTIONS

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

8.3.1 PUBLIC CONTRIBUTIONS

Donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

8.3.2 REVENUE FROM RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No 1 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

9. PROVISIONS

Provisions are recognised when the entity has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

10. EMPLOYEE BENEFIT LIABILITIES

10.1 SHORT-TERM EMPLOYEE BENEFITS

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

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

11. VALUE ADDED TAX

The entity does not account for Value Added Tax as it is not registered as a vendor in terms of the Value-Added Tax Act (Act No 89 of 1991).

12. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, entity or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act (Act No 1 of 1999). All expenditure relating to Unauthorised Expenditure is accounted for 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.

13. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Public Finance Management Act (Act No 1 of 1999)or is in contravention of the entity's Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure 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.

15. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

16. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

17. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Chairman, Board Members, Executive Committee Members, Chief Executive Officer, Chief Financial Officer and all other managers reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities in the National sphere of government are considered to be related.

18. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

19. COMPARATIVE INFORMATION

19.1 CURRENT YEAR COMPARATIVES

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

19.2 PRIOR YEAR COMPARATIVES

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

19.3 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Board for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the entity and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Board. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 April 2016 to 31 March 2017.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Castle Control Board (the entity) is a service-orientated public entity in Cape Town, Western Province, established by the Castle Management Act (Act 207 of 1993). The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the entity is to optimise the Castle of Good Hope's tourism potential and its accessibility to public and to preserve and protect its cultural and military heritage. The Board of the entity acts as the accounting authority in terms of the Public Finance Management Act (PFMA).

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

At the date of authorisation of these financial statements, the following standards were approved by the Minister of Finance but are not yet effective:

	Gross Balances R'000	Provision for impairment R'000	Net Balances R'000
As at 31 March 2017			
Trade Debtors	73 604	–	73 604
Payments Made-in-Advance	32 400	–	32 400
Total Receivables from Exchange Transactions	**106 003**	–	**106 003**
As at 31 March 2016			
Trade Debtors	122 177	–	122 177
Payments Made-in-Advance	128 568	–	128 568
Total Receivables from Exchange Transactions	**250 745**	–	**250 745**

The entity did not pledge any of its Receivables as security for borrowing purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.1 Ageing of Receivables from Exchange Transactions

	Current	Past Due			Total
	0 – 30 days	*31 – 60 days*	*61 – 90 days*	*+ 90 days*	
Trade Debtors:					
Gross Balances	34 148	28 000	–	11 455	73 604
Less: Provision for Impairment	–	–	–	–	–
Net Balances	**34 148**	**28 000**	**–**	**11 455**	**73 604**
Payments Made-in-Advance:					
Gross Balances	32 400	–	–	–	32 400
Less: Provision for Impairment	–	–	–	–	–
Net Balances	**32 400**	**–**	**–**	**–**	**32 400**

As at 31 March Receivables of R39 455 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 – 60 days	*61 – 90 days*	*+ 90 days*	
All Receivables:				
Gross Balances	28 000	–	11 455	39 455
Less: Provision for Impairment	–	–	–	–
Net Balances	**28 000**	**–**	**11 455**	**39 455**

As at 31 March 2016

	Current	Past Due			Total
	0 – 30 days	*31 – 60 days*	*61 – 90 days*	*+ 90 days*	
Trade Debtors:					
Gross Balances	–	100 541	–	21 636	122 177
Less: Provision for Impairment	–	–	–	–	–
Net Balances	**–**	**100 541**	**–**	**21 636**	**122 177**
Payments Made-in-Advance:					
Gross Balances	128 568	–	–	–	128 568
Less: Provision for Impairment	–	–	–	–	–
Net Balances	**128 568**	**–**	**–**	**–**	**128 568**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March Receivables of R122,177 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 – 30 days	*31 – 60 days*	*61 – 90 days*	*+ 90 days*	
All Receivables:					
Gross Balances	128 568	100 541	–	21 636	122 177
Less: Provision for Impairment	–	–	–	–	–
Net Balances	**128 568**	**100 541**	**–**	**21 636**	**122 177**

		2017 R'000	2016 R'000
2.2	***Reconciliation of the Provision for Impairment***		
	Balance at beginning of year	**–**	100 000
	Impairment Losses recognised	**19 636**	–
	Impairment Losses reversed	**–**	(100 000)
	Amounts written off as uncollectable	**(19 636)**	
	Balance at end of year	**–**	–

Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the provision for impairment.

