CASTEEL
DE GOEDE HOOP
1666

ANNUAL REPORT

CASTLE CONTROL BOARD 2017/2018 FINANCIAL YEAR

defence
Department:
Defence
REPUBLIC OF SOUTH AFRICA

MS N.N. MAPISA-NQAKULA
MINISTER OF DEFENCE AND MILITARY VETERANS, MP

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PART A
GENERAL INFORMATION

The newly restored Het Bakhuys and Dolphin Pool is a popular gala-events venue.

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:	+27 21 787 1249
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EMAIL ADDRESS:	ceo@castleofgoodhope.co.za
WEBSITE ADDRESS:	www.castleofgoodhope.co.za
EXTERNAL AUDITORS:	AGSA
BANKERS:	ABSA
BOARD SECRETARY:	Mr D. Williams
RP NUMBER:	33/2018
ISBN NUMBER:	978-0-621-46071-1

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	Minister 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

Lt Gen J.S. Mbuli

I joined the Castle Control Board (CCB) at the start of the 2017/18 financial year taking over from retired Chief of Logistics and former CCB Chairman Lt Gen M.M. Moadira. I again want to thank him and his immediate predecessors, Lt Gen J.J. Nkonyane and the late Lt Gen I.B. Mbatha, for leaving me a robust organisation that serves as an example of excellence in public administration, good corporate governance and world-class heritage leadership.

In my first couple of meetings with the Board, I committed to build on their excellent work and support the Castle at all cost. I recognise the pivotal role of the Castle as a Defence Endowment property within the context of the Defence Ministry and the broader South African society.

The Minister has also pronounced her intent to use these endowment properties and heritage assets to derive economic benefit from. I have observed that the Castle team is already doing so.

The Department of Defence (DOD), in partnership with the National Department of Public Works (NDPW), completed a multi-million rand building upgrade of the Castle in 2016. It is imperative that we not only maintain and protect but also capitalise on this investment. In this regard, the Logistics Division has ring-fenced R4,50 million per annum to ensure that the Castle is a pristine, well-run and maintained heritage citadel, to be used and enjoyed by locals and tourists alike.

Using the principle of heritage enterprise risk, the Castle Control Board has a highly functional Board, strong management team, effective Audit and Risk Committee, Internal Audit function and excellent relationship with the Executive Authority, Defence Portfolio Committee, the Auditor General of South Africa and all key-stakeholders.

For me, the following are some of the highlights from an exciting albeit challenging year:

- Another clean audit opinion from the AGSA;
- The roll-out of the first phase of the R4,50 million maintenance and repair work inter alia the upgrading of the fire and rescue system, repairs on the archaic water and sewage pipe-line system, repairs on storm-damaged windows, restorative paint repairs and carpentry work;
- A significant increase in own revenue – from R3,99 million in the previous year to R5,82 million for the year under review, thus driving the organisation closer and closer to financial sustainability;

- An associated record increase in visitors' numbers – from 195 445 in the previous to 232 129 in the 2017/18 financial year;
- The commissioning of the first-ever Integrated Conservation Management Plan for the Castle of Good Hope;
- The PMR Africa Diamond Award (highest) to the CCB team for living out their values of integrity, competence, initiative, strategy and hard work - an award that is mirrored in the excellent media exposure the Castle is attracting; and
- The CCB making impactful heritage research contributions at the Grahamstown Festival (July 2017), The Southern African Museum Association in Cape Town (October 2017) and the Galle Literary Festival in Sri Lanka (January 2018).

But as mentioned before, there are still many challenges to overcome. Since our last engagement with the Executive Authority, the following strategic risks emerged and will require our focused attention during the upcoming months:

- Managing negative perceptions caused by hitherto unfounded claims of corporate infringements against the CCB and the winding down of the Castle Military Museum Foundation;
- The glaring shortcomings and contradictions in the Castle Control Board's founding Act through an urgent and thorough legislative review;
- The institutional and governance arrangements of the Castle Control Board inter alia the composition of its Board, the signing of a shareholder's agreement with the Ministry and the activating of the partnerships with other government departments;
- Marketing and promoting the Castle of Good Hope not only as a heritage-educational site but also as a highly sought-after venue open for tourism, conference and events business whilst ensuring that these two elements are well-balanced;
- The safety and security concerns of staff and visitors to the Castle; and
- Finalising the space-allocation, utilisation and sustainability of the Castle Control Board.

Details of how these enterprise risks were mitigated and managed in 2017/18, and our achievements against predetermined objectives, will be presented in the chapters and sections that follow.

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

LIEUTENANT GENERAL JABULANI SYDNEY MBULI
CASTLE CONTROL BOARD: CHAIRPERSON

4. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Mr C. T. Gilfellan

Introduction

The 2017/18 financial year was a challenging but exciting one. It was a year in which team Castle, i.e. the Board, management, staff and partners, consolidated and built on the gains of the past three years. As the CCB propelled itself towards greater financial sustainability, sound corporate governance and better community service, it had to navigate an environment fraught with opportunities, challenges and threats.

It is my pleasure to share some of our achievements, shortcomings, challenges and prospects that marked the 2017/18 financial year:

Financial Review

- The CCB's Responsible Revenue Generation Plan has undoubtedly started to show some success. Revenues from tourism, events and filming increased from R3,994,783 the previous reporting period to R5,823,075 in 2017/18. This was the last year that the CCB had access to the Treasury approved surplus funding. Henceforth, the CCB will use the zero-budgeting principle in our financial and operational planning processes. Given the current tourism and domestic economic crunch, this is a daunting but exciting prospect that could set the example for other public entities to follow.
- On the expenditure downside, we need to highlight the fact that the finalisation of the optimal structure of the CCB team has pushed up our salaries and wages from R5,392,724 the previous year to R5,796,662 in 2017/18. We believe that except for inflationary adjustments, this figure will remain constant over the next MTSF. My Board and I are confident that this human resource investment will pay off in the medium and long run.
- One of the positive spin-offs of the renovations programme, is the significant savings that we registered under the budget item repairs and maintenance. In June 2017, the DOD's Logistics Division ring-fenced an amount of R4.50 million to deal with emergency, preventative and general maintenance and repairs at the Castle. Although these funds do not go through the CCB's books, as the procurement is arranged through the SANDF, it is impacting positively on the condition of the Castle and relieved much of the budgetary pressures in the CCB's heritage maintenance sub-programme.

Capacity constraints and challenges

One of the major challenges during the year, was to strike a balance between the demands and expectations of community and cultural groups who wished to utilise the Castle on a complimentary basis, with those of the commercial events sector, that in a sense subsidises the activities of the former.

This is an intricate balancing act that required direct engagement, negotiations, contestations and understanding. It also requires some support in the form of state funding. However, we believe that we have managed to achieve an equitable balance - those who critique us one way or the other, are most welcome to present their proposals for alternative solutions.

Review of performance against pre-determined objectives

A complete report of the CCB's performance against its predetermined objectives is presented on pages 15 – 19 in this report. Suffice to say that only two (2) of the CCB's 18 key performance indicators were slightly under the target set:

Administration and Good Corporate Governance

- The CCB has met all its KPI-targets dealing with the operations of the Board, Board sub-committees and general administration.
- Over and above, the Board adopted an enhanced ICT security policy.
- The organisation also sent its staff to attend national Performance Information Workshops whilst an MOU was signed with SITA to provide ICT support to the CCB.

Preservation, Interpretation and Showcasing of the History of the Castle

- CCB met 3 out of the 4 of our APP targets in this area. The combination of heritage, cultural and educational activities and programmes has driven this performance.
- The community support and media and publicity generated by these events were unprecedented.

Maximising the Tourist Potential

- Year-on-year visitor figures to the Castle increased significantly, from 195 445 the previous year to 232 129 in 2017/18.
- This is 47.75% more than the KPI target of 160 000 and the highest for any given year since the comprehensive recording of visitor statistics was started.
- These numbers were mainly driven by the following supporting KPI's, namely commercial events (56 in total, which is 26 over target), film shoots (33 in total and 21 over target), new tourism infrastructure (6 and 4 over target) and the number of joint marketing agreements with business partners (4 and 2 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 highlights, is the number of potential tourists reached through positive media coverage, which totaled 517.16 million people in 2017/18. This performance exceeded expectations because the CCB estimated a radical decline after the records attained during the Castle 350 commemoration year.

- The advertising value equivalent (what it would have cost the CCB to "buy" this media coverage) amounts to an impressive R 64,33 million.

Requests for roll-over of funds

As reported elsewhere, access to the CCB's National Treasury approved surplus funds significantly increased the capacity of the organisation to fulfil its constitutional and other mandates. This will come to an end in the next MTEF.

Supply chain management

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

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

Economic Viability

Despite not receiving any direct financial allocation from either the national fiscus or the MOD&MV and the CCB's over-dependence on a fickle, seasonal tourism industry, we are confident that the organisation will remain a going concern in the foreseeable future. Our basis for this assertion is the time-tested formula of reducing expenditure and increasing revenue to balance a relatively small annual budget of R7.85 million.

As far as ***expenditure*** is concerned, we recognised that although vital to the execution of our legal mandate, the human resource component is the CCB's single most significant cost driver. Although our founding Act clearly stipulates the nature and extend of the civilian management structure, we still identified areas where we could apply austerity measures to. At the beginning of the 2018 financial year, we lost the following positions: executive assistant, precinct officer, curio-shop manager, librarian, waitron and two paid interns. Instead of replacing them, we reorganised our current staff complement to fulfil these duties. This led to an immediate saving of no less than R686 508.

When the gardening services come on board, (procured from the R4.50 million maintenance allocation from the DOD) another R280 000 will be saved on casual labour.

This R966,508 saving in labour cost, is also complemented by drastic cuts in travel and subsistence, hosting, catering, communication, marketing, printing and other operational cost.

Given that the Castle is a 352-year old, national heritage site, the CCB, in close cooperation with the MOD&MV must match the imperative for financial self-sustainability with built and intangible heritage considerations. This is a mission on its own, but one that the CCB is up for.

In October 2017, the CCB – for the first time in ten years – increased its ticket prices. This has enhanced our revenue generation capacity. On top of this, the appointment of the new restauranteur, the opening of the Castle Gift Shop and promoting of the Conference facilities – as mooted in our 2015 Responsible Revenue Strategy - is indeed starting to bear fruit. Herewith some detail of our revenue growth action plan:

- **Increased revenue from gate takings:** Using the October 2017 – April 2018 revenue through ticket sales as a conservative "base-line", i.e. R2,872,321 and assuming zero growth, for the FY 2018/19, we are heading for a ticket sales income of R4,712,522 in 2018/19. This is our major source of income and at an ultra- moderate growth forecast of 2.5%, the projected income for FY 2018/19 from this source is R4,830,335 – an amount that will cover our HR costs. We now know the visitor carrying capacity of the site, and will aggressively use social media, partnerships, marketing deals and public relations, to drive more bona fide tourists through our gates.
- **Increased revenue from Commercial Events:** This is the CCB's second largest revenue generator and involves the CCB renting out available spaces to event-organisers, filming crews, wedding planners and exhibitors. This has also become our most conspicuous target of critique and illustrates the point made about the intricate balance between commercial interest and heritage considerations. This will be resolved with the publication of our ICMP and heritage prescripts. This revenue center generated R1,115,367 in 2017 and at a moderate growth rate of 10%, the CCB is expecting R1,226,903 from this source.

- **Increase in office rentals:** Although our responsible revenue generation strategy identifies this as a good income source, we prefer to take a circumspect approach because of a myriad of reasons. One of them is our UNESCO World Heritage status ambitions. However, even if we only rent out the Waterblommetjie and the offices previously occupied by SAHRA Built heritage unit, we could increase our revenue by R200,000 per annum.
- **Increased revenue from Conferences:** The Centre for Memory, Healing and Learning, is another source of income. We plan to eradicate the inhibiting factors i.e. custodianship, fast wireless connectivity, catering and hospitality services, to unlock another R130 000 revenue for the CCB.
- **Increased revenue from Restaurant, Retail Outlets and Other Income:** In September 2017, the CCB outsourced the Restaurant to a private company at a return of 40% of the nett-profit. Since the restaurateur is only starting to find its feet, the return was low. However, their R500 000 turnover over the first period of trading, is indicative of the potential of this revenue center which will be expanded to include a fully-fledged food and beverage catering service. We have set our sights on a conservative income of R90 200 from the restaurant. The previous FY, this entire item yielded R229,311 and if we forecast for an 8% growth rate, it will bring in close to R250 000 per annum.

