



DITSONG: Museums of South Africa Annual Report

2022/2023



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Part A: General

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: DITSONG: Museums of South Africa
REGISTRATION NUMBER: Not Applicable
PHYSICAL ADDRESS: 70 WF Nkomo Street
GaMohle Building
Pretoria
0002

POSTAL ADDRESS: PO Box 4197
Pretoria
0001

TELEPHONE NUMBER/S: +27 12 492 5744
FAX NUMBER: +27 12 323 6592
EMAIL ADDRESS: info@mitsong.org.za
WEBSITE ADDRESS: <https://www.mitsong.org.za>

EXTERNAL AUDITORS: Auditor-General of South Africa
BANKERS: First National Bank (FNB)
COUNCIL SECRETARY: Mr F. Mashilo



Part A: GENERAL

2. LIST OF ABBREVIATIONS/ACRONYMS

| | |
|----------|--|
| ACH | Arts, Culture and Heritage |
| AFS | Annual Financial Statements |
| ARIC | Audit, Risk and Information Communication Technology Committee |
| AGSA | Auditor-General of South Africa |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BRICS | Brazil, Russia, India, China, South Africa (BRICS countries) |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| COVID-19 | Coronavirus Disease 2019 |
| CoT | City of Tshwane |
| DKM | DITSONG: Kruger Museum |
| DMSA | DITSONG: Museums of South Africa |
| DNMCH | DITSONG: National Museum of Cultural History |
| DNMMH | DITSONG: National Museum of Military History |
| DNMNH | DITSONG: National Museum of Natural History |
| DPM | DITSONG: Pioneer Museum |
| DPWI | Department of Public Works and Infrastructure |
| DSAC | Department of Sport, Arts and Culture |
| DSI | Department of Science and Innovation |
| DSMM | DITSONG: Sammy Marks Museum |
| DTMC | DITSONG: Tswaing Meteorite Crater |
| DWPAM | DITSONG: Willem Prinsloo Agricultural Museum |
| EE | Employment Equity |
| EXCO | Executive Committee |
| FAR | Fixed Asset Register |
| FY | Financial Year |
| GRAP | Generally Recognised Accounting Practice |

| | |
|---------|--|
| HDI | Human Development Index |
| HO | Head Office |
| HR | Human Resources |
| HRREMCO | Human Resources and Remuneration Committee |
| ICOM | International Council of Museums |
| ICT | Information and Communications Technology |
| MANCO | Management Committee |
| MOU | Memorandum of Understanding |
| MTSF | Medium-Term Strategic Framework |
| NAC | National Arts Council |
| NDP | National Development Plan |
| NRF | National Research Foundation |
| NSCF | Natural Sciences Collection Facility |
| OHS | Occupational Health and Safety |
| PFMA | Public Finance Management Act |
| PPE | Personal Protective Equipment |
| PPPFA | Preferential Procurement Policy Framework Act |
| RAMP | Repairs and Maintenance Programme |
| SAASTA | South African Agency for Science and Technology Advancement |
| SCM | Supply Chain Management |
| SLA | Service Level Agreement |
| TR | Treasury Regulations |
| UNESCO | United Nations Educational, Scientific and Cultural Organisation |
| UP | University of Pretoria |
| VPN | Virtual Private Network |
| WSP | Workplace Skills Plan |

3. FOREWORD BY THE CHAIRPERSON



Introduction

It is an honour to present the Annual Report of DITSONG: Museums of South Africa (DMSA) for the 2022/23 financial year on behalf of Council. The mandate of DMSA is derived from the Cultural Institutions Act (No. 119 of 1998, as amended in 2001) and like all public entities, DMSA is expected to comply with the Public Finance Management Act (No. 1 of 1999, as amended). These legislation among others were considered in the preparation of the Annual Report.

The DMSA is made up of three (3) main museums, and five (5) satellite museums. Seven (7) of these museums are located in Pretoria, and one (1) in Johannesburg. In total there are eleven (11) sites falling under DMSA, some of which are not museums, but historical properties which need to be conserved. The DMSA has therefore diverse and hybrid mandates as all museums and sites deal with different heritage categories, ranging from agriculture with livestock, entrepreneurship, natural history, cultural history and military history. In addition, the DMSA comprises of a site with a meteorite crater with a variety of game, a site covering the history of early pioneers, which is also popular for use as an entertainment centre and a site covering the legacy of Paul Kruger. These examples provide the magnitude of the diverse heritages under the custodianship and management of the DMSA.