2.3 ***Derecognition of Financial Assets***

No Financial Assets have been transferred to other parties during the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
3.	**CASH AND CASH EQUIVALENTS**		
	Current Investments	**3 666 492**	9 480 179
	Bank Accounts	**92 394**	92 390
	Cash on Hand	**72 705**	187 303
	Total Bank, Cash and Cash Equivalents	**3 831 591**	9 759 873
		–	–

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

		2017 R'000	2016 R'000
3.1	**Current Investment Deposits**		
	Call Deposits	**3 666 492**	9 480 179
	Total Current Investment Deposits	**3 666 492**	9 480 179
	Deposits attributable to Creditors	**899 423**	1 113 746
	Deposits attributable to Current Provisions	**575 109**	468 639
	Deposits available for Operations	**2 191 959**	7 897 795
	Total Deposits attributable to Commitments of the Entity	**3 666 492**	9 480 179
3.2	**Bank Accounts**		
	Cash in Bank	**92 394**	92 390
	Total Bank Accounts	**92 394**	92 390

The Entity has the following bank accounts:

Primary Bank Account

Absa Bank – Adderley Street Branch, Cape Town –
Account Number 405 158 9289

	2017 R'000	2016 R'000
Cash book balance at beginning of year	**92 390**	17 823
Cash book balance at end of year	**92 394**	92 390

The entity does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017	2016
		R'000	R'000
3.3	**Cash and Cash Equivalents**		
	Cash Floats and Advances	**58 300**	44 500
	Other Cash Equivalents	**14 405**	142 803
		72 705	187 303
	Total Cash on hand in Cash Floats, Advances and Equivalents	**72 705**	187 303

The entity did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the entity in terms of the utilisation of its Cash and Cash Equivalents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of Carrying Value

	Description	**Information Total Equipment** R	**Equipment** R	R
4.	**PROPERTY, PLANT AND EQUIPMENT**			
	Carrying values at 01 April 2016	**63 868**	**140 779**	**204 646**
	Cost	317 608	344 868	662 476
	Accumulated Depreciation:	(253 740)	(204 089)	(457 829)
	Acquisitions	269 317	6 524	275 841
	Depreciation:	(107 080)	(37 541)	(144 621)
	Carrying value of Disposals:	(11 298)	(2 038)	(13 336)
	- Cost	(153 830)	(73 958)	(227 788)
	- Accumulated Depreciation	142 532	71 920	214 453
	Carrying values at 31 March 2017	**214 806**	**107 724**	**322 531**
	Cost	433 094	277 433	710 528
	Accumulated Depreciation:	(218 288)	(169 709)	(387 997)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of Carrying Value

	Description	**Information Equipment R**	**Equipment R**	**Total R**
4.	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**			
	Carrying values at 01 April 2015	**52 717**	**169 092**	**221 808**
	Cost	310 285	358 153	668 438
	Accumulated Depreciation:	(257 568)	(189 062)	(446 629)
	Acquisitions	48 123	25 281	73 404
	Depreciation:	(37 938)	(41 969)	(79 907)
	Carrying value of Disposals:	(9 722)	(938)	(10 660)
	- Cost	(55 799)	(23 568)	(79 367)
	- Accumulated Depreciation	46 077	22 630	68 707
	Other Movements	10 687	(10 686)	1
	- Cost	14 999	(14 998)	1
	- Accumulated Depreciation	(4 312)	4 312	–
	Carrying values at 31 March 2016	**63 868**	**140 779**	**204 646**
	Cost	317 608	344 868	662 476
	Accumulated Depreciation:	(253 740)	(204 089)	(457 829)

4.1 Assets pledged as security

The entity did not pledge any of its assets as security.

4.2 Impairment of Property, Plant and Equipment

No impairment losses have been recognised on Property, Plant and Equipment of the entity at the reporting date.

4.3 Change in Estimate – Useful Life of Property, Plant and Equipment reviewed

There was no change (2015/16: R0) in the estimated useful life of various assets of the entity for the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**8 414**	**105 500**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 April 2016	**105 500**	**105 500**
Cost	126 099	126 099
Accumulated Amortisation	(20 599)	(20 599)
Acquisitions:	7 739	7 739
Purchased	7 739	7 739
Amortisation:	(40 825)	(40 825)
Purchased	(40 825)	(40 825)
Disposals:	(64 000)	(64 000)
At Cost	(113 258)	(113 258)
At Accumulated Amortisation	49 258	49 258
Carrying values at 31 March 2017	**8 414**	**8 414**
Cost	20 580	20 580
Accumulated Amortisation	(12 166)	(12 166)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS (CONTINUED)

	Computer Software	Total
Carrying values at 01 April 2015	**6 400**	**6 400**
Cost	18 911	18 911
Accumulated Amortisation	(12 511)	(12 511)
Acquisitions:	107 190	107 190
Purchased	107 190	107 190
Amortisation:	(8 088)	(8 088)
Purchased	(8 088)	(8 088)
Disposals:	(2)	(2)
At Cost	(2)	(2)
At Accumulated Amortisation	–	–
Carrying values at 31 March 2016	**105 500**	**105 500**
Cost	126 099	126 099
Accumulated Amortisation	(20 599)	(20 599)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 21).

All of the entity's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the entity.

No restrictions apply to any of the Intangible Assets of the entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS (CONTINUED)

5.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years have been expensed and not recognised as Intangible Assets. The website is used for promotional purposes and not to generate sales.