In total, the CCB, with moderate forecast percentages, will generate R6,45 million from current revenue sources (budget is R7,85 million) which is an overextended target. It also doesn't totally remove the precarious, short-term budgetary circumstances the CCB finds itself in.

Given the challenges posed by the seasonal flow of tourism income, we will approach National Treasury for the retention of future surpluses to cover the May – August low season period. If not, we need access to an overdraft or another financial facility; National Treasury has already been probed.

Finally, the CCB's income generation capacity and drive towards sustainability is more than often undermined by other on-site organisations trading in direct competition with the CCB. The transfer to or merging of Het Bakhuys with the CCB and the overall role and pro-rata contributions of the Officers Messes' at the CGH, must be resolved during the 2018/19 FY.

With the above measures in place, and the R4.50 million maintenance and repairs support from the DOD's Logistics Division, there is no doubt in our minds that the CCB will remain a going concern over the next MTSF.

However, the CCB has now reached a junction where it's EA, National Treasury, and mother Department must assist to secure the preconditions for the CCB to attain complete financial independence; these factors are discussed elsewhere in the report.

Other Challenges

Toward the end of the financial year, the CBB came under vicious attacks by individuals and organisations who clearly do not share its interest, values and philosophy. These bouts included the hitherto unproven allegations of corporate governance infringements, non-compliance with fire and rescue prescripts the deliberate but false linking of the dissolution of the Castle Military Museum Foundation to the closure of the Military Museum; the litigation by one of its service providers in respect of a CCB/DMV training project, and ill-discipline on the part of a few CCB staffers.

Our response to these and other challenges were simple: we engage and listen to our detractors, but most of all, we put our heads down and work tirelessly towards our goals and objectives: to position the Castle as a symbol of inclusion, learning, healing and nation-building. I think it was Rivonia trialist Professor Denis Goldberg who paid us this compliment as we hosted his riveting World War II Exhibition that showed some of the ethnic atrocities and abuses that conventional histories typically glossed over: "The people at the Castle are not just talking decolonisation. The people at the Castle are not merely talking about nation-building. They actually do it through real, tangible activities and programmes!"

Focus during the new Financial Year: Challenges and Opportunities

- Completion of the Integrated Conservation Management Plan;
- Managing the negative perceptions created through some bad press;
- Vigorously pursuing the Castle's UNESCO World Heritage Site listing;

- Judiciously implement all the projects under the Log Division's R4,50 million allocations;
- Roll-out of the CCB's Responsible Commercialisation strategy: Phase 2; and
- Strengthening institutional, corporate and administrative management processes at the CCB.

Acknowledgment and Appreciation

I wish to express a sincere word of gratitude towards the following persons and institutions who significantly contributed towards the growth and development of the entire organisation: The CCB Board Chairperson and all Board members, the Minister of Defence and Military Veterans and her staff, the Deputy-Minister of Defence and Military Veterans and his staff, the Portfolio Committee on Defence and Military Veterans, the South African National Defence Force, National Treasury, the Audit Committee Chairperson and his team, the Department of Public Works, the South African Heritage Resources Agency, IZIKO Museums of SA, the City of Cape Town, the South African Museum Association, Robben Island Museum, WESGRO, Cape Town Tourism, SATSA, VOC Foundation, Ambassador and Consul-General for the Netherlands, media partners and last but not least, all Castle clients, members of the Castle inter-stakeholder committee, the staff of the CCB who ultimately deliver our noble mandate to the people of South Africa.

Conclusion

Finally, the CCB team, is totally committed to the deep, meaningful transformation of the Castle as a past symbol of Apartheid-colonialism, exclusion and pain, into a space of inclusion. healing, reconciliation and nation-building. Nothing or nobody is going to stop us in our quest to make this a true symbol of hope – the Castle of Good Hope...

CALVYN TRAVERS GILFELLAN
EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER
CASTLE CONTROL BOARD
31 JULY 2018

Some feedback from our visitors
as posted on TripAdvisor

"Oldest building in South Africa, degraded by statues"

04 Sep 2018

Kobus M (216 Reviews)
Shanghai

It's been a pleasure to visit the Castle again after so many years. Everything is still the same but I don't like the statues they have erected in front of the governor's house in Die Kat. These statues have no resemblance to the history of the castle and in my view degrades the dignity of the castle and its history. The Key Ceremony at 12:00 was interesting but also performed by black soldiers that does not reflect the history accurately.

"Suberb Guided Tour!"

24 Jul 2018

A TripAdvisor Member (4 Reviews)

Myself and my husband along with his parents went for a guided tour here at the castle. It was wonderful the guide was smart, had good insights, chatty and absolutely hilarious! We were a group of 8 representing 4 different countries, and our guide incorporated fun facts and made jokes during his tour that included each of our representing countries which made it so much more personal and captivating. The history of the castle itself is also amazing! Thanks to our guide! Nicknamed Son (Can't remember his full name but it starts with Son :D

"Castle of good hope guided tour"

06 Aug 2018

Kirsty T (1 Review)

I am a Capetonian and took my neice from England for an outing to the castle. We went on the guided tour led by Shamier. He spoke really clearly,is very knowledgeable, and answered questions fully. I would definitely recommend doing a tour and if you are lucky enough to have Shamier as a guide enjoy.

5. STATEMENT OF RESPONSIBILITY

and confirmation of acccuracy 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 F) 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 Castle Control Board as a 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 of a system of internal control that 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 2018.

Yours faithfully

Chief Executive Officer
Mr C.T. Gilfellan
31 July 2018

Chairperson of the Board
Lt. Gen. J.S. Mbuli
31 July 2018

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) designates 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 this legislative framework. The CCB also utilises Tourism policies and frameworks to guide its 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 has provided a broad outline of some of the issues to be addressed in the legislative review.

8. ORGANISATIONAL STRUCTURE

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
Accountabilty

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

The CCB's Operational Management Structure

Board Secretary
Mr Derek Williams

Executive Assistant
Ms Olwethu Luvalo (Resigned February 2018)

Chief Financial Officer/Fin. Manager
Mr Mandla Ngewu

Precinct Manager
(Currently fulfilled by SANDF member)

Heritage, Culture & Education Manager
Mr Azola Mkosana

Tourism Marketing Manager
Ms Doreen Hendricks

Events Manager
Ms Faith Mtabati

PART B
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA as external 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 other legal and regulatory requirements of the auditor's report.

Refer to page 49 of the Report of the Auditor's Report, published as Part E: Financial Information.

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 organisation 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 organisations, traditional authorities, filming companies, event-organisers, military institutions and the like.

The responsible commercialisation of the Castle of Good Hope as a heritage site requires vigilance and proper environmental impact assessments. In January 2018, the DOD appointed a research team to develop a fully-fledged Integrated Conservation Management Plan, the first in the history of the Castle. This plan will not only guide the preservation and conservation of the physical structure of the Castle, but also deal will the impact of tourism, events, filming and other user-related activities.

Whilst this is unfolding, the CCB used cultural environmental specialists and heritage architects (or solicited guidance and support from 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 Directorate of Strategic Planning, 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. The CCB also managed to establish and develop new strategic relationships to support the Minister's initiatives.

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.

The CCB is also aware that stakeholders require a more open communication of its activities and achievements hence a massive increase in public relationship and media activity (over 500 million people reached through the media) 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 and that all stakeholders and partners are required to contribute positively and constructively towards the successes and achievements of the Castle as one citadel.

Given the world-wide significance of the Castle of Good Hope, the organisation actively reached out and involved the Dutch, British and French Consulates in some of its major activities. These relationships are starting to prove tangible results with the SA High Commissioner in Sri Lanka inviting the CEO to present the Castle's vision and programs to an international audience at the Galle Literary Festival, January 2018.

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 manage these demands in a responsible and sensitive way.

2.2 Organisational environment

The organisation has a well-structured, fully functional Board, Audit and Risk Committee and independent Internal Audit function, and now has a fully-fledged civilian staff complement. After the DOD's Directorate for Management Services (DIMS) designed the optimal structure for the CCB, the Board finalised the recruitment of its entire management team. With a full-time staff complement of 16 (casual workers and interns excluded), this represents a significant step towards stability, focus and service delivery all which paid immediate dividends. However, it also engendered budgetary strains since the CCB could no longer rely on SANDF members to execute its operations. This point is elaborated in other sections.

After appointing its full management team in 2016/17, 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, a Performance Management System and ICT Policies. The internalisation of these policies and procedures is ongoing.

The organisation 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. However, the Board, mindful of the quest for greater financial sustainability, is also wary of the risk related to unfunded mandates.

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

Given that the CCB also have a precinct responsibility, other on-site partners are engaged in a monthly meeting where issues of communal concern are discussed. The organisation also circulates 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 and 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 pursue the matter of the legislative review. Through the Legal Advisor in the Minister's Office, Dr 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. This team has recommended that the Castle Management Act be reviewed and redrafted. The CCB team provided an update to the Portfolio Committee on Defence and Military Veterans when we met the latter on 9 May 2018.

2.4 Strategic Outcome Oriented Goals

The strategic outcome goals of the CCB articulated in the APP for the 2017/18 financial year were:

- To ensure effective administrative management in terms of corporate governance and project a professional, competent corporate image;
- 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.

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 legislative mandate of the CCB. During the 2017/18 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 effective administrative management in terms of corporate governance and 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

Outcomes/ Outputs	Performance indicator	Actual Performance 2016/17	Planned Target 2017/18	Actual Achievements 2017/18	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	4	0	1	+1	ICT Policies were reviewed and approved
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%	100%	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 to establish effective exhibitions and strive towards maximum educational outreach and 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

Outputs	Performance indicator	Actual Performance 2016/17	Planned Target 2017/18	Actual Achievements 2017/18	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 CGH as heritage site	Annual increase in the number of tangible heritage projects implemented at the CGH	6	5	3	-2	The planned movement and restoration of the Khoi Kraal and additions to the Torture Chamber were postponed till the next FY.
Delivery of a comprehensive offering of visitor services and experiences	Number of non-commercial, cultural events hosted annually at the CGH	10	10	22	+12	There is a spike in the number of community groups now using the Castle for their cultural events.
Delivery of a comprehensive offering of visitor services and experiences	Number of exhibitions hosted annually at the CGH	10	6	9	+3	The Castle has become a popular exhibition space.