The Annual Report details the DMSA's performance against predetermined performance targets which are outlined in the Annual Performance Plan (APP) which is informed by the five (5) year Strategic Plan. It presents the DMSA's journey in carrying out its mandate of conserving the 4.9 million heritage assets under its custodianship. It highlights successes, challenges, and opportunities to be explored to achieve greater heights in future, or to mitigate identified challenges.

Overview of DMSA strategy and performance

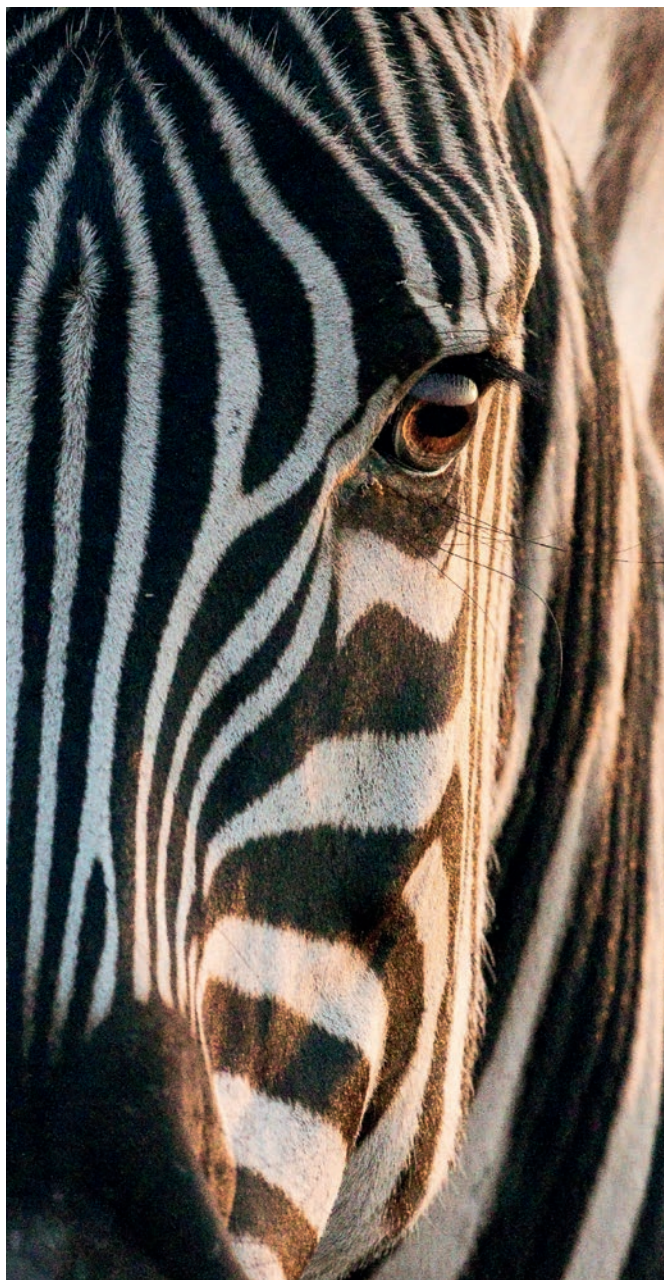
The current Council of DITSONG: Museums of South Africa (DMSA) assumed their term on 01 August 2022, amidst a plethora of financial challenges confronting the DMSA, brought about by the continued negative impact of the Covid-19 pandemic, underfunded utility bills which put pressure on the DMSA's operational budget and the high inflation rate which is a reflection of the country's shrinking economy.

The DMSA started the year on a deficit of 2.9 million Rand from the previous year, which ate into the 2022/23 financial year's budget. As a result, cost containment measures were put in place to contain spending together with a Turnaround Strategy which included fundraising, maximisation on collaborations or partnerships and sweating of assets. The employees did not receive the Cost of Living Adjustment (COLA) for two consecutive years (2021/2022 and 2022/2023), and the Council members also waived a portion of their honoraria. Most of the governing structures meetings were held online to reduce logistical costs.