5.2 Intangible Assets with Indefinite Useful Lives

The useful lives of the Intangible Assets remain unchanged from the previous year.

5.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the entity at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	**1 381 960**	**1 381 960**

The movement in Heritage Assets is reconciled as follows:

	Antiquities	Art Collections	Exhibits	Total
Carrying values at 01 April 2016	1 381 960	–	–	1 381 960
Cost	1 381 960	–	–	1 381 960
Accumulated Impairment	–	–	–	–
Acquisitions	–	–	–	–
Impairment Losses Recognised	–	–	–	–
Carrying values at 31 March 2017	1 381 960	–	–	1 381 960
Cost	1 381 960	–	–	1 381 960
Accumulated Impairment Losses	–	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6 HERITAGE ASSETS (CONTINUED)

	Antiquities	Art Collections	Exhibits	Total
Carrying values at 01 April 2015	1 381 810	–	–	1 381 810
Cost	1 381 810	–	–	1 381 810
Accumulated Impairment	–	–	–	–
Acquisitions	150	–	–	150
Impairment Losses Recognised	–	–	–	–
Carrying values at 31 March 2016	1 381 960	–	–	1 381 960
Cost	1 381 960	–	–	1 381 960
Accumulated Impairment Losses	–	–	–	–

All of the entity's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the entity.

No restrictions apply to any of the Heritage Assets of the entity.

6.1 Significant Heritage Assets not Recognised

Included in Heritage Assets held by the entity are three shackles, donated to the CCB in the 2014/15 financial period, whose fair value could not be determined on initial recognition and were hence recognised at R nil value.

6.2 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the entity at the reporting date.

6.3 Heritage Assets measured after recognition using the Revaluation Model

The entity's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
7	**PROVISIONS**		
	Leave Pay	**206 174**	155 267
	Performance Bonuses	**368 935**	313 371
	Total Provisions	**575 109**	468 639
	The movement in provisions are reconciled as follows:		
	Current Provisions:		
	Leave Pay:		
	Balance at beginning of year	**155 267**	96 707
	Contributions to provision	**63 547**	58 560
	Expenditure incurred	**(12 640)**	–
	Balance at end of year	**206 174**	155 267
	Leave Pay is calculated at current salary rate multiplied by number of available leave credits. There are uncertainties relating to when employees will take leave.		
	Performance Bonuses:		
	Balance at beginning of year	**313 371**	274 861
	Contributions to provision	**247 988**	264 411
	Expenditure incurred	**(192 424)**	(225 901)
	Balance at end of year	**368 935**	313 371

Performance Bonuses accrue to senior managers and have been provided for at a maximum allowable amount according to the employment contracts and performance contracts of those individuals who may qualify or be considered for a bonus. The actual amount payable cannot be determined until performance evaluation processes have been duly completed by the Board. Any bonus that may be or become payable would ordinarily be paid within the next 12 months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
8	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Creditors	**2 823**	718
	Accruals	**143 708**	173 126
	Deposits Received	**221 132**	106 000
	Payments Received-in-Advance	**53 237**	129 097
	Other Creditors	**478 523**	704 804
	Total Payables	**899 423**	1 113 746

Included in Other Creditors is an amount of R 477,187 (2016: R704 185) due to Iziko Museums of South Africa.

The entity did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the entity.

		2017 R'000	2016 R'000
9	**ACCUMULATED SURPLUS**		
	The Accumulated Surplus consists of the following Internal Funds and Reserves:		
	Military Tattoo Reserve	**358 257**	358 257
	Accumulated Surplus/(Deficit) due to the results of Operations	**3 817 709**	9 762 082
	Total Accumulated Surplus	**4 175 966**	10 120 340

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
10	**SALES**		
	Tickets	**2 295 153**	2 581 029
	Maps	**–**	7 345
	Total Sales	**2 295 153**	2 588 374

The amounts disclosed above for revenue from **Sales** are in respect of ticket and map sales which are recognised at the point of sale according to approved tariffs.

		2017 R'000	2016 R'000
11	**SPECIAL DAY REVENUE**		
	Military Tattoo	**300**	353 552
	Total Receipts from Special Days	**300**	353 552

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
12	**INTEREST EARNED**		
	External Investments:		
	Bank Account	**113**	104
	Call Deposits	**397 284**	645 408
	Total Interest Earned	**397 396**	645 512
	12.1 Calculation of Cash Flow:		
	External Interest Income	**397 396**	645 512
	Opening Balance of Accrued Interest	**–**	–
	Closing Balance of Accrued Interest	**–**	–
	Total Receipts for Interest Received	**397 396**	645 512
			55 440 87
	Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
	Available-for-Sale Financial Assets	**397 396**	645 512
	Held-to-Maturity Investments	**–**	–
	Loans and Receivables	**–**	–
		397 396	645 512