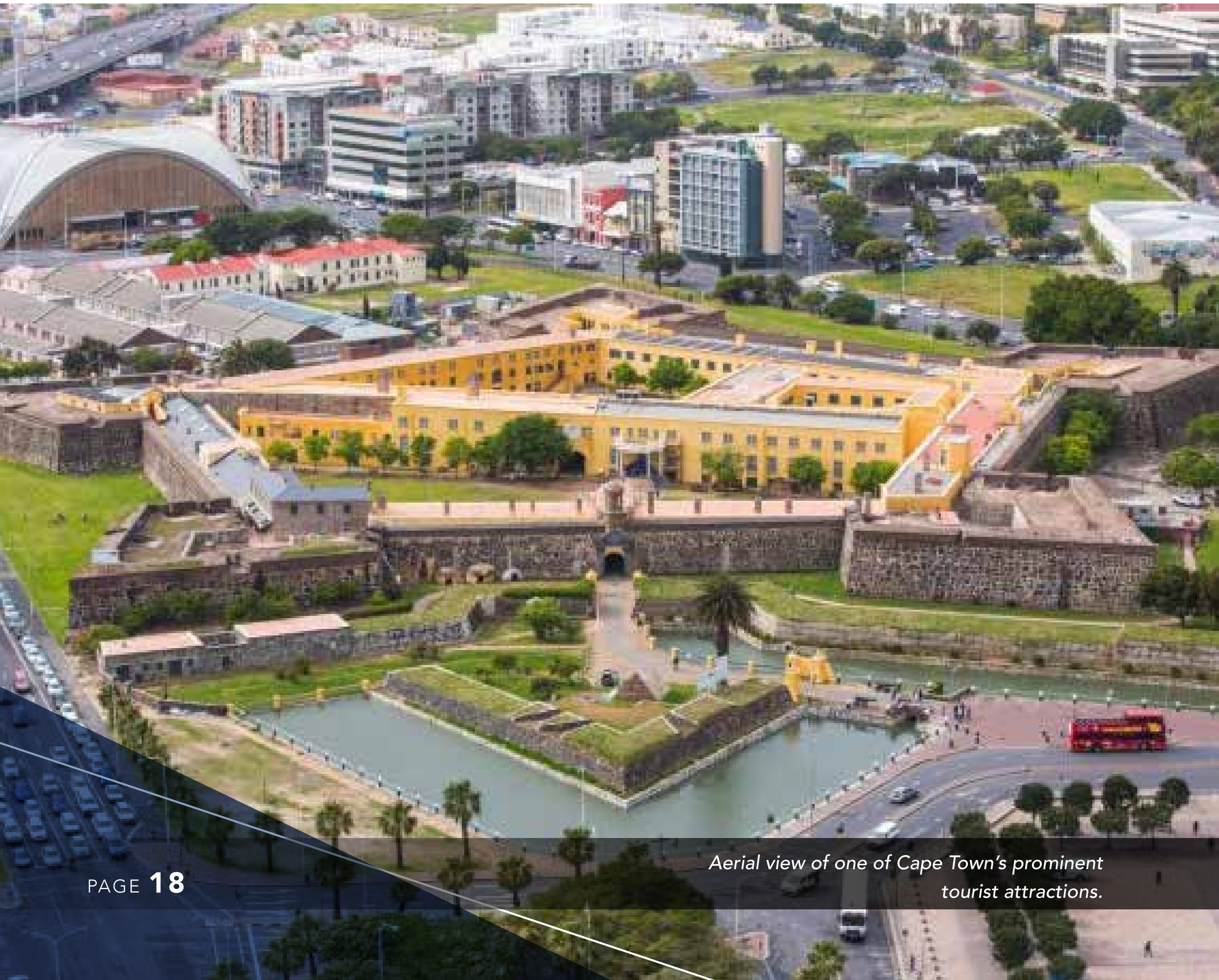
3.3 Programme 3: Maximising the tourism potential of the Castle of Good Hope

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

Outputs	Performance indicator	Actual Achievement 2016/17	Annual Target 2017/18	Actual Achievements 2017/18	Deviations	Comment on deviations (>5%)
Delivery of a comprehensive offering of visitor services and experiences to attract tourists and locals to the CGH	Total number of visitors per annum	195,445	160,000	232,129	+ 72 129	This exceptional growth is due to an increase in natural footfall due to marketing efforts, as well as an increase in events.
Delivery of a comprehensive offering of visitor services and experiences to attract more tourists and locals to the CGH	Total gross revenue generated per annum	R3,994,783	R8.50 m	R5,823,075	- R2,676,925	Despite the encouraging improvement in revenue generation, the peculiar budgeting to account for surplus, negatively skewed this KPI.
Delivery of a comprehensive offering of visitor services and experiences to attract more tourists and locals to the CGH	Number of commercial events hosted annually at the CGH	40	30	56	+26	The outstanding media and marketing exposure enhanced the Castle's appeal as an events destination.
Delivery of a comprehensive offering of visitor services and experiences to attract more tourists and locals to the CGH	Number of film and fashion shoots accommodated at the CGH per annum	22	12	33	+21	The excellent media and marketing exposure enhanced the Castle's appeal as a film destination.

Outputs	Performance indicator	Actual Achievement 2016/17	Annual Target 2017/18	Actual Achievements 2017/18	Deviations	Comment on deviations (>5%)
Delivery of a comprehensive offering of visitor services and experiences to attract more tourists and locals to the CGH	Number of tourism infrastructure upgrades undertaken	7	2	6	+4	Despite minimal resources, the industriousness and creativity of the team ensured this good performance.
Delivery of a comprehensive offering of visitor services and experiences to attract more tourists and locals to the CGH	Number of Joint Marketing Initiatives undertaken per year	Annually	2	4	+2	The team actively pursue partners to enter into joint marketing agreements.



Aerial view of one of Cape Town's prominent tourist attractions.

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

Outputs	Performance indicator	Actual Achievement 2016/17	Annual Target 2017/18	Actual Achievements 2017/18	Deviations	Comment on deviations (>5%)
Deliver a series of public innovative events aimed to promote understanding of the CGH as heritage icon	Annual number of potential visitors reached through the media	654m	30m	518m	+488	The number of high profile events, the excellent relations with the media (TV in particular) and the team's PR& communications endeavours, led to this outstanding achievement. 99,9% of this media coverage was positive.
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of student learnerships and internships offered per annum	25	30	26	-4	For a full-time staff complement of only 16, the target of 30 is not realistic and has changed in the 2018/19 MTEF.
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of heritage-educational programmes organised for women, unemployed youth, disabled and traditional communities	12	12	46	+34	The excellent relationships built over the years, have led to an increased demand for community events at the Castle.
Delivery of a range of public programmes with SA schools, cultural groups and special community groups	Number of heritage programmes organised for Military Veterans	6	6	8	+2	The excellent relationships built over the years, have led to an increased demand for military veteran memorialisation events at the Castle.

4. 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 Phase 2 of our Revenue Generation Strategy. We have now opened a Gift Shop, started to promote the state-of-art Conference Centre to generate income, recruited 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 internal control issues. We have already engaged the DOD and Treasury and adjusted the unrealistic number of interns to 15 per annum.

5. Changes to planned targets

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

6. 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.

From the following table it can be seen that the Castle Control Board runs a relatively uncomplicated heritage 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 under-performance.

Happy school children from Ravensmead attending the CCB/PANSALB/ Swahili Language Board Heritage Day Event, 24 September 2017.

Table 5: Summary of CCB programmes

Programme/activity/ Objective	2016/2017			2017/2018		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration through good corporate governance	6 637	8 010	(1 373)	7 683	7 565	118
Preservation and protection of military and cultural heritage	369	260	109	528	570	(42)
Maximising the Castle's tourism potential	41	30	11	63	39	24
Increased public profile and positive perception of the Castle	1 167	1 640	(473)	264	279	(15)
TOTAL	**8 214**	**9 940**	**(1 726)**	**8 538**	**8 453**	**85**

7. Revenue collection

Table 6: Revenue collection

Sources of revenue	2016/2017			2017/2018		
	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Sales	4 000	2 295	1 705	4 500	4 124	376
Rental Income	3 410	1 139	2 271	3 465	1 132	2 333
Other Income	204	163	41	324	450	(126)
Interest Income	600	397	203	249	117	132
TOTAL	**8 214**	**3 994**	**4 220**	**8 538**	**5 823**	**2 715**

8. 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.

A learner-activist addresses the crowd at the launch of the Nelson Mandela Centennial Program at the Castle, June 2017.

PART C
GOVERNANCE

1. INTRODUCTION

The CCB is tremendously serious about its corporate governance responsibility. After every external audit, the management team look at all the corporate governance infringements – small and large – in the previous financial year and develop and implement an action plan to resolve them. The Executive Authority is usually 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. The dashboard engagements were replaced with similar quarterly engagements at Audit and Risk Committee meetings.

2. PORTFOLIO COMMITTEES

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

- May 2017 when the Chairperson and CEO presented the final draft 2017/18 APP to the Portfolio Committee.
- October 2017 when the Chairperson and CEO presented the 2016/17 Annual Report highlights. The Committee commended the significant progress made and raised no major issues.

Some of the honourable members also visited the Castle of Good Hope to acquaint themselves with the activities at the Castle.

3. EXECUTIVE AUTHORITY

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

- Nxau Ceremony at Castle June 2017 (Deputy-Minister represented by Chief of Staff) and where the Minister of Tourism, Ms T. Xasa was in attendance.
- Meeting Deputy Minister of Defence on the occasion of an official engagement with his Vietnamese counter-part at the Castle on 26 October 2017.

4. THE ACCOUNTING AUTHORITY

As a Schedule 3A Public Entity of the Ministry of Defence and Military Veterans, the Board is constituted 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 if 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, Fraud Prevention Plan has been updated and adopted. To separate the role of the Board and executive management, a Delegation of Authority has also been developed and adopted.

5. COMPOSITION OF THE BOARD

Table 7: Composition of the Board

Stakeholders	Name
South African National Defence Force – Chief of Logistics	Lieutenant General M.M. Moadira (replaced with Lieutenant General J.S. Mbuli)
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 (Retired October 2017)
South African Heritage Resources Agency	Ms V. Baduza
Officer Commanding Army Support Base Western Cape	Brig. Gen. M.R. Mongo (replaced by Col B.M. Feni)
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

6. COMMITTEES

Table 8: CCB Audit Committee

Committee	No. of meetings held	No. of members	Name of members
Audit & Risk Committee	5	6	• Adv. D. Mitchell (Chairman), • Ms C. de Vries (Member) • Ms J. Niekerk (Member) • Mr E.M. Bruttoh (Member) • Mr C. Gilfellan (ED) • Mr M. Ngewu (CFO)

7. REMUNERATION OF BOARD MEMBERS

Board members represent a stakeholder organisation and an agreement was made that each statutory organisation takes care of the travel and other expenses related to the member's 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/Lt Gen J.S. Mbuli	Nil	Nil	Nil	Nil
Brig. Gen. R. Mongo/Col B.M. Feni	Nil	Nil	Nil	Nil
Ms R. Omar	Nil	Nil	Nil	Nil
Mr F. Johnson	Nil	Nil	Nil	Nil
Ms V. Baduza	Nil	Nil	Nil	Nil
Ms C. de Vries**	R9 184	Nil	Nil	R9 184
Mr D. Hart	Nil	Nil	Nil	Nil
Ms J. Lain	Nil	Nil	Nil	Nil
Adv. D. Mitchell*	R18 920	Nil	Nil	R18 920
Ms A. Aggenbach	Nil	Nil	Nil	Nil
Mr C.T. Gilfellan***	R1 084k	Nil	Nil	R1 084k
Mr D. Williams***	R238k	Nil	Nil	R238k
Mr M. Ngewu***	R874k	Nil	Nil	R874k

*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*

8. RISK MANAGEMENT

The Board, guided by the Audit & Risk Committee and Management, 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.

9. INTERNAL CONTROL UNIT

After the completion of the appointment of the CCB's management structure, the organisation's segregation of duties and responsibilities were implemented. This has significantly enhanced the system of internal control. The latter is further supported by a strong functioning Audit & Risk Committee and the efforts of individual Board members. Regular management meetings, unit meetings and monthly staff meetings, clear delegation of authority and the appointment of internal SCM committees have radically strengthened the internal control environment.

10. INTERNAL AUDIT AND AUDIT COMMITTEE

The CCB had a fully-functional Internal Audit function for the year under review. Nexia-SAB&T was appointed in April 2017 to fulfil the following functions:

- Evaluate the effectiveness of controls over the reliability and integrity of information for management processes, including performance measurement.

- Ascertain the 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 & Risk Committee and the AGSA, is excellent and some of the preliminary work around the review of key policies, approval of ICT policies and the Internal Audit Charter was completed by year-end.

The Audit and 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. A case in point was their swift response after the surfacing of the hitherto unsubstantiated allegations against the CCB in March 2018.