Notwithstanding the financial and human resource constraints, the DMSA had to forge forward in striving to achieve its objectives with very limited resources and achieved 92% success in the implementation of the APP of the year under review. Moreover, the organisation had to put a moratorium on the filling of some positions, leading to a very high vacancy rate of 15%, which put pressure on employees to take on more responsibilities, and we thank them for that. Council notes that this situation is not sustainable and would like to prioritise on key positions to be filled in the new financial year, of course taking into account the planned heritage institutions' amalgamations.

These successes under very difficult circumstances can be attributed to the dedication and hard work of the DMSA employees and their ability to create

Part A: GENERAL



partnerships for resource sharing with similar or like-minded institutions, both locally and internationally.

Strategic relations

DITSONG: Museums of South Africa (DMSA) continued to maintain partnerships with old partners and established new partnerships, benefitting DMSA in the process. Through the partnership with the Natural Science Collection Facility (NSCF), DMSA was allocated a grant for the restoration of the wet collection in the Ornithology Unit at the Natural History Museum. The NSCF has been assisting the organisation with digitisation of natural history specimens in the same Museum. Further, they had placed seven research assistants to assist with sorting out data issues in the Herpetology Unit of the Natural History Museum. We thank the NSCF for the partnership and their positive impacting contribution.

Through the partnership with the University of Pretoria, DMSA managed to put up a temporary exhibition at the Cultural History Museum, and some murals were painted by art students on the walls of the Natural History Museum. The murals depict some of the collections curated at the Museum and are a clear example of 'art meets science'. On behalf of the DMSA and the Council, I would like to thank the University of Pretoria for their impactful contribution at DMSA.

The DMSA was able to continue offering music as a way of attracting new audiences and for income generation through the 'Co-curate and Co-create' programme, which seeks to partner with art, culture and heritage organisations.

Further, worthy to mention was the funding received from the National Arts Council for hosting the 2nd music concert at DITSONG: Pioneer Museum in partnership with Concerts SA.

In addition, DMSA partnered with the musician, Selaelo Selota, to host the inaugural One Country Concert, which was also hosted at Pioneer Museum. The Pioneer

Museum is located near Mamelodi, which is considered a jazz community, therefore hosting concerts at Pioneer Museum presents an opportunity for the Mamelodi community to visit the site. The DMSA has an opportunity to service rural communities like the Tswaing Meteorite Crater which is situated within the rural community in Tswaing.

Strategic partnerships helped the DMSA to achieve some performance indicators, which would otherwise have not been achieved due to liquidity challenges that the DMSA was faced with during the year under review. We will continue to maximise on partnerships and collaborations with any interested organisation.

Challenges faced by Council

The biggest challenge that the DMSA was faced with during the reporting period was the alleged tender fraud and corruption, including price collusions, which were reported by a whistleblower. These allegations shook the Council which was just commencing with their term when the allegations emerged. As a precautionary measure and to allow investigations to take place without interference, the implicated employees were suspended. The Council experienced several resignations including those on suspension. A preliminary investigation has been concluded, and it concluded that there is a prima facie evidence of a criminal conspiracy aimed at defrauding the DMSA. The Council will take the necessary steps against the implicated people. Corruption is a cancer that is eating into public funds that should be used for rendering services and should never be tolerated.

The general lawlessness and high crime rate in the country has seeped into the DMSA sites. Of particular concern was the illegal settlement on one of the DMSA sites, namely Tswaing Meteorite Crater, which borders on the Winterveld and Soshanguve settlements. A multi-stakeholder team managed to work together to get the illegal settlement demolished after a few months

of its existence. However, Tswaing remains a huge concern to Council and Management because issues relating to poor community relations stem from years ago, and involve among other things vandalism of the fence, destruction of property, intimidation of staff and poaching of game. To this end, the Council has written to the Minister of Sport, Arts and Culture to request intervention. Hopefully, this will lead to the alleviation of the problems at Tswaing.

While the Council was still new and confronted with the fraud and corruption thorn, most of the executive management left the DMSA for various reasons. One was suspended, some resigned and one went on retirement. It was highly an uneven ground that the new Council landed on without the full complement of executive management. The Council had to work expeditiously to grasp issues and understand the abeyance of the DMSA's environment without such key employees.

The liquidity challenge remained a huge concern during the year under review. To mitigate this, the organisation continued with implementation of the Turnaround Strategy which was approved in the previous financial year and sought to address the liquidity challenge through implementation of cost containment strategies and financial sustainability programmes. Through its committees, the Council monitors progress on the implementation of this Strategy.