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2017 R'000	2016 R'000
13	**RENTAL OF FACILITIES AND EQUIPMENT**			
	Rental Revenue from Amenities		**–**	117 200
	Rental Revenue from Other Facilities		**1 139 099**	996 065
	Total Rental of Facilities and Equipment		**1 139 099**	1 113 265
	13.1 Calculation of Cash Flow:			
	Income from Rental of Facilities and Equipment	Note 13	**1 139 099**	1 113 265
	Income from Special Days	Note 11	**300**	353 552
	Income from Sales	Note 10	**2 295 153**	2 588 374
	Opening Balance of Trade Debtors	Note 2	**250 745**	143 457
	Closing Balance of Trade Debtors	Note 2	**(106 003)**	(250 745)
	Amounts written-off as uncollectable	Note 2	**(19 636)**	(100 000)
	Total Receipts for Rental of Facilities & Equipment, Sales and Other Services		**3 559 658**	3 847 903

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2017 R'000	2016 R'000
14	**OTHER REVENUE**			
	Sundry Income		**162 735**	204 680
	Total Other Revenue		**162 735**	204 680
	14.1 Calculation of Cash Flow:			
	Income from Other Revenue	Note 14	**162 735**	204 680
	Other Non-Cash Movement		**–**	(60 000)
	Total Receipts for Other Revenue		**162 735**	144 680

The amounts disclosed above for Other Revenue are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

		2017 R'000	2016 R'000
15	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Other Donations	**100**	–
	Total Public Contributions and Donations	**100**	–
	15.1 Calculation of Cash Flow:		
	Public Contributions and Donations Income	**100**	–
	Total Receipts for Public Contributions and Donations	**100**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017	2016
		R'000	R'000
15	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Other Donations	**100**	–
	Total Public Contributions and Donations	**100**	–
	15.1 Calculation of Cash Flow:		
	Public Contributions and Donations Income	**100**	–
	Total Receipts for Public Contributions and Donations	**100**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
16	**EMPLOYEE RELATED COSTS**		
	Employee Related Costs – Salaries and Wages	**5 144 736**	3 097 155
	Basic Salaries and Wages	**5 081 189**	2 993 594
	Contribution to Leave Fund	**63 547**	58 560
	Service Bonuses	**–**	45 000
	Performance Bonuses	**247 988**	264 411
	Total Employee Related Costs	**5 392 724**	3 361 566
	16.1 Calculation of Cash Flow:		
	Employee Related Costs Expenditure	**5 392 724**	3 361 566
	Opening Balance of Provision for Leave Pay	**155 267**	96 707
	Closing Balance of Provision for Leave Pay	**(206 174)**	(155 267)
	Opening Balance of Provision for Performance Bonuses	**313 371**	274 861
	Closing Balance of Provision for Performance Bonuses	**(368 935)**	(313 371)
	Other Non-Cash Transfers	**–**	(225 901)
	Total Payments for Employee Related Costs	**5 286 254**	3 038 594

No advances were made to employees.

Remuneration of Key Management:

	2017 R'000	2016 R'000
Remuneration of the Chief Executive Officer		
Annual Remuneration	**903 476**	825 869
Performance Bonus	**90 347**	165 174
Total	**993 823**	991 043
Remuneration of the Chief Financial Officer		
Annual Remuneration	**705 246**	644 636
Performance Bonus	**70 524**	128 927
Total	**775 770**	773 563

No compensation was payable to key management personnel in terms of GRAP 25 for the year ended at 31 March 2017.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
17	**ADMINISTRATION COSTS**		
	Restaurant Management Fees	**282 750**	183 367
	Total Administration Costs	**282 750**	183 367

Delicious Deloush were procured by the CCB to provide restaurant services on a temporary basis. They are paid a monthly management fee.

		2017 R'000	2016 R'000
18	**CONTRACTED SERVICES**		
	Cleaning Services	**–**	51 922
	Consultancy Fees	**203 327**	270 094
	Internal Audit	**113 556**	56 315
	Security Services	**10 510**	4 138
	Total Contracted Services	**327 393**	382 469
19	**COST OF SALES**		
	Maps	**–**	17 763
	Total Cost of Sales	**–**	17 763

The Board resolved to discontinue recognition of maps as Inventory as this was deemed to be administratively costly. The Castle Maps are incorporated as part of the marketing strategy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
20	**DEBT IMPAIRMENT**		
	Impairment Losses Recognised:	**19 636**	100 000
	Receivables from Exchange Transactions	**19 636**	100 000
	Impairment Losses Reversed:	**–**	–
	Receivables from Exchange Transactions	**–**	–
	Total Debt Impairment	**19 636**	100 000

The amount owed by the Department of Military Veterans was written off in lieu of the contribution made to the Castle of Good Hope by the Department.

		2017 R'000	2016 R'000
21	**DEPRECIATION AND AMORTISATION**		
	Depreciation: Property, Plant and Equipment	**144 621**	79 907
	Amortisation: Intangible Assets	**40 825**	8 088
	Total Depreciation and Amortisation	**185 446**	87 995

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
22	**REPAIRS AND MAINTENANCE**		
	Buildings	**40 036**	5 293
	Other Assets – Computer Equipment/Hardware	**61 670**	46 492
	Heritage Assets	**–**	45 077
	Total Repairs and Maintenance	**101 705**	96 862

In terms of the Castle Management Act the Castle Control Board is the mandated entity to manage the Castle of Good Hope on behalf of the Department of Defence.