Table 10: 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, CA (SA)	Internal	Board Member	May 2012	N/A	5
Mr E.M. Bruttoh	B.Compt, B.Com (Honours), PGDA, RA, CA (SA)	External	–	May 2017	N/A	4
Ms C. de Vries	Post Grad Dip in Marketing/ Management, B. Soc. Sci.	Internal	Board Member	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	5
Mr M. Ngewu	BSc, B Com, B Compt (Hons)	Ex-Officio	Board Member	April 2014	N/A	5
Ms J. Niekerk	BA, LL. B	External	–	February 2017	N/A	5

Table 11: Attendance at meetings

Name of Member	No. of Meetings Attended	
	Year to 31.3.2018	Since 31.3.2018
Adv. D. Mitchell (Chairperson)	5	1
Mr E.M. Bruttoh (Appointed May 2017)	4	0
Ms C. de Vries	4	1
Ms J. Niekerk	5	0
Mr D. Williams	5	1
Mr M. Ngewu	5	1
Mr C. Gilfellan	5	1

11. 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, many of these matters have been addressed to the satisfaction of the Board, the Executive Authority and the AGSA.

12. FRAUD AND CORRUPTION

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

The aims and purpose of the plan is to introduce a common mechanism to guide all staff to reducing 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. The upgrading of the CCTV camera system will further enhance our capability to manage safety and security.

13. 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. In similar vein, staff members have to declare their interest at procurement and other transactional activities of the CCB.

14. 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, through 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.

15. 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. In December 2017, with the financial assistance from Logistics Divisions, the entire fire and safety system of the Castle was overhauled.

16. 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 organisation grows. This issue was also raised in the CCB's engagement with the Portfolio Committee in May 2018 and will be resolved during the year.

17. SOCIAL RESPONSIBILITY

In both the Chairperson and Accounting Officer's reports, it is evident that the entity takes its 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 R50 and R30 for adults and children respectively 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 2017, Museum Day on 18 May 2017 and Heritage Day on 24 September 2017.

In addition to this, we regularly receive requests from local scholars who cannot afford the R8 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, including the brand-new Centre for Memory, Healing and Learning to struggling NGOs and organised Khoisan, Nguni cultural groups and military veterans.


Given that the Castle is over 350 years old, frequent preventative and emergency repair and maintenance work is required. The R4.50 million allocation from the DOD's Logistics Division, has eased much of the Castle's maintenance pressures.

18. AUDIT COMMITTEE REPORT

We are pleased to present the Audit Committee Report for the Castle Control Board (CCB) for the financial year ended 31 March 2018.

Audit Committee Members and Attendance

The Audit Committee consists of four independent persons, all with the required expertise and experience in business, compliance and financial matters. Two committee members are also members of the Board. The Committee meets quarterly and has met five times during the year to 31 March 2018 and twice subsequently, in accordance with its approved terms of reference.

Table 12: Number of meetings attended

Name	Number of meetings attended	
	Year to 31.3.2018	Since 31.3.2018
Adv. D. Mitchell (Chairperson) *	5	2
Mr E. Bruttoh	4	1
Ms C. de Vries *	4	2
Ms J. Niekerk (appointed 1 January 2017)	5	1

* *Board member*

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 has covered a wide array of areas with constructive inputs for enhancement and improvement. Work continues on ensuring that suitable evidence exists – and is retained – to support all transactions and deliberations, for both financial and performance reporting, while certain policies and works procedures are being updated.

Irregular expenditure

Management continues to comply strictly with all relevant supply chain management prescripts. No irregular expenditure has occurred and there has been no fruitless and wasteful expenditure.

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.

Going concern and the next 350 years

The Castle Control Board continues as a going concern as it enjoys the support of the S. A. National Defence Force and the Minister of Defence and Military Veterans as its Executive Authority, who have funded, for instance, the "Castle 350" Restoration Project as well as the preparation of an integrated conservation management plan (ICMP), as required for a national heritage site of this stature.

However, if the CCB is to properly fulfil its statutory mandate on an ongoing basis, a direct funding grant from National Treasury should now be considered. This would enable the CCB to prioritise its programmes for education outreach and nation-building and to prepare for a world heritage site submission. It is also imperative that all Castle spaces are effectively used, in accordance with the CCB's approved strategic plan (which applies to the whole of the Castle), and that there is no financial leakage whereby monies generated at or through the Castle are allowed to escape the citadel, or fail to be applied for the Castle's benefit.

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, annual performance report and other legal and regulatory matters, and is of the view that the audited annual financial statements and performance report 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.

Commendation

The Audit Committee would like to commend management and the Board for excellent work done in achieving a clean and an unqualified audit report, this now for the third consecutive year. We are confident that areas identified for further improvement will be promptly and effectively addressed.

Adv. D. Mitchell, C.A. (S.A.)
Chairperson of the Audit Committee
31 July 2018

Under the theme "Dungeons and Dragons" the MCQP festival took place on 16 December 2017 – 16 years after this event was last held at this historic venue. Here SA Master Chef judge Pete Goffe-Wood , TV personality Elana Africa and singer Arno Carstens promote the event at the Castle.

PART D
HUMAN RESOURCE MANAGEMENT

Traditionally the Human Resources component of the CCB has been both its Achilles heel and strength. On the one hand its historical reliance on DOD-remunerated staff assigned to the Castle has led to significant savings (hence the accumulation of historic surpluses), but on the other hand it attracted the ire of NT and the AGSA and delayed any decisiveness as to the ultimate civilian management structure of the CCB. The Board has now successfully resolved this matter.

In June 2016, the Board finalised its required management structure which significantly whittled down the findings dealing with staff and the segregation of duties. However, a couple of the historic HR issues remained, and given the fact that the organisation 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.

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

From left to right: Fay Harneker, Faith Mtabati, Derek Williams, Lutho Vukuza, Calvyn Gilfellan, Steven Fredericks, Thandeka Sisusa, Phelo Msingizana, Patrick Mtamezeli, Shamier Robertson and Sadia Gertze celebrating the CCB's PMR Diamond Award 2018 in lieu of its outstanding service delivery, heritage leadership and stakeholder communication.

1. HUMAN RESOURCE OVERSIGHT STATISTICS

The CCB Management team comprises a total of 16 full-time CCB remunerated staff members. In addition, we still have access to three (3) museum artists, who are remunerated and their performance managed by the Department of Defence and thus not included in the HR Tables below. Short-term contract staff, interns (26) and additional casual staff employed to assist during the peak tourism season and after the departure of the NDPW Gardening Team, brings the total during the FY 2017/18 to 54.

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	R7 565	R5 797	76.6%	54*	R107

Notes: *Includes 12 casuals required to supplement cleaners and assist with events and terrain management and 26 interns.

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	R1,896	32.7%	2	R948
Senior Management	R1,179	20.4%	3	R393
Professional qualified	R532	9.2%	6*	R89*
Skilled	R236	4.1%	1	R236
Semi-skilled	R717	12.4%	6	R120
Unskilled	R1,237	21.3%	36	R34.36**
TOTAL	R5,797	100%	54	R107

*Notes: *Two staff members ended their contracts in the year **Includes temporary employees, short-term employees, interns and casuals who were mostly deployed during events and special programmes after the NDPW Gardening team were withdrawn from the Castle.*

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." The 20% cap has since be reduced to 10% and applied to all staff contracts.

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 personnel cost
Top Management	R169*	R1,896	8.9%
Senior Management	R209*	R1,179	17.7%
Professional qualified	R9	R532	1.7%
Skilled	-	-	-
Semi-skilled	-	-	-
Unskilled	-	-	-
TOTAL	**R387**	**R3,607**	**10.7%**

**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 797	R18	0.3%	6	R3

Table 17: Employment and vacancies

Programme/activity/ objective	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of vacancies
Administration	17*	16	16	0	0%

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

Table 18: Employment and vacancies per employment category

Employment category	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of vacancies
Top Management	2	2	2	0	0%
Senior Management	4*	3	3	0	0%
Professional qualified**	5	5	4	1	20%
Skilled	1	1	1	0	0%
Semi-skilled	3	3	3	0	0%
Unskilled	2	2	2	0	0%
TOTAL	**17**	**16**	**15**	**1**	**6.3%**

**One was a short-term contracted project manager ** Librarian retired as at 31 March 2018*

2. 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 CFO, Heritage, Cultural an Education Coordinator, Events Coordinator, Tourism Marketing Coordinator, a Precinct Coordinator and permanent cleaning staff. Save for the Precinct Coordinator (fulfilled by SANDF member) all of these vacancies have been filled by March 2017.

Table 19: Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2	-	-	2
Senior Management	3	-	-	3
Professional qualified	5	2	3	4
Skilled	1	-	-	1
Semi-skilled	3	-	-	3
Unskilled	2	-	-	2
TOTAL	**16**	**2**	**3**	**15**

Table 20: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	2	66.7
Dismissal	-	-
Retirement	1	33.3
Ill health	-	-
Expiry of contract	-	-
Other	-	-
TOTAL	**3**	**100%**

Table 21: Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	3
Written Warning	3
Final Written warning	-
Dismissal	-
TOTAL	**6**

Table 22: Equity Target and Employment Equity Status by Disability

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		0	
Unskilled	0		0	
TOTAL	**0**		**0**	

Table 23: Equity Target and Employment Equity Status by Gender (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	
Professionally qualified	2		2		0		0	
Skilled	0		0		0		1	
Semi-skilled	0		0		0		1	
Unskilled	0		0		0		0	
TOTAL	**4**		**3**		**0**		**2**	

Table 24: Equity Target and Employment Equity Status by Gender (Female)

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0		0		0		0	
Senior Management	1		1		0		0	
Professionally qualified	0		0		0		0	
Skilled	0		0		0		0	
Semi-skilled	0		1		0		0	
Unskilled	1		2		0		0	
TOTAL	**2**		**4**		**0**		**0**	

Events, like the MCQP festival, contribute significantly to the CCB's modest revenue stream that is then reinvested into maintenance, restoration and heritage programs.

Our children, our future. Thousands of school kids visited the Castle during the past financial year. In the process they learn where they come from, where they find themselves today and where they are going...

EVENTS AND FUNCTIONS

AT THE CASTLE OF GOOD HOPE

1 April 2017 – 31 March 2018

	HERITAGE EVENTS
1	Cosatu May Day Event
2	Slave Route Run & Exhibition
3	Ramadan For All Expo
4	Exhibition: The Conscripts of Apartheid (Poetry)
5	Nelson Mandela Day Launch
6	Panel Presentation – Violence against Women
7	The Betty Effect – Workshop
8	Exhibition: We Cannot Be Silent
9	Embrace Dignity and City Mission Event
10	Community Development Foundation Event
11	Baastards – Book Launch
12	Heritage Day Swahili Language Board Launch
13	Islamic Arts Festival
14	Africa Future Leaders Hub
15	South African Museum Association Cocktail Function
16	Francofesty – Cultural Festival
17	Cape Cultural Collective Picnic
18	Gospel Picnic
19	Community Night Market
20	Lace Up For Cancer (running event for cancer awareness)
21	ATKV Event
22	Military Veterans Meeting
23	Military Veterans Workshop DOR MKMVA
24	ABSA Business Strategy Workshop for Military Veterans
25	Military Veterans Workshop
26	Military Parade at Castle
27	Cape Field Artillery – Cape Corps Veterans Event
28	Military Veterans Meeting
29	DOR MKMVA Certificate Ceremony
30	Foundation Nation Convocation Workshop
31	Western Cape Legislative Khoisan Council Meetings
32	Khoisan Leadership Meeting
33	Women Empowerment Program
34	Youth Day Competition
35	ABSA Business Strategy & Ready to Work Programme for Youth
36	ABSA Business Stratery Workshop for Women
37	Nau Ceremony (Khoi)
38	District Six Public Meetings
39	Institute for Healing of Memories Meeting
40	Western Cape Khoisan Womens League Meeting
41	Traditional & Khoi & San Leadership Meeting
42	Vision 20/20 Youth Leadership Conference
43	CPUT 2nd Year Events Management Project
44	CONTRALESA – Rebuilding Unite & Strengthen Meeting
45	Boesman Queen Film Screening
46	CONTRALESA Womens League Meeting
47	Royal Rangers Western Cape Meeting
48	Women Empowerment Program Christmas Dinner
49	Western Cape Leg KhoiSan Council NCC2018 PROJECT
50	CONTRALESA Meeting
51	District Six Restitution committee meeting
52	Women In Black – International Gathering and March
53	Krotoa United Women Western Cape Institution Meeting
54	National Magic Initiative Meeting
55	Exhibition: Nutria Imprints of Conscription into the SADF
56	Engineering Career Expo
57	Exhibition: Safia Art Exhibition
58	Exhibition & Book Launch: Verlander
59	Exhibition: Meadows South Africa
60	Art Exhibition: Local Artist