Strategic focus over the medium- to long-term period

The main focus of Council in the next few years will be to bring about stability to the DMSA by addressing the liquidity challenges and through the filling of crucial positions, particularly the three vacant positions in the Executive Committee. The filling of these positions is necessary for the implementation of the Turnaround Strategy, which seeks to address the liquidity challenges of the organisation.

Council notes that while the Turnaround Strategy is being

implemented and returns are being realised in certain areas, there are areas of the Strategy, particularly relating to income generation or financial sustainability projects, which still require tremendous work and monitoring thereof. In response to this, Council took a decision to establish a Finance and Fundraising Committee, which would monitor finance and fundraising activities of the DMSA and would be a fourth sub-committee of Council. This Committee will, however, commence work in outer years, due to factors which need to be in place for the Committee to be effective. Moreover, the Finance and Fundraising Committee will require financial resources to function; resources which are currently limited. The organisation is therefore looking into an alternative approach to fundraising which will be deliberated upon in relevant committees of Council in the new financial year.

Acknowledgements / Appreciation

On behalf of the Council of DMSA, I would like to take this opportunity to pass our gratitude to the previous Council which handed over the reins to the current Council during the year under review. Their detailed handover report prepared the new Council for the execution of their mandate.

I would like to convey my thanks and appreciation to the current DMSA Council and its various Committees for the oversight role that they play. Their robust engagement, guidance and commitment during meetings and other platforms for implementation of the mandate of DMSA are appreciated.

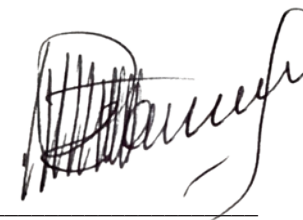
I would also like to convey our appreciation to the former CEO, Ms Annabell Lebethe who resigned and left the organisation in December 2022. She left an organisation, which had improved tremendously in terms of its systems and operations in comparison to previous years, leading to an improvement in the audit outcomes. The Council has appointed Dr Moleboheng Mohapi, the Director of the Natural History Museum, as the current Acting Chief Executive Officer. The Council

thanks her for the dedication and hard work she has shown.

A special thanks goes to the Management and all the employees of DMSA who worked hard during the year under review, with limited resources and without a salary increase, but still managed to attain 92% success. Their efforts do not go unnoticed.

The Department of Sport, Arts and Culture, our shareholder department is appreciated for continued financial and other support to the DMSA.

We encourage further partnerships and collaborations on future programmes or areas that any partner would like DMSA to partner or collaborate upon. Museums are public spaces; we therefore would like to encourage members of the public to visit and use our museums. The public should feel free to engage with Management and make suggestions on ways in which DMSA can improve on its service delivery going forward.



Adv M.J. Ralefatane

Chairperson of Council

31 July 2023

Part A: GENERAL



2. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW



Introduction

The 2022/23 financial year was a difficult year for DITSONG: Museums of South Africa (DMSA) for a number of reasons. First, DMSA lost three crucial executive members through resignation, contract expiration and retirement. Another member of the Executive Committee resigned after year end. No organisation is ever ready to lose so many members of its Executive Committee in such a short space of time! Further losses of senior management were incurred through the resignation of two senior managers, further exacerbating the vacancy rate. The high vacancy rate in the organisation (25 frozen vacancies) created a situation where some employees were overstretched as they had to assist in other positions. The commitment and dedication of these employees are deeply appreciated, however, management endeavours to fill crucial positions in the new financial year to release pressure on the overloaded staff and to increase productivity.

For a second year in a row, the organisation failed to implement salary increases for the employees due to the organisation's financial situation. The cost of living continued to escalate on the other hand, necessitated by the continued impact of the Covid-19 pandemic, high oil prices, interest rate hikes, and high food prices.

As a result of the challenges stated above, there was generally low staff morale, which did not only affect productivity but may have had and will continue to have a resultant effect of resignations on key positions. The macro-economic factors, such as the power crisis and resultant water cuts further compounded the low staff morale and impacted negatively on productivity.