		2017 R'000	2016 R'000
23	**SHARE OF TICKET SALES**		
	Tickets	**765 133**	860 821
	Total Share of Ticket Sales	**765 133**	860 821

Iziko Museums of South Africa receives a third of the ticket sales according to a historical arrangement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
24	**SPECIAL DAY EXPENDITURE**		
	350 Commemoration	**1 238 487**	597 217
	Cars at the Castle	**8 295**	–
	DMV workshops	**–**	9 633
	Freedom Day	**–**	25 572
	Heritage Day	**65 100**	25 449
	Mandela Day	**2 830**	2 000
	Military Tattoo	**807**	583 481
	Womans Month/Day	**7 228**	2 162
	Youth Day	**77 600**	–
	Other Events	**8 962**	7 144
	Total Expenditure for Special Days	**1 409 309**	1 252 659

350 Commemoration is a year long programme to commemorate the 350th year of existence of the Castle of Good Hope. Expenditure was incurred on a series of cultural and heritage events to mark this historic milestone.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
25	**GENERAL EXPENSES**		
	Included in General Expenses are the following:		
	Advertising	**23 089**	128 714
	Audit Fees	**360 266**	397 095
	Bank Charges	**60 152**	23 343
	Cleaning Material	**41 826**	21 470
	Computer Requirements	**29 264**	17 218
	Entertainment	**79 282**	75 667
	Insurance	**24 495**	17 646
	Laundry	**22 686**	15 098
	Legal Costs	**34 880**	3 000
	Marketing	**1 860**	–
	Military Museum	**30 262**	11 879
	Office Machine Rental	**4 680**	2 360
	Postage and Courier Costs	**280**	171
	Printing and Stationery Costs	**246 781**	114 052
	Sanitation Services	**6 881**	13 680
	Subscription and Membership Fees	**6 752**	2 516
	Telecommunication Costs	**121 914**	86 022
	Training and Worksessions	**11 357**	8 455
	Travelling Costs – International	**72 039**	–
	Travelling Costs – Local	**198 432**	111 914
	Uniforms and Protective Clothing	**–**	150
	Venue Rental	**–**	23 008
	Other General Expenses	**2 701**	10 750
	Total General Expenses	**1 379 879**	1 084 207

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2017 R'000	2016 R'000
	25.1 Calculation of Cash Flow:			
	Expenditure for Administration Costs	Note 17	**282 750**	183 367
	Expenditure for Contracted Services	Note 18	**327 393**	382 469
	Expenditure for Cost of Sales	Note 19	**–**	17 763
	Expenditure for Repairs and Maintenance	Note 22	**101 705**	96 862
	Expenditure for Share of Ticket Sales	Note 23	**765 133**	860 821
	Expenditure for Special Days	Note 24	**1 409 309**	1 252 659
	Expenditure for General Expenses	Note 25	**1 379 879**	1 084 207
	Opening Balance of Payables: Exchange Transactions	Note 8	**1 113 746**	73 185
	Closing Balance of Payables: Exchange Transactions	Note 8	**(899 423)**	(1 113 746)
	Other Cash Movement		**–**	92 698
	Total for Suppliers Paid		**4 480 493**	2 930 283

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the entity and not directly attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

26	**GAINS/LOSSES ON DISPOSAL OF CAPITAL ASSETS**			
	Loss on Disposal of Property, Plant and Equipment & Intangible Assets		**(11 181)**	(10 660)
	Loss on Disposal of Intangible Assets		**(64 000)**	–
	Total Gains/Losses on Disposal of Capital Assets		**(75 181)**	(10 660)

27 CORRECTION OF ERROR – RECLASSIFICATION OF PRIOR YEAR EXPENDITURE

Reclassifications were made to the prior year amounts of Expenditure as described below. These reclassifications have no influence on both Surplus for the Year and Accumulated Surplus:

27.1 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been reclassified to correctly classify the nature of Expenditure of the entity in terms of GRAP 1.