EVENTS & FILM SHOOTS

1	Commercial Event: Golden Oldies
2	Commercial Event: Bidfood Exhibit
3	Commercial Non Paying: Good Hope Church Get Well Run
4	Film Shoot (intl): Base camp only MIA Films
5	Commercial Event: Cape Malay Members for Final Event
6	Photoshoot: Still Shoot BLM Productions
7	Photo Shoot: Ashieka (Model)
8	Film Shoot (intl) Tunnel Shoot: Made In Africa
9	Commercial Event: Africa Unite Against Xenophobia - LockTrans Events
10	Commercial/Partnership Event: Latino Cultural Food Fair – Juan Andries Vals
11	Commercial Partnership: David Tlale SABC 3 - Reality Fashion Show
12	Commercial Event: Kamers/Makers 2017
13	Photoshoot: Still shoot – Matshudu
14	Commercial Event: Joyous Celebrations Auditions – Matha Investments
15	Commercial Partnership Event: Book Launch
16	Commercial Event: Combined Youngfields Club
17	Photo Shoot: CPUT Film Student Nazeem Patel
18	Film Shoot: Crew Camp for Moonlight
19	Commercial: Tariro Model Launch Allermans
20	Commercial Event: J Luther Launch of Rubens Exhibition
21	Commercial Event: 71st Birthday Rifqas
22	Commercial Event: Abdul Fashion show
23	Film Shoot: Quest Films
24	Commercial Exhibition: Breaking Barriers
25	Commercial Event: Baby Shower – Basterman
26	Photo Shoot: CPUT Fashion Design Student Isabel
27	Commercial Event: WC Rugby Dinner
28	Commercial Event: SAMSA Cocktail Function
29	FilmShoot: Top Film Shoot and Base camp
30	Commercial Event: SAIPA Event
31	Commercial Event: SAMSA Conference
32	Commercial Event: Combined Officers Club Dinner
33	Film Shoot: Dominic Jossies Music Video Shoot
34	Film Shoot: Moonlight Productions Film Shoot
35	Film Shoot: Top film Shoot and Basecamp
36	Film Shoot: Combined Officers Club – H&M Fashion House
37	Commercial Event: Sneaker Exchange —Youth Event
38	Commercial Event: ADE Fashion Showcase
39	Commercial Event: Combined Officers Club Dinner
40	Commercial Event: Private Party (Outdoor Event)
41	Commercial Event: A Basradien 21st Birthday
42	Photo Shoot: Lindelwa Mbalo Wedding
43	Commercial Event: Invent Dinner
44	Photo Shoot: Wedding of Retired S Jacobs
45	Film Shoot: Mark Joyner Shoot and Basecamp
46	Photo Shoot: W02 AP Manuel
47	Commercial Event: VOX Staff Party
48	Commercial Event: Sizzled Concert
49	Commercial Event: Matric Ball – Voortrekker High School
50	Commercial Event: Private Party (Outdoor Event)
51	Commercial Event: ESP Afrika Basecamp
52	Film Expo: Theatrical Showcase – StandingO
53	Commercial Event: King of Mountain
54	Photo shoot: Wedding of Fahieda Akherwaray
55	FilmShoot: Groundglass
56	Commercial Event: MCPQ (Mother City Queer Project)
57	Photoshoot: Wedding of T Samsodien
58	Commercial Event: Galileo Outdoor Movie
59	Commercial Event: Sizzled Concert
60	Commercial Event: LEP Kiddies Party
61	Film Shoot: Sola Productions
62	Commercial Event: Galileo Open Air Movie
63	Commercial Event: Big League Anniversary Concert
64	Photoshoot: A Tatiano Portfolio
65	Photoshoot: Adams Wedding Pictures
66	Film Shoot: Kaapt Film Productions
67	Commercial Event: UCT Rag Concert
68	Commercial Event: Seido Karate Movie Night
69	Film Shoot: Moonlight Productions – Warrior
70	Commercial Event: Herbalife Dinner
71	Commercial Event: Chilled Solutions – Concert
72	Commercial Event: I Morris
73	Commercial Event: Private Party (Outdoor Event)
74	Photoshoot: Bradley and Juanita

PART E
REPORT OF THE AUDITOR-GENERAL

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 49 to 110, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with 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 2018, 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 this auditor's report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern/ financial sustainability

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

7. I draw attention to note 35 to the financial statements, which indicates that the entity incurred a net loss of R 2 630 141 during the year ended 31 March 2018

and, as of that date the entity's current liabilities exceeded its current assets by R 236 296. As stated in note 35, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern

Emphasis of matter

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

Material losses/ impairments – trade debtors

9. As disclosed in note 3 to the financial statements, material losses of R 270 000 were incurred as a result of a write-off of irrecoverable trade debtors.

Responsibilities of the accounting authority for the financial statements

10. 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.

11. 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

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

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report 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.

15. 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.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

Programmes	Page no
Programme 2 – the preservation, interpretation and showcasing of the history of the castle	16
Programme 3 – maximising the tourism potential of the Castle of Good Hope	17
Programme 4 – increased public profile and positive perception across all sectors of the community.	19

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for 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 matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 15 to 19 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Unaudited supplementary information

21. The supplementary information set out on pages 20 to 37 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 the audit of compliance with legislation

Introduction and scope

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

23. I did not raise material findings on compliance with the specific legislation set out in the general notice issued in terms of the PAA.

Other information

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

25. 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.

26. 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.

27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact.

Internal control deficiencies

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

Auditor-General

Cape Town
31 July 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Castle Control Board's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority

- conclude on the appropriateness of the board of directors, which constitutes 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 this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

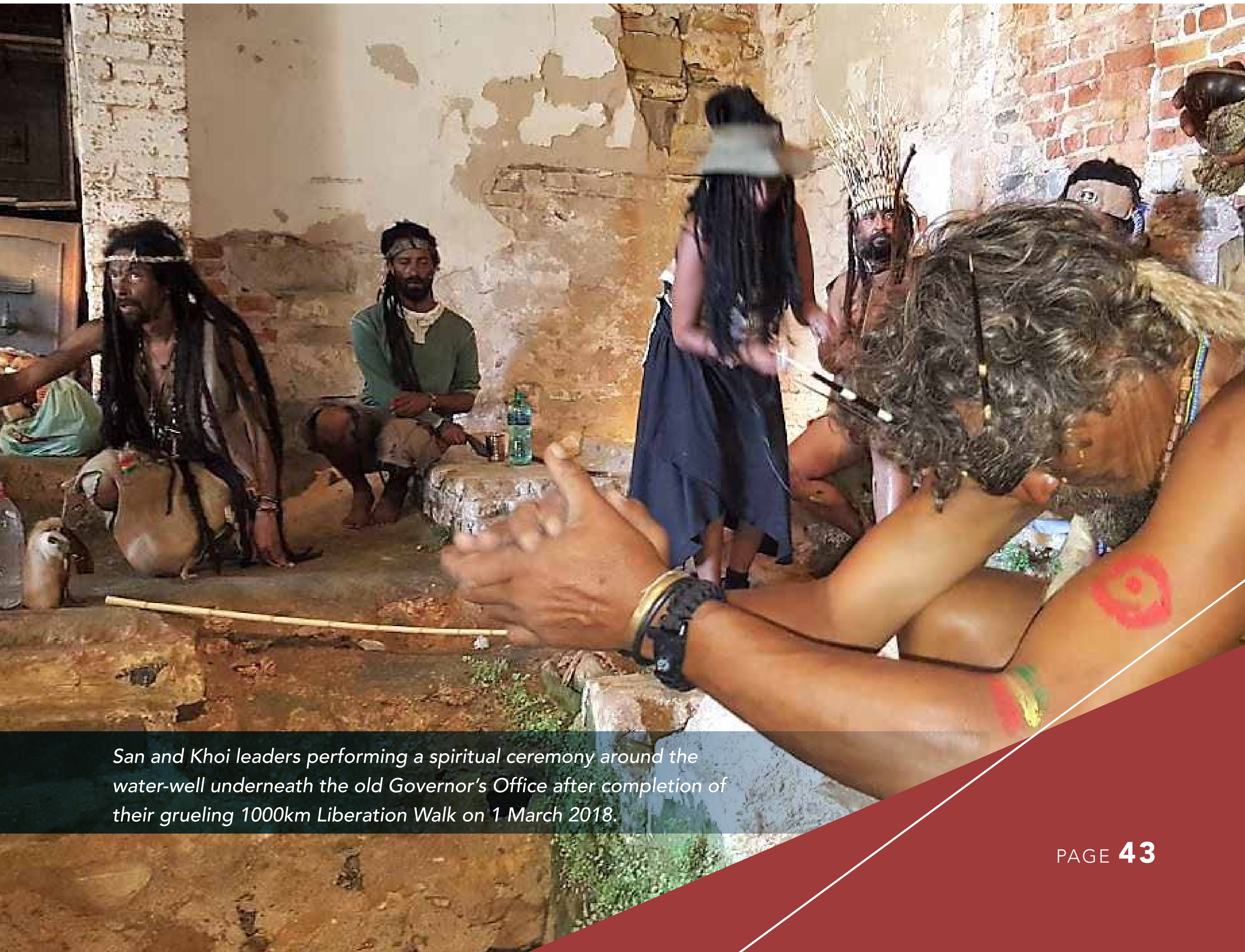
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the public entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

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 participated in the final 350 Castle Commemoration Event and launch of the Legacy Project on 22 September 2017 when they were addressed by Acting DMV DG Mr Max Ozinsky, National Education spokesperson Mr Elijah Mahlangu, National School Governing Bodies General Secretary Mr Matakanye Matakayne and Castle CEO, Mr Calvyn Gilfellan.



San and Khoi leaders performing a spiritual ceremony around the water-well underneath the old Governor's Office after completion of their grueling 1000km Liberation Walk on 1 March 2018.

PART F
FINANCIAL INFORMATION

Board members of the CCB celebrating their second consecutive clean audit from the Auditor-General.

Clockwise from the back: Mr D. Williams, Col M. Feni, Mr D. Hart, Mr F. Johnson, Mr M. Ngewu, Ms A. Aggenbach, Mr C. Gilfellan, Lt Gen J Mbuli (Chair), Adv D. Mitchel and Ms R. Omar.

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1. 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

Main business and operations

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 is aware of financial challenges that have a negative impact on the CCB's ability to continue as a going concern. However, the Board believes that the CCB has access to adequate financial resources, through the intervention of the Ministry of Defence, to continue operations for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. 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.