Despite this gloomy picture, DMSA still managed to achieve a few successes worthy of mention. For the first time in years, the organisation achieved the target on 'own revenue generated', which was set at 7 million rands. This can be attributed to a steady increase

in visitor numbers, the implementation of income generating activities, as well as external fundraising activities. For example, the organisation received a research fund from the National Research Foundation (NRF), as well as a grant from the South African Agency for Science and Technology Advancement (SAASTA) to commemorate National Science Week.

Another success worthy of celebration is an increased research output for both peer-reviewed papers and popular articles, as a result of a much fuller research structure, as well as partnerships which enabled our researchers to conduct research activities both locally and internationally using external funds. For example, Ms Getrude Seabela, Curator: Anthropology, (Cultural History Museum) undertook a research visit to the University of Manchester Museum through a grant from the John Ellerman Foundation. The programme was a curatorial exchange programme between the United Kingdom (UK) and South Africa. She also hosted her UK counterpart and co-authored a research paper for publication. Findings of their research were included in an exhibition that opened in February 2023 at the University of Manchester Museum. Their project and the method proposed in their paper have been included as one of the case studies to be used as a reference in *Indigenising and Decolonisation of Museums Toolkit* in the UK.

DITSONG: Museums of South Africa was voted best museum in the 2022 Pretoria News: Readers' Choice Competition, for a third time in a row. This is a welcomed success, which speaks to the quality of visitor experience that we offer in our museums.

Financial overview: Spending trends

The spending at DMSA is guided by the entity's Strategic Plan and the Annual Performance Plan, which is a by-product of the five-year Strategic Plan. DMSA reported a

Part A: GENERAL

deficit of R18 664 212 in the 2022/23 financial year. The total expenditure was 38% above budget in the 2022/23 financial year, mainly because of unbudgeted non-cash items such as expenses relating to the valuation of the post-retirement obligation amounting to R5 844 000 and services in-kind rental amount of R18 628 841. The underfunded utility bills amounting to R13 488 208, against a utility grant of R6 500 000 also contributed to the reported deficit.

The post Covid-19 pandemic impact was still felt during the year under review and had a negative impact on own revenue generation, resulting in serious cash flow challenges. Own revenue collection increased from previous year reported amount of R5 217 396 to R7 746 646. This was a welcomed result as the budgeted target of R7 702 279 was achieved.

Requests for rollover of funds

The closing cash and cash equivalents for the 2022/23 financial year amounted to R11 558 012 against current liabilities of R44 378 659. The request for rollover of funds to National Treasury for the 2022/23 financial year will be made on the basis of the audited figures as highlighted above. DMSA received conditional grant funding for the implementation of infrastructure projects. Due to slow movements on the projects an amount of R9 913 111 is recorded as income received in advance and will be spent in the 2023/24 financial year.

Audit report and matters in the previous year

DMSA developed an Audit Implementation Plan to address the audit findings with a particular focus on the root causes to prevent recurring audit findings in the 2022/2023 financial year. Out of the 33 audit findings reported in the 2022/2023 External Audit Implementation Plan, 30 audit findings were fully addressed representing 91% completion rate. The remaining three audit findings are in the process of being addressed.

Economic viability

Over the past two years, South Africa's broad recovery from the Covid-19 induced crisis of 2020 was supported

by higher global commodity prices, which improved export and fiscal revenues. Real GDP growth recovered to 4.9 percent in 2021 from a low base following a contraction of 6.3 percent in 2020. Yet recovery has been hampered by slow implementation of economic reforms and a series of shocks, including the domestic riots and looting in July 2021, historic flooding in April 2022 and escalating power cuts. Despite the economic challenges facing South Africa, DMSA assessed whether it can operate as a going concern in its preparation of the 2022/2023 AFS and concluded that it is a going concern.

Supply Chain Management

DITSONG: Museums of South Africa had realised an overall improvement of the Supply Chain Management Unit in previous years, which contributed to the improvement of the audit outcome. However, during the year under review, allegations of tender fraud and price collusion were reported to the organisation, resulting in the suspension of three implicated employees. An investigation has been concluded and consequence management will be put in process against implicated people.

There were no unsolicited bid proposals submitted during the reporting period.

Capacity constraints and challenges

As stated previously, the organisation suffered losses of the Executive Committee (EXCO) members and senior management team, resulting in a rather unfavourable situation where four EXCO members were in acting capacity. The Council appointed a new CFO in June 2023, bringing some stability in the organisation. However, the CEO's recruitment process is yet to be finalised and the two director positions will be filled in the 2023/24 financial year. Moreover, the recruitment process for the filling of the two management positions are underway and will be concluded in the 2023/24 financial year.