The effect of the Reclassification is as follows:

	Prior Year 2015/2016 Expenditure	Current Year 2015/2016 Expenditure	Restated Amount
Employee Related Costs	3 361 566	3 361 566	–
Administration Costs	183 367	183 367	–
Contracted Services	–	382 469	(382 469)
Cost of Sales	17 763	17 763	–
Debt Impairment	100 000	100 000	–
Depreciation and Amortisation	87 995	87 995	–
Repairs and Maintenance	51 785	96 862	(45 077)
Share of Ticket Sales	–	860 821	(860 821)
Special Days	–	1 252 659	(1 252 659)
General Expenses	3 635 892	1 084 207	2 551 685
Loss on Disposal of Property, Plant and Equipment	–	10 660	(10 660)
Surplus/(Deficit) for the Year	(2 532 984)	(2 532 984)	–
	4 905 383	**4 905 383**	**(0)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27 CORRECTION OF ERROR – RECLASSIFICATION OF PRIOR YEAR EXPENDITURE (CONTINUED)

Prior year amounts of items in Expenditure included in the Statement of Financial Performance have been restated as indicated below:

	Contracted Services	Repairs & Maintenance	Share of Ticket Sales
Balance previously reported	**–**	**51 785**	**–**
Reclassification of Account 0300/000, Consultancy Fees	270 094		
Reclassification of Account 0302/002, Internal Auditors	56 315		
Reclassification of Account 0310/000, Cleaning Services	51 922		
Reclassification of Account 0312/000, Security Services	4 138		
Reclassification of Account 0355/002, Restoration Services		45 077	
Reclassification of Account 0430/000, Iziko Museums			860 821
Restated Balance now reported	**382 469**	**96 862**	**860 821**

27 CORRECTION OF ERROR – RECLASSIFICATION OF PRIOR YEAR EXPENDITURE (CONTINUED)

	Special Days	General Expenses	Loss on Disposal PPE
Balance previously reported	**–**	**3 635 892**	**–**
Reclassification of Account 0357/002, Military Tattoo	583 481	(583 481)	
Reclassification of Account 0357/003, Events (other)	7 144	(7 144)	
Reclassification of Account 0357/008, Freedom Day	25 572	(25 572)	
Reclassification of Account 0357/010, Womans Month/Day	2 162	(2 162)	
Reclassification of Account 0357/011, Mandela Day	2 000	(2 000)	
Reclassification of Account 0357/012, Heritage Day	25 449	(25 449)	
Reclassification of Account 0357/013, 3DMV workshops	9 633	(9 633)	
Reclassification of Account 0357/014, 350 Commemoration	597 217	(597 217)	
Reclassification of Account 0300/000, Consultancy Fees		(270 094)	
Reclassification of Account 0302/002, Internal Auditors		(56 315)	
Reclassification of Account 0310/000, Cleaning Services		(51 922)	
Reclassification of Account 0312/000, Security Services		(4 138)	
Reclassification of Account 0355/002, Restoration Services		(45 077)	
Reclassification of Account 0430/000, Iziko Museums		(860 821)	
Reclassification of Account 0420/000, Losses on Disposal of Assets		(10 660)	10 660
Restated Balance now reported	**1 252 659**	**1 084 207**	**10 660**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2017 R'000	2016 R'000
28	**CASH GENERATED BY OPERATIONS**		
	Surplus/(Deficit) for the Year	**(5 944 374)**	(2 532 984)
	Adjustment for:		
	Depreciation and Amortisation	**185 446**	87 995
	Losses/(Gains) on Disposal of Property, Plant and Equipment	**75 181**	10 660
	Intangible Assets transferred to Non-current Assets Held-for-Sale	**–**	2
	Other Movement on Property, Plant and Equipment	**–**	(1)
	Contribution to Provisions – Current	**311 535**	322 972
	Expenditure incurred from Provisions – Current	**(205 064)**	(225 901)
	Contribution to Impairment Provision	**19 636**	100 000
	Bad Debts Written-off	**(19 636)**	(100 000)
	Operating surplus before working capital changes	**(5 577 277)**	(2 337 257)
	Decrease/(Increase) in Inventories	**–**	17 763
	Decrease/(Increase) in Receivables from Exchange Transactions	**144 742**	(107 288)
	Increase/(Decrease) in Payables from Exchange Transactions	**(214 323)**	1 040 561
	Cash generated by/(utilised in) Operations	**(5 646 857)**	(1 386 222)

29 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The entity did not enter into any Non-cash Investing and Financing Transactions during the 2016/17 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

30.1 Unauthorised Expenditure

The Board is satisfied that no unauthorised expenditure was incurred during the year under review, nor in the previous financial year.

30.2 Fruitless and Wasteful Expenditure

The Board is satisfied that no fruitless and wasteful expenditure was incurred during the year under review, nor in the previous financial year.

30.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

	2017	Restated 2016
	R'000	R'000
Opening balance	**57 195**	–
Irregular Expenditure current year	**1 724 869**	57 195
Condoned or written off by the Board	**(57 195)**	–
To be recovered – contingent asset	**–**	–
Transfer to receivables for recovery	**–**	–
Irregular Expenditure awaiting condonement	**1 724 869**	57 195

Incident	**Disciplinary Steps/Criminal Proceedings**
Goods & Services procured without obtaining three price quotations – R0 (: R57 195)	*None*
Irregular Expenditure Incurred, as per narative footnote – R1 724 869 (2016: R0)	*None*

The CCB holds formal written approval from its Executive Authority and from National Treasury to supplement its authorised expenditure budget for the 2017 financial year with drawdowns from its accumulated surplus which can be used by the entity for specific, pre-agreed purposes. Notwithstanding such approval and pre-authorisation, this expenditure is classified as irregular expenditure because it does not relate to the normal approved budget for the period. There has been full compliance with statutory procurement and supply chain management prescripts and policies in all other respects. This expenditure amounted to a total of R1 724 869.00 and was directly monitored and controlled by the Board. The entity did not incur any other forms of irregular expenditure.