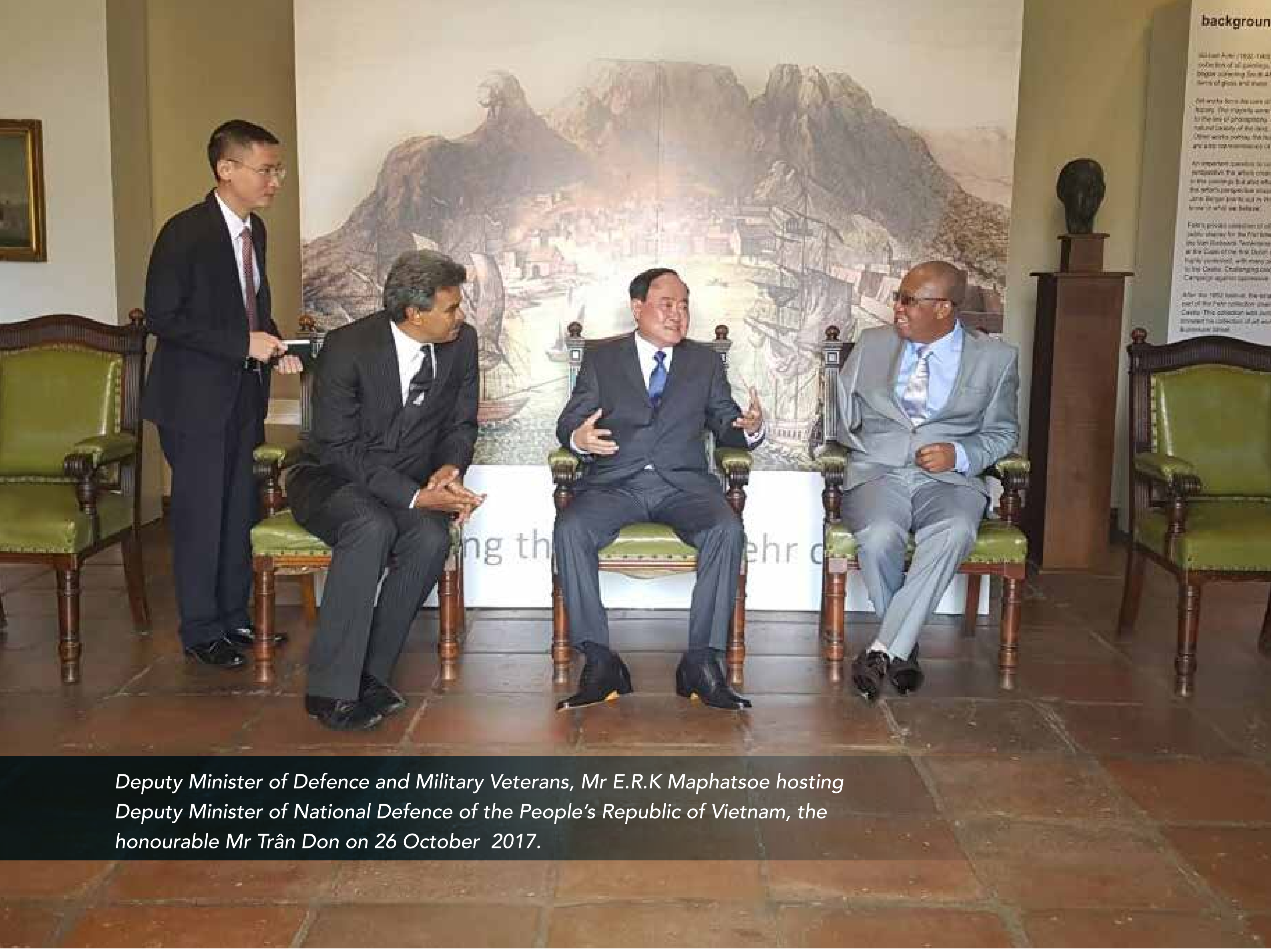
4. Subsequent events

A payable of R220 000 has been raised in respect of a claim by Afroteq relating to services rendered to the CCB. The Board resolved to settle the legal matter. The decision to settle was taken on 25 May 2018.

5. Accounting Authority

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
SANDF - Chief of Logistics (Chairman)	Lieutenant General JS Mbuli (1 August 2017)
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 (Re-signed in October 2017)
South African Heritage Re-sources Agency	Ms. V. Baduza
Officer Commanding Army Support Base Western Cape	Colonel M.B Feni
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
Appointed by the Minister of Defence and Military Veterans	Ms A. Aggenbach



Deputy Minister of Defence and Military Veterans, Mr E.R.K Maphatsoe hosting Deputy Minister of National Defence of the People's Republic of Vietnam, the honourable Mr Trân Don on 26 October 2017.

Stakeholders	Name
Western Cape Provincial Legislature	Vacant
Chief Executive Officer	Mr C.T Gilfellan
Chief Financial Officer	Mr M. Ngewu
Secretary	Mr D. Williams

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.

2. 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.

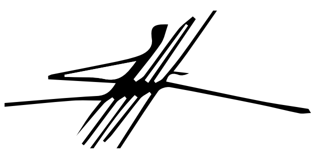
The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable it to meet these requirements, the Accounting Authority sets standards 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 38 to 42. The annual financial statements set out on pages 49 to 110, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2018 and were signed on its behalf by:



LIEUTENANT GENERAL J.S. MBULI
Chairman

3. STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2018 R	2017 R
ASSETS			
Current Assets		**1 060 343**	**3 937 594**
Inventories	2	6 799	0
Receivables from Exchange Transactions	3	172 524	106 003
Cash and Cash Equivalents	4	881 020	3 831 591
Non-Current Assets		**1 782 120**	**1 712 905**
Property, Plant and Equipment	5	400 159	322 531
Intangible Assets	6	1	8 414
Heritage Assets	7	1 381 960	1 381 960
Total Assets		**2 842 464**	**5 650 499**
LIABILITIES			
Current Liabilities		1 296 639	1 474 532
Provisions	8	648 798	575 109
Payables from Exchange Transactions	9	647 841	899 423
Total Liabilities		**1 296 639**	**1 474 532**
Total Assets and Liabilities		**1 545 825**	**4 175 966**
NET ASSETS		1 545 825	4 175 966
Accumulated Surplus / (Deficit)	10	1 545 825	4 175 966
Total Net Assets		**1 545 825**	**4 175 966**

4. STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

	Note	2018 R	2017 R
REVENUE			
Revenue from Exchange Transactions			
Sales	11	4 123 521	2 295 153
Special Days	12	-	300
Interest Earned	13	116 815	397 396
Rental of Facilities and Equipment	14	1 131 902	1 139 099
Other Revenue	15	450 137	162 735
Revenue from Non-exchange Transactions			
Public Contributions and Donations	16	700	100
Total Revenue		**5 823 075**	**3 994 784**
EXPENDITURE			
Employee Related Costs	17	5 796 662	5 392 724
Administration Costs	18	64 000	282 750
Contracted Services	19	197 326	327 393
Debt Impairment	20	270 000	19 636
Depreciation and Amortisation	21	91 226	185 446
Repairs and Maintenance	22	110 566	101 705
Share of Ticket Sales	23	-	765 133
Special Days	24	161 454	1 409 309
General Expenses	25	1 752 910	1 379 879
Loss on Disposal of Property, Plant and Equipment	26	9 072	75 181
Total Expenditure		**8 453 216**	**9 939 157**
SURPLUS / (DEFICIT) FOR THE YEAR		(2 630 141)	(5 944 374)

5. STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2017		
Balance at 31 March 2016	10 120 340	10 120 340
Restated Balance	10 120 340	10 120 340
Surplus / (Deficit) for the year	(5 944 374)	(5 944 374)
Balance at 31 March 2017	**4 175 966**	**4 175 966**
2018		
Surplus / (Deficit) for the year	(2 630 141)	(2 630 141)
Balance at 31 March 2018	**1 545 825**	**1 545 825**

6. CASH FLOW STATEMENT

for the year ended 31 March 2018

	Note	2018 R	2017 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest Received	13	116 815	397 396
Rental of Facilities & Equipment, Sales and Other Services	14	4 918 902	3 559 658
Other Receipts	15	450 137	162 735
Public Contributions and Donations	16	700	100
Payments			
Employee Related Costs	17	(5 722 974)	(5 286 254)
Suppliers Paid	25	(2 544 638)	(4 480 493)
Other Payments	25	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(2 781 057)**	**(5 646 857)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	5	(169 513)	(275 841)
Purchase of Intangible Assets	6	-	(7 739)
Proceeds on disposal of PPE		-	2 155
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(169 513)**	**(281 425)**
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2 950 571)	(5 928 282)
Cash and Cash Equivalents at Beginning of Period		3 831 591	9 759 873
Cash and Cash Equivalents at End of Period	4	881 020	3 831 591

7. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2018

	Original Total Budget R	Budget Adjustments R	Final Adjustments Budget R	Final Budget R	Actual Outcome R	Variance R	Actual Outcome as % of Final Budget R	Actual Outcome as % of Original Budget R
FINANCIAL PERFORMANCE								
Revenue from Exchange Transactions								
Sales	4 400 000	-	4 400 000	4 400 000	4 123 521	(276 479)	93,72	93,72
Special Days	100 000	-	100 000	100 000	-	(100 000)	0.00	0.00
Interest Earned	249 000	-	249 000	249 000	116 815	(132 185)	46,91	46,91
Rental of Facilities and Equipment	3 465 000	-	3 465 000	3 465 000	1 131 902	(2 333 098)	32,67	32,67
Other Revenue	324 000	-	324 000	324 000	450 137	126 137	138,93	138,93
Revenue from Non-exchange Transactions								
Public Contributions and Donations	-	-	-	-	700	700	0.00	0.00
Total Revenue	8 538 000	-	8 538 000	8 538 000	5 823 075	(2 714 925)	68,20	68,20
Expenditure								
Employee Related Costs	4 804 000	1 340 000	6 144 000	6 144 000	5 796 662	(347 338)	94,35	120,66
Administration Costs	47 000	-	47 000	47 000	64 000	17 000	136,17	136,17
Contracted Services	191 000	85 000	276 000	276 000	197 326	(78 674)	71,49	103,31
Depreciation and Amortisation	110 000	-	110 000	110 000	91 226	(18 774)	82,93	82,93
Repairs and Maintenance	1 106 000	(871 000)	235 000	235 000	110 566	(124 434)	47,05	10,00
Special Days	204 000	-	204 000	204 000	161 454	(42 546)	79,14	79,14
General Expenses	2 076 000	(554 000)	1 522 000	1 522 000	1 752 910	230 910	115,17	84,44
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	9 072	9 072	0.00	0.00
Total Expenditure	8 538 000	-	8 538 000	8 538 000	8 453 216	(84 784)	99,01	99,01
Surplus/(Deficit for the Year	-	-	-	-	(2 630 141)	(2 630 141)	-	-

8. FINANCIAL PERFORMANCE

Explanation of Variances between Approved Budget and Actual

During the year the Board approved shifting of funds to prevent possible over-expenditure in certain line items. The total budget was not affected by these changes.

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:

Administration Costs
The contract for the operation of the restaurant was extended whilst a permanent solution was being pursued.

Special Days
Reasonable care was taken to ensure that expenditure is skewed strictly towards events related to the Castle of Good Hope.

Contracted Services
There was a saving in the expenditure owing to bulk purchases.

Depreciation and Amortisation
Useful lives of assets were extended, and the software licenses were written off as the CCB migrated to Office 365.

Rental of Facilities and Equipment
Lower than expected demand for the site especially for film shoots and other events.

Repairs and Maintenance
There was a saving as the department of defence took over the repairs and maintenance of the site.

Other Income
A new service provider to run the restaurant was appointed in October 2017 and hence revenue expected from the restaurant was lower than expected.

General Expenses
This includes legal claims against the CCB approved by the Board after year-end. This amount was not anticipated.

Public Contributions and Donations
Amount is insignificant.

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.

Impairment Losses
It was under-budgeted for Impairment Losses on Receivables.

Share of Ticket Sales
The CCB had anticipated a higher revenue than actual.

9. RECONCILIATION OF BUDGET SURPLUS/(DEFICIT)

With the surplus/(deficit) in the statement of financial performance:

Description	2017/18	2016/17
	R	R
Net surplus/(deficit) per the statement of financial performance	**(2 630 141)**	**(5 944 374)**
Revenue from Exchange Transactions		
Sales	276 479	1 704 847
Special Days	100 000	(300)
Interest Earned	132 185	202 604
Rental of Facilities and Equipment	2 333 098	2 475 189
Other Revenue	(126 137)	(162 735)
Gains on Disposal of Property, Plant and Equipment	-	-
Revenue from Non-exchange Transactions		
Public Contributions and Donations	(700)	(100)
Expenditure		
Employee Related Costs	(347 338)	1 114 724
Administration Costs	17 000	-
Contracted Services	(78 674)	(49 817)
Cost of Sales	-	-
Debt Impairment	270 000	19 636
Depreciation and Amortisation	(18 774)	185 446
Repairs and Maintenance	(124 434)	13 321
Share of Ticket Sales	-	100 133
Special Days	(42 546)	456 556
General Expenses	230 910	(190 312)
Loss on Disposal of Property, Plant and Equipment	9 072	75 181
Net surplus/deficit per approved budget	0	(0)

10. ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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 2017 and 31 March 2018 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:

ACCOUNTING POLICIES TO THE 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 services have 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 3 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

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's 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 5, 6 and 7 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 Service: Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset 17

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 2019 and management has chosen 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 Tattoo Reserve represents a portion of the Accumulated Surplus that can be attributed to military tattoos previously staged at the Castle of Good Hope.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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	Useful Life	%
Other Assets		
Computer Equipment	5 years	20%
Office Equipment	10 years	10%

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

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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 104
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 Liability	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).