With regards to the other frozen positions, Management has identified crucial positions to fill in the new year, in consultation with the two labour partners: the National

Education, Health and Allied Workers' Union (NEHAWU) and the South African Parastatal and Tertiary Institutions Union (SAPTU). The positions will be filled in consideration of the organisation's affordability levels as the year progresses.

One of the biggest challenges the organisation faced during the reporting period is the land invasion at DITSONG: Tswaing Meteorite Crater, by a group of people claiming to be under a particular local chief. They cleared trees and started putting up illegal structures (shacks) and manufacturing bricks on the site. Through partnership with the South African Police Services (Rietgat Police Station) and the Department of Agriculture, Land Reform and Rural Development (DALRRD), who are the landowners of Tswaing, the illegal settlement was demolished in June 2023. The Police arrested the masterminds of the settlement, who are alleged to have illegally sold sites. This is a clear example of the strength of concerted efforts of various state institutions in fighting crime.

The state of lawlessness and sour relations between DMSA and communities living around Tswaing has been a matter of concern for a number of years. Following failed previous interventions such as engaging the concerned community members through the facilitation of the Police, and issuing out restraining orders for intimidation of staff, Management has engaged the Ministry of Sport, Arts and Culture for intervention. Hopefully, a lasting solution will be realised.

Outlook or plans for the future to address financial challenges

Liquidity challenges remained a huge concern during the year under review, resulting in the deficit stated above. To mitigate this challenge, DMSA will intensify the implementation of the Council approved Turnaround Strategy, intensify fundraising activities and strategic partnerships. The Turnaround Strategy seeks to achieve financial sustainability for the organisation through the following means:

- Introduction of new income generation projects meant to attract new and non-traditional audiences to the DMSA museums. The tagline, ‘we are more than just a museum’ was developed to market these new activities.
- Strengthening or refining old museum offerings for profit maximisation.
- Implementing cost containment measures and prudent management of staff-related costs.

Discontinued key activities

There were no changes made to the Annual Performance Plan (APP) during the reporting period. All indicators on the approved APP were implemented, leading to the achievement of 92% of the planned targets.

Events after the reporting date

After the reporting date, a special investigation report to the Supply Chain Management Irregularities was tabled at Council. The report highlighted that there was prima facie evidence of a criminal conspiracy aimed at defrauding DMSA through manipulation of procurement processes to benefit specific service providers.

Adjusting events after the reporting date

Irregular expenditure of R11 708 383 relating to expenditure in excess of budget was only confirmed during the audit process.

New or proposed key activities

The organisation is looking into intensifying its fundraising activities and will present the alternative fundraising approach to Council for its consideration and approval in the 2023/24 financial year. If Council approves this new approach, it will be implemented to augment the efforts of the Turnaround Strategy in achieving financial sustainability for the organisation.

Acknowledgements / Appreciation

I would like to express sincere gratitude to the DMSA Council and its Committees for playing the oversight role to foster accountability to Management. Your support and guidance are always appreciated.

The Management team and all the hardworking employees of DMSA, and the two labour partners, NEHAWU and SAPTU are deeply appreciated for their dedication to the organisation.

Particularly, appreciation goes to the former Director of DITSONG: National Museum of Military History, Ms Sandi Mackenzie who retired in March 2023 after serving the organisation for over 30 years. The Director of DITSONG: National Museum of Cultural History, Dr Noel Solani resigned after the reporting period; his contribution to the organisation is greatly appreciated.

Lastly, appreciation goes to the many strategic partners which the organisation has, and to the Department of Sport, Arts and Culture for continued support and guidance. DMSA would not have been able to achieve some of its performance indicators, if it was not because of the support of strategic partners who funded some of our programmes or helped to implement programmes. Some of these partners are:

- The Natural Science Collection Facility (NSCF)
- The National Research Foundation
- The University of Pretoria
- The South African Agency for Science and Technology Advancement (SAASTA)
- The Sorbonne University (France)
- The National Arts Council
- Concerts SA
- Mr Selaelo Selota



Dr M. Mohapi
Acting Chief Executive Officer

Date: 31 July 2023



Part A: GENERAL



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



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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

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

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

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control. The system has been designed to provide reasonable assurance regarding the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

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

Yours faithfully

Dr M. Mohapi
Acting Chief Executive Officer
Date: 31 July 2023

Adv M. Ralefatane
Chairperson of Council
Date: 31 July 2023



Part A: GENERAL

6. STRATEGIC OVERVIEW

6.1 Vision

Sustainable museums, accessible and relevant to all.