CASTLE CONTROL BOARD ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2017	2016
31	**FINANCIAL INSTRUMENTS**		**R'000**	R'000
	31.1 Classification			
	FINANCIAL ASSETS:			
	In accordance with GRAP 104.13 the Financial Assets of the entity are classified as follows:			
	Financial Assets	**Classification**		
	Receivables from Exchange Transactions			
	Trade Debtors	Amortised cost	**73 604**	122 177
	Payments Made-in-Advance	Amortised cost	**32 400**	128 568
	Cash and Cash Equivalents			
	Call Deposits	Amortised cost	**3 666 492**	9 480 179
	Bank Balances	Amortised cost	**92 394**	92 390
	Cash Floats and Advances	Fair value	**58 300**	44 500
	Other Cash Equivalents	Fair value	**14 405**	142 803
	SUMMARY OF FINANCIAL ASSETS			
	Financial Assets at Amortised Cost:			
	Receivables from Exchange Transactions	Trade Debtors	**73 604**	122 177
	Receivables from Exchange Transactions	Payments Made–in–Advance	**32 400**	128 568
	Cash and Cash Equivalents	Call Deposits	**3 666 492**	9 480 179
	Cash and Cash Equivalents	Bank Balances	**92 394**	92 390
			3 864 890	9 823 315
	Financial Assets at Fair Value:			
	Cash and Cash Equivalents	Cash Floats and Advances	**58 300**	44 500
	Cash and Cash Equivalents	Other Cash Equivalents	**14 405**	142 803
			72 705	187 303
	Total Financial Assets		**3 937 594**	10 010 618

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2017	2016
31	**FINANCIAL INSTRUMENTS continued**		**R'000**	R'000

31.1 Classification continued

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the entity are classified as follows:

Financial Liabilities	**Classification**	**2017 R'000**	**2016 R'000**
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	**2 823**	718
Accruals	Amortised cost	**143 708**	173 126
Deposits Received	Amortised cost	**221 132**	106 000
Payments Received-in-Advance	Amortised cost	**53 237**	129 097
Other Creditors	Amortised cost	**478 523**	704 804

SUMMARY OF FINANCIAL LIABILITIES

		2017 R'000	**2016 R'000**
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	**2 823**	718
Payables from Exchange Transactions	Accruals	**143 708**	173 126
Payables from Exchange Transactions	Deposits Received	**221 132**	106 000
Payables from Exchange Transactions	Payments Received-in-Advance	**53 237**	129 097
Payables from Exchange Transactions	Other Creditors	**478 523**	704 804
		899 423	1 113 746
Total Financial Liabilities		**899 423**	1 113 746

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.
The management of the entity is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the entity and other parties as well as the current payment ratios of the entity's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 31 March 2017, as a result of the short-term maturity of these assets and liabilities.
No Financial Instruments of the entity have been reclassified during the year.

31 FINANCIAL INSTRUMENTS continued

31.2 Fair Value continued

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.2 Fair Value continued

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS	**R**	**R**	**R**	**R**
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	–	72 705	–	72 705
Total Financial Assets	–	72 705	–	72 705
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Total Financial Liabilities	–	–	–	–
Total Financial Instruments	–	72 705	–	72 705

31 March 2016

	Level 1	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS	**R**	**R**	**R**	**R**
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	–	187 303	–	187 303
Total Financial Assets	–	187 303	–	187 303
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	–	–	–	–
Total Financial Instruments	–	187 303	–	187 303

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.3 Capital Risk Management

The entity manages its capital to ensure that the entity will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The entity's overall strategy remains unchanged from 2016.

The capital structure of the entity consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 9 and the Statement of Changes in Net Assets.

Gearing Ratio

	2017 R'000	2016 R'000
The gearing ratio at the year-end was as follows:		
Debt	**1 474 532**	1 582 384
Equity	**4 175 966**	10 120 340
Net debt to equity ratio	**35.31%**	15.64%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the entity, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, public entities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the entity in undertaking its activities.

The Board monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the entity’s audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

31.5 Significant Risks

It is the policy of the entity to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the entity is exposed on the reporting date.

The entity has exposure to the following risks from its operations in Financial Instruments:
- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity’s income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

Credit Risk

Credit Risk is the risk of financial loss to the entity if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.
Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 31.8 to the Annual Financial Statements.