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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 entity has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a 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. 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.

12. 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.

13. 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.

14. 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.

15. 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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

16. 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.

17. 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.

18. COMPARATIVE INFORMATION

18.1 Current Year Comparatives

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

18.2 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.

18.3 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. 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 2017 to 31 March 2018.

11. 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. INVENTORIES

	2018 R	2017 R
Consumable Stores	6 799	0
Total Inventories	**6 799**	**0**

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2018			
Trade Debtors	205 308	50 000	155 308
Payments Made-in-Advance	17 217	-	17 217
Total Receivables from Exchange Transactions	**222 524**	**50 000**	**172**
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**

Receivables from Exchange Transactions are billed monthly, latest end of month. The entity did not pledge any of its Receivables as security for borrowing purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3.1 Ageing of Receivables from Exchange Transactions

As at 31 March 2018

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Trade Debtors:					
Gross Balances	48 188	-	-	157 120	205 308
Less: Provision for Impairment	-	-	-	50 000	50 000
Net Balances	**48 188**	**-**	**-**	**107 120**	**155 308**
Payments Made-in-Advance:					
Gross Balances	17 217	-	-	-	17 217
Net Balances	**17 217**	**-**	**-**	**-**	**17 217**

As at 31 March Receivables of R107 120 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	-	-	157 120	157 120
Net Balances	**-**	**-**	**107 120**	**107 120**

As at 31 March 2017

	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
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
Net Balances	**28 000**	**-**	**11 455**	**39 455**

	2018 R	2017 R
3.2 Reconciliation of the Provision for Impairment		
Impairment Losses recognised	270 000	19 636
Amounts written off as uncollectable	(220 000)	(19 636)
Balance at end of year	**50 000**	**-**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3.3 Derecognition of Financial Assets

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

4. CASH AND CASH EQUIVALENTS

	2018 R	2017 R
Current Investments	699 627	3 666 492
Bank Accounts	88 924	92 394
Cash on Hand	92 469	72 705
Total Bank, Cash and Cash Equivalents	**881 020**	**3 831 591**

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.

4.1 Current Investment Deposits

Call Deposits	699 627	3 666 492
Total Current Investment Deposits	**699 627**	**3 666 492**
Deposits attributable to Creditors	647 841	899 423
Deposits attributable to Current Provisions	51 786	575 109
Deposits available for Operations	-	2 191 959
Total Deposits attributable to Commitments of the Entity	**699 627**	**3 666 492**

4.2 Bank Accounts

	2018 R	2017 R
Cash in Bank	88 924	92 394
Total Bank Accounts	**88 924**	**92 394**

The Entity has the following bank accounts:

Primary Bank Account

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

Cash book balance at beginning of year	92 394	92 390
Cash book balance at end of year	88 924	92 394

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.

4.3 Cash and Cash Equivalents

Cash Floats and Advances	67 600	58 300
Other Cash Equivalents	24 869	14 405
Total Cash on hand in Cash Floats, Advances and Equivalents	**92 469**	**72 705**

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

5. PROPERTY, PLANT AND EQUIPMENT

31 March 2018

Reconciliation of Carrying Value

Description	Information Technology Equipment R	Office Equipment R	Total R
Carrying values at 01 April 2017	**214 806**	**107 724**	**322 531**
Cost	433 094	277 433	710 528
Accumulated Depreciation:	(218 288)	(169 709)	(387 997)
Acquisitions	168 013	1 500	169 513
Depreciation:	(72 880)	(15 835)	(88 715)
Carrying value of Disposals:	(22)	(3 148)	(3 170)
Cost	(113 761)	(51 319)	(165 080)
Accumulated Depreciation	113 739	48 171	161 911
Carrying values at 31 March 2018	**309 918**	**90 241**	**400 159**
Cost	487 347	227 614	714 961
Accumulated Depreciation:	(177 429)	(137 373)	(314 802)

Description	Information Technology Equipment R	Office Equipment R	Total R
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)

5.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

Included in Property, Plant and Equipment are assets that are fully depreciated but still in use.

5.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

5.3 Assets pledged as security

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

5.4 Impairment of Property, Plant and Equipment

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

5.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

Management revised its estimate of useful life for computer equipment and office equipment to 5 and 10 years respectively.

5.6 Expenditure incurred to Repair and Maintain Property, Plant and Equipment

The following specific costs included in the amount of Repairs and Maintenance disclosed in Note N/A were incurred by entity during the reporting period:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Buildings	**30 060**	**40 036**
- Inventory Consumed	30 060	40 036
IT Equipment	**70 879**	**61 670**
- Inventory Consumed	70 879	61 670
Heritage Asset	**9 627**	**-**
- Inventory Consumed	9 627	-
Total Expenditure incurred to Repair and Maintenance	**110 566**	**101 705**

6. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**1**	**8 414**

The movement in Intangible Assets is reconciled as follows:	**Computer Software**	**Total**
Carrying values at 01 April 2017	**8 414**	**8 414**
Cost	20 580	20 580
Accumulated Amortisation	(12 166)	(12 166)
Amortisation:	(2 511)	(2 511)
Purchased	(2 511)	(2 511)
Disposals:	(5 902)	(5 902)
At Cost	(19 081)	(19 081)
At Accumulated Amortisation	13 179	13 179
Carrying values at 31 March 2018	**1**	**1**
Cost	1 499	1 499
Accumulated Amortisation	(1 498)	(1 498)

	2018 R	2017 R
	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:		
At Cost	(64 000)	(64 000)
At Accumulated Amortisation	(113 258)	(113 258)
	49 258	49 258
Carrying values at 31 March 2017		
Cost	8 414	8 414
Accumulated Amortisation	20 580	20 580
	(12 166)	(12 166)

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.

6.1 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.

6.2 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

7. HERITAGE ASSETS

	2018 R	2017 R
At Cost less Accumulated Impairment Losses	1 381 960	1 381 960

The movement in Heritage Assets is reconciled as follows:

	Antiquities	Total
Carrying values at 01 April 2017	**1 381 960**	**1 381 960**
Cost	1 381 960	1 381 960
Accumulated Impairment	-	-
Carrying values at 31 March 2018	**1 381 960**	**1 381 960**
Cost	1 381 960	1 381 960
Accumulated Impairment Losses	-	-
Carrying values at 01 April 2016	**1 381 960**	**1 381 960**
Cost	1 381 960	1 381 960
Accumulated Impairment	-	-
Carrying values at 31 March 2017	**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.

7.1 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.

7.2 Impairment of Heritage Assets

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

8. PROVISIONS

	2018 R	2017 R
Leave Pay	262 245	206 174
Performance Bonuses	386 553	368 935
Total Provisions	**648 798**	**575 109**

The movement in provisions are reconciled as follows:

	2018 R	2017 R
Current Provisions:		
Leave Pay:		
Balance at beginning of year	206 174	155 267
Contributions to provision	76 432	63 547
Expenditure incurred	(20 361)	(12 640)
Balance at end of year	**262 245**	**206 174**

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.

	2018 R	2017 R
Performance Bonuses:		
Balance at beginning of year	368 935	313 371
Contributions to provision	17 618	247 988
Expenditure incurred	-	(192 424)
Balance at end of year	**386 553**	**368 935**

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

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2018 R	2017 R
Trade Creditors	15 626	2 823
Accruals	305 896	143 708
Deposits Received	285 769	221 132
Payments Received-in-Advance	40 460	53 237
Other Creditors	90	478 523
Total Payables	**647 841**	**899 423**

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

10. 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	1 187 568	3 817 709
Total Accumulated Surplus	**1 545 825**	**4 175 966**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

11. SALES

Tickets	4 123 521	2 295 153
Total Sales	**4 123 521**	**2 295 153**

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

12. SPECIAL DAY REVENUE

	2018 R	2017 R
Military Tattoo	-	300
Total Receipts from Special Days	**-**	**300**

The amounts disclosed above for revenue from Special Days are in respect of services rendered which are billed to the costumers upon the actual sale according to approved tariffs.

13 INTEREST EARNED

External Investments:		
Bank Account	-	113
Call Deposits	116 815	397 284
Total Interest Earned	**116 815**	**397 396**
13.1 Calculation of Cash Flow:		
External Interest Income	116 815	397 396
Total Receipts for Interest Received	**116 815**	**397 396**

14. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Amenities	200	-
Rental Revenue from Other Facilities	1 131 702	1 139 099
Total Rental of Facilities and Equipment	**1 131 902**	**1 139 099**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14.1 Calculation of Cash Flow:

		2018 R	2017 R
Income from Rental of Facilities and Equipment	Note 14	1 131 902	1 139 099
Income from Special Days	Note 12	-	300
Income from Sales	Note 11	4 123 521	2 295 153
Opening Balance of Trade Debtors	Note 3	106 003	250 745
Closing Balance of Trade Debtors	Note 3	(222 524)	(106 003)
Amounts written-off as uncollectable	Note 3	(220 000)	(19 636)
Total Receipts for Rental of Facilities & Equipment, Sales and Other Services		**4 918 902**	**3 559 658**

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

15. OTHER REVENUE

Overtime	53 972	-
Sundry Income	396 165	162 735
Total Other Revenue	**450 137**	**162 735**

15.1 Calculation of Cash Flow:

Income from Other Revenue	Note 15	450 137	162 735
Other Non-Cash Movement		-	
Total Receipts for Other Revenue		**450 137**	**162 735**

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.

16. PUBLIC CONTRIBUTIONS AND DONATIONS

	2018 R	2017 R
Other Donations	700	100
Total Public Contributions and Donations	**700**	**100**
16.1 Calculation of Cash Flow:		
Public Contributions and Donations Income	700	100
Total Receipts for Public Contributions and Donations	**700**	**100**

17. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	5 796 662	5 144 736
Basic Salaries and Wages	5 796 662	5 081 189
Contribution to Leave Fund	-	63 547
Performance Bonuses	-	247 988
Total Employee Related Costs	**5 796 662**	**5 392 724**
17.1 Calculation of Cash Flow:		
Employee Related Costs Expenditure	5 796 662	5 392 724
Opening Balance of Provision for Performance Bonuses	368 935	313 371
Closing Balance of Provision for Performance Bonuses	(386 553)	(368 935)
Other Non-Cash Transfers	-	(225 901)
Total Payments for Employee Related Costs	**5 722 974**	**5 060 353**

No advances were made to employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Remuneration of Key Management:	2018 R	2017 R
Remuneration of the Chief Executive Officer		
Annual Remuneration	985 920	903 476
Performance Bonus	98 592	90 347
Total	**1 084 512**	**993 823**
Remuneration of the Chief Financial Officer		
Annual Remuneration	794 127	705 246
Performance Bonus	79 413	70 524
Total	**873 540**	**775 770**

18. ADMINISTRATION COSTS

Restaurant Management Fees	64 000	282 750
Total Administration Costs	**64 000**	**282 750**

Delicious Deloush were procured by the CCB to provide restaurant services and were paid a monthly management fee. These services were terminated during the year and a new service provider was appointed on a profit share basis,

19. CONTRACTED SERVICES

Cleaning Services	9 550	-
Consultancy Fees	40 359	203 327
Internal Audit	137 951	113 556
Security Services	9 466	10 510
Total Contracted Services	**197 326**	**327 393**

20. DEBT IMPAIRMENT

	2018 R	2017 R
Impairment Losses Recognised:	270 000	19 636
Receivables from Exchange Transactions	270 000	19 636
Total Debt Impairment	**270 000**	**19 636**

An amount of R220 000 raised as a receivable from the Department of Military Veterans was written off in lieu of the contribution made to the Castle of Good Hope by the Department.

21. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	88 715	144 621
Amortisation: Intangible Assets	2 511	40 825
Total Depreciation and Amortisation	**91 226**	**185 446**

22. REPAIRS AND MAINTENANCE

Buildings	30 060	40 036
Other Assets - Computer Equipment/Hardware	70 879	61 670
Heritage Assets	9 627	-
Total Repairs and Maintenance	**110 566**	**101 705**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. SHARE OF TICKET SALES

	2018 R	2017 R
Tickets	-	765 133
Total Share of Ticket Sales	**-**	**765 133**

Historically, Iziko Museums of South Africa was allocated one-third (1/3) of Castle entrance ticket sales as a contribution towards the cost of curating and displaying the William Fehr Collection at the Castle. This arrangement has been discontinued with effect from 31 March 2017, as no legal basis has been found for determining this sharing of revenue and the parties have been unable to negotiate or conclude a formal written agreement for cooperation and mutual support. Iziko Museums continues to house certain of its collections and exhibitions in Castle spaces, free of all rentals, costs and service charges. This arrangement is under review by the Board.

24. SPECIAL DAY EXPENDITURE

350 Commemoration	2 060	1 238 487
Cars at the Castle	70 579	8 295
DMV workshops	15 750	-
Heritage Day	40 000	65 100
Mandela Day	11 917	2 830
Military Tattoo	-	807
Woman's Month/Day	-	7 228
Youth Day	21 149	77 600
Other Events	-	8 962
Total Expenditure for Special Days	**161 454**	**1 409 309**

25. GENERAL EXPENSES

Included in General Expenses are the following:

	2018 R	2017 R
Advertising	29 809	23 089
Audit Fees	396 353	360 266
Bank Charges	85 782	60 152
Cleaning Material	58 677	41 826
Computer Requirements	99 849	29 264
Entertainment	53 284	79 282
Insurance	20 683	24 495
Laundry	24 121	22 686
Legal Costs	177 918	34 880
Marketing	-	1 860
Military Museum	4 363	30 262
Office Machine Rental	2 810	4 680
Postage and Courier Costs	798	280
Printing and Stationery Costs	140 959	246 781
Signboards	1 619	-
Sanitation Services	8 391	6 881
Subscription and Membership Fees	10 817	6 752
Telecommunication Costs	117 083	121 914
Training and Work sessions	18 346	11 357
Travelling Costs - International	21 120	72 039
Travelling Costs - Local	120 191	198 432
Uniforms and Protective Clothing	51 846	-
Venue Rental	7 356	-
Other General Expenses	300 738	2 701
Total General Expenses	**1 752 910**	**1 379 879**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2018 R	2017 R
25.1 Calculation of Cash Flow:			
Expenditure for Administration Costs	Note 18	64 000	282 750
Expenditure for Contracted Services	Note 19	197 326	327 393
Expenditure for Repairs and Maintenance	Note 22	110 566	101 705
Expenditure for Share of Ticket Sales	Note 23	-	765 133
Expenditure for Special Days	Note 24	161 454	1 409 309
Expenditure for General Expenses	Note 25	1 752 910	1 379 879
Closing Balance of Inventories	Note 2	6 799	-
Opening Balance of Payables: Exchange Transactions	Note 9	899 423	1 113 746
Closing Balance of Payables: Exchange Transactions	Note 9	(647 841)	(899 423)
Other Cash Movement		-	92 698
Total for Suppliers Paid		**2 544 638**	**4 573 191**

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.

Included in other general expenses is a R220 000 litigation settlement to Afroteq pertaining to training services and materials for Military Veterans at the Castle.

26. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

	2018	2017
Loss on Disposal of Property, Plant and Equipment	(9 072)	(75 181)
Loss on Disposal of Intangible Assets	(5 902)	(64 000)
Total Gains / Losses on Disposal of Capital Assets	**(14 974)**	**(139 181)**

27. CASH GENERATED BY OPERATIONS

	2018 R	2017 R
Surplus / (Deficit) for the Year	(2 630 141)	(5 944 374)
Adjustment for:		
Depreciation and Amortisation	91 226	185 446
Losses / (Gains) on Disposal of Property, Plant and Equipment	9 072	75 181
Contribution to Provisions - Current	94 050	311 535
Expenditure incurred from Provisions - Current	(20 361)	(205 064)
Contribution to Impairment Provision	270 000	19 636
Bad Debts Written-off	(220 000)	(19 636)
Operating surplus before working capital changes	**(2 406 155)**	**(5 577 277)**
Decrease/(Increase) in Inventories	(6 799)	-
Decrease/(Increase) in Receivables from Exchange Transactions	(116 521)	144 742
Increase/(Decrease) in Payables from Exchange Transactions	(251 582)	(214 323)
Other Adjustments	-	-
Cash generated by / (utilised in) Operations	**(2 781 057)**	**(5 646 857)**

28. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The entity did not enter into any Non-cash Investing and Financing Transactions during the 2017/18 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

29.1 Unauthorised Expenditure

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

29.2 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.

Incident	Disciplinary Steps / Criminal Proceedings

29.3 Irregular Expenditure

	2018 R	2017 Restated R
Reconciliation of Irregular Expenditure:		
Opening balance	1 724 869	57 195
Irregular Expenditure current year	-	1 724 869
Condoned or written off by the Board	(1 724 869)	(57 195)
Irregular Expenditure awaiting condonement	-	**1 724 869**

Incident	Disciplinary Steps / Criminal Proceedings	
Irregular Expenditure Incurred is R0 (2017: R1 724 869)	*None*	*None*

30. FINANCIAL INSTRUMENTS

30.1 Classification

FINANCIAL ASSETS:

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

Financial Assets	Classification	2018 R	2017 R
Receivables from Exchange Transactions			
Trade Debtors	Amortised cost	155 308	73 604
Payments Made-in-Advance	Amortised cost	17 217	32 400
Cash and Cash Equivalents			
Call Deposits	Amortised cost	699 627	3 666 492
Bank Balances	Amortised cost	88 924	92 394
Cash Floats and Advances	Fair value	67 600	58 300
Other Cash Equivalents	Fair value	24 869	14 405
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Trade Debtors	155 308	73 604
Receivables from Exchange Transactions	Payments Made-in-Advance	17 217	32 400
Cash and Cash Equivalents	Call Deposits	699 627	3 666 492
Cash and Cash Equivalents	Bank Balances	88 924	92 394
		961 076	3 864 890
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	67 600	58 300
Cash and Cash Equivalents	Other Cash Equivalents	24 869	14 405
		92 469	72 705
Total Financial Assets		1 053 545	3 937 594

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL LIABILITIES:

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

Financial Assets	Classification	2018 R	2017 R
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	15 626	2 823
Accruals	Amortised cost	305 896	143 708
Deposits Received	Amortised cost	285 769	221 132
Payments Received-in-Advance	Amortised cost	40 460	53 237
Other Creditors	Amortised cost	90	478 523
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	15 626	2 823
Payables from Exchange Transactions	Accruals	305 896	143 708
Payables from Exchange Transactions	Deposits Received	285 769	221 132
Payables from Exchange Transactions	Payments Received-in-Advance	40 460	53 237
Payables from Exchange Transactions	Other Creditors	90	478 523
		647 841	899 423
Total Financial Liabilities		**647 841**	**899 423**

30.2 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.

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 2018, 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.

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

	Level 1 R	Level 2 R	Level 3 R	Total R
31 March 2018				
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	92 469	-	92 469
Total Financial Assets	-	92 469	-	92 469
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	92 469	-	92 469
31 March 2017				
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	72 705	-	72 705
Total Financial Assets	-	72 705	-	72 705
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	72 705	-	72 705

30.3 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 2017.

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 10 and the Statement of Changes in Net Assets.

	2018 R	2017 R
Gearing Ratio		
The gearing ratio at the year-end was as follows:		
Debt	1 296 639	1 474 532
Equity	1 545 825	4 175 966
Net debt to equity ratio	**83,88%**	**35,31%**

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.

30.4 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

30.5 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.

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 30.8 to the Annual Financial Statements.

30.6 Market Risk

The entity's activities expose it primarily to the financial risks of changes in interest rates (see Note 30.7 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.

30.6.1 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.

30.6.2 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

30.7 Credit Risk Management

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.

	2018 R	2017 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	172 524	106 003
Bank, Cash and Cash Equivalents	881 020	3 831 591
Maximum Credit and Interest Risk Exposure	**1 053 545**	**3 937 594**
Bank and Cash Balances		
ABSA Bank Ltd	88 924	92 394
Call Deposits	699 627	3 666 492
Cash Equivalents	92 469	72 705
Total Bank and Cash Balances	**881 020**	**3 831 591**

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	65 404	66 548
	65 404	66 548
Total Receivables from Exchange Transactions	**65 404**	**66 548**
	-	-

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

30.8 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	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
31 March 2018								
Non-interest Bearing		0,00%	647 841	647 841	-	-	-	-
			647 841	**647 841**	-	-	-	-
31 March 2017								
Non-interest Bearing		0,00%	899 423	899 423	-	-	-	-
			899 423	**899 423**	-	-	-	-

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	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
31 March 2018								
Non-interest Bearing		0,00%	314 993	314 993	-	-	-	-
Variable Interest Rate Instruments		5,14%	788 551	788 551	-	-	-	-
			1 103 545	1 103 545	-	-	-	-
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	-	-	-	-

30.9 Other Price Risks

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

31. RELATED PARTY TRANSACTIONS

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

31.1 Relationships

Members	Refer to members' report note
South African National Defence Force	SANDF
General Support Base Western Cape	GSB
Department of Military Veterans	DMV
Iziko Museums of South Africa	Iziko
Castle Military Museum Foundation	CMMF

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

31.2 Related Party balances & Transactions

	2018 R	2017 R
Related party balances		
Iziko	-	477 187
GSB Western Cape	(30 000)	(30 980)
Related party transactions		
Iziko	-	765 133
GSB Western Cape (Income)	(83 100)	(64 480)
GSB Western Cape (Transfers)	112 970	264 475
South African National Defence Force		
Payment for use of fixed telephone lines	1 180	7 163

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 R773 254 (2017: R1.7 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.

The Castle Military Museum Foundation is an inter vivos trust established by the Castle Military Museum as a fundraising vehicle for the continuing support of the museum. The museum acts as a custodian for all artefacts acquired through the foundation.

31.3 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.

	2018 R	2017 R
Non-executive		
Adv D. Mitchell	18 920	11 352
Ms C. de Vries	9 184	6 888
Adv J. Niekerk	11 480	2 296
Mr E Bruttoh	9 184	-
	48 768	20 536

31.4 Compensation of Related Parties

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

32. IN-KIND DONATIONS AND ASSISTANCE

The entity received an In-kind donation to the amount of R700 during the year under review (refer to note 15).

The entity received the following in-kind assistance from the Department of Defence:

(i) Office space accommodation for CCB employees R 270 000

The office space has been assessed as not significant to the CCB's operations and hence has not been raised as income or capitalised as an asset.

33. PRIVATE PUBLIC PARTNERSHIPS

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

34. EVENTS AFTER THE REPORTING DATE

A payable of R220 000 has been raised in respect of a claim by Afroteq relating to services rendered to the CCB. The Board resolved to settle the legal matter. The decision to settle was taken on 25 May 2018.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. 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 not cash-backed for the 2018/19 period due to the depletion of the historical surplus.

(ii) The entity's Budget is subjected to a very rigorous independent assessment 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.

(vi) The current economic conditions in the tourism sector that have a negative impact on the CCB's ability to meet its short term obligations as they become due.

(v) The statement of financial performance which reflects a net loss of R 2 630 141 as at 31 March 2018, and as at that date the CCB's current liabilities exceed the current assets by R 236 296. These events or conditions indicate that a material uncertainty exist that may cast significant doubt on the entity's ability to continue as a going concern.

(vi) In spite of the going concern uncertainty indicated above, the Ministry of Defence has demonstrated willingness to assist the operations of the CCB over the MTREF period, 2018/19 to 2021/22.

Taking the aforementioned into account, the Annual Financial Statements have been prepared on the Going Concern Basis.

Tourism Minister, Ms Tokozile Xasa and Ms Doreen Hendricks at the Nxau Ceremony held at the Castle on 24 June 2017.

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