6.2 Mission

To acquire and preserve, research, exhibit and display heritage assets, and educate the public on cultural, military and natural heritage in a sustainable and transformational manner.

6.3 Values

Within the Ubuntu philosophy, our values are the following:

• Accountability

We are responsible and answerable; that the products and services provided by our museums are of the best possible quality, given our resources and capabilities, and are delivered in accordance with the principles of good governance.

When mistakes are made, we take corrective action and resolve the situation quickly, ensuring that lessons learnt inform new, improved approaches to how we work.

• Ethical behaviour

We are serious about our responsibility of preserving, creating awareness and building knowledge about heritage assets and culture.

Our decisions and actions are therefore considered to ensure that we take the correct action.

Our ethical behaviour means that we have zero-tolerance towards unfairness and discrimination of any form.

• Excellence

We strive for excellence in all that we do. We know that our impact and sustainability is dependent on putting

people first, especially our customers and employees.

We therefore benchmark ourselves with international best practices, as we move towards being a digitally transformed, accessible and relevant group of museums.

• Professionalism

We execute our duties with utmost professionalism to improve the reputation of the organisation.

We continually strive towards acquiring more knowledge and expertise by growing and developing our competencies and capabilities in the management of heritage assets.

We strive to be thought leaders in the knowledge and heritage sectors.

We advance the rights of vulnerable groups and promote access to our programmes and facilities.

• Teamwork

We are committed to working as a team and creating synergies for shared learning and improved efficiencies across all our museums.

As a team, we support each other and work tirelessly at building the reputation of our brand as the place 'where cultures meet.'

• Value our people

To count and be counted, our people are the heartbeat of DMSA.

Each person matters, they are valued, they are developed, their opinion is important and their contributions are recognised.



7. LEGISLATIVE AND OTHER MANDATES

DITSONG: Museums of South Africa (DMSA) is a Schedule 3A public entity, accountable to the Department of Sport, Arts and Culture (DSAC) and Parliament, in terms of financial and performance management, as required by legislation.

7.1 Constitutional Mandate

The constitutional mandate of DMSA is based on Chapter 2, Section 31, of the Constitution of South Africa (Act 108 of 1996), which states:

31. Cultural, religious and linguistic communities. —
- (1) Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community-
 - (a) to enjoy their culture, practise their religion and use their language; and
 - (b) to form, join and maintain cultural, religious and linguistic associations and other organs of civil society.
 - (2) The rights in subsection (1) may not be exercised in a manner inconsistent with any provision of the Bill of Rights.

7.2 Legislative Mandates

DMSA develops, manages and administers some of the largest and most significant Southern African heritage assets in the fields of fauna, palaeontology, cultural history, anthropology, archaeology and military history; which require constant monitoring of the sustainable and

responsible custodianship of these irreplaceable national heritage assets as required by policy and legislation.

The primary legislative mandate of DMSA is informed by the Cultural Institutions Act (No. 119 of 1998), promulgated by Parliament in furtherance of the constitutional mandate of the Department of Sport, Arts and Culture. In terms of section 8 of the Act, the DMSA's mandate, through a Council appointed by the Minister of Arts and Culture, is:

- to formulate policy;
- to hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned;
- to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10 (1);
- to raise funds for the institution;
- to manage and control the moneys received by the declared institution, and to utilise those moneys for defraying expenses in connection with the performance of its functions;
- to keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto, and to cause proper books of account to be kept; and,

- to determine, subject to this Act, and with the approval of the Minister, the objectives of the declared institution, and
- to generally carry out the objects of the declared institution.

7.3 Other Mandates

7.3.1. Alignment to NDP and MTSF

Government priority from the 2020-2025 Medium Term Strategic Framework (MTSF) directly linked to the DMSA mandate is Priority 6: Social cohesion and safe communities. However, the DMSA's outcomes as outlined in the entity's Strategic Plan also supports other MTSF priorities, including:

- Priority 1:** A capable, ethical and developmental state