31.6 Market Risk

The entity's activities expose it primarily to the financial risks of changes in interest rates (see Note 31.7 below).
No formal policy exists to hedge volatilities in the interest rate market.
There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

31.6.1 Foreign Currency Risk Management

The entity's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

31.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.
Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances.
The entity limits its counterparty exposures by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.
The entity is not exposed to credit interest rate risk as the entity has no borrowings.
The entity's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.7 Credit Risk Management continued

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.
Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The entity limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. The entity has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.7 Credit Risk Management continued

	2017	2016
	R'000	R'000
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	**106 003**	250 745
Bank, Cash and Cash Equivalents	**3 831 591**	9 759 873
Maximum Credit and Interest Risk Exposure	**3 937 594**	10 010 618
Bank and Cash Balances		
ABSA Bank Ltd	**3 758 886**	9 572 570
Cash Equivalents	**72 705**	187 303
Total Bank and Cash Balances	**3 831 591**	9 759 873
Credit quality of Financial Assets:		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Receivables from Exchange Transactions		
Counterparties without external credit rating:-		
Group 1	**66 548**	128 568
Group 2	**–**	–
	66 548	128 568
Total Receivables from Exchange Transactions	**66 548**	128 568

Credit quality Groupings:

Group 1 – High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 – Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 – Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS #	Average effective Interest Rate	Total R	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years	More than 5 Years R
31 March 2017								
Non-interest Bearing		0.00%	899 423	899 423	–	–	–	–
			899 423	899 423	–	–	–	–
31 March 2016								
Non-interest Bearing		0.00%	1 113 746	1 113 746	–	–	–	–
			1 113 746	1 113 746	–	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 FINANCIAL INSTRUMENTS continued

31.8 Liquidity Risk Management

The following table details the entity's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the entity anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS #	Average effective Interest Rate	Total R	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years	More than 5 Years R
31 March 2017								
Non-interest Bearing		0.00%	178 708	178 708	–	–	–	–
Variable Interest Rate Instruments		5 96%	3 758 886	3 758 886	–	–	–	–
			3 937 594	3 937 594	–	–	–	–
31 March 2016								
Non-interest Bearing		0.00%	438 048	438 048	–	–	–	–
Variable Interest Rate Instruments		6 20%	9 572 570	9 572 570	–	–	–	–
			10 010 618	10 010 618	–	–	–	–

31.9 Other Price Risks

The entity is not exposed to equity price risks arising from equity investments as the entity does not trade these investments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

32.1 Relationships

The entity limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.

Members	Refer to members' report note
South African National Defence Force	SANDF
General Support Base Western Cape	GSB
South African Heritage Resource Agency	SAHRA
Iziko Museums of South Africa	Iziko

The executive authority responsible for the Castle Control Board is the Minister of Defence and Military Veterans. All public entities under the control of the Department of Defence are thus related to the Castle Control Board.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32 RELATED PARTY TRANSACTIONS continued

32.2 Related Party balances & Transactions

	2017	2016
Related party balances	**R'000**	R'000
Iziko	**477 187**	704 185
GSB Western Cape	**(30 980)**	–
Related party transactions		
SAHRA	**–**	(57 000)
Iziko	**765 133**	860 821
GSB Western Cape (Income)	**(64 480)**	–
GSB Western Cape (Transfers)	**264 475**	–
South African National Defence Force		
Payment for use of fixed telephone lines	**7 163**	19 483

The South African National Defence Force has seconded military personnel to assist with the Castle Military Museum. The SANDF carries the cost for the seconded personnel. The value for these services for the year is about R 1.7 million (2016: R1.6 million).

GSB Western Cape currently operates Het Bakhuys at the Castle of Good Hope. The expenditure transactions represent rentals for the use of the Het Bakhuys by end-user clients, which were facilitated by the CCB. The income represents rentals earned by the CCB from Het Bakhuys.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32 RELATED PARTY TRANSACTIONS continued

32.3 Member's emoluments

No emoluments were paid to Board members for their services during the year. Audit Committee members were remunerated for attending audit committee meetings as they are not employed by the state.

	2017 R'000	2016 R'000
Non-executive		
Adv D. Mitchell	**11 352**	15 136
Ms C. de Vries	**6 888**	9 184
Adv J. Niekerk	**2 296**	–
	20 536	24 320

32.4 Compensation of Related Parties

Compensation of Key management personnel is disclosed in note 16 to the Annual Financial Statements

33 IN-KIND DONATIONS AND ASSISTANCE

The entity received an In-kind Donations to the amount of R 100 during the year under review (refer to note 15).

34 PRIVATE PUBLIC PARTNERSHIPS

The entity was not a party to any Private Public Partnerships during the year under review.

35 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 31 March 2017.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36 COMPARATIVE FIGURES

Comparative figures for expenditure items were reclassified during the year under review (Note 27). These reclassifications have no influence on both Surplus for the prior year and Accumulated Surplus as at 31 March 2015.

37 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 10 March 2016 the Board adopted the 2016/17 to 2018/19 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of services to the public reflected that the Budget was cash-backed over the three-year period.

(ii) The entity's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by the Board.

(iii) Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

Taking the aforementioned into account, Board has prepared the Annual Financial Statements on the Going Concern Basis.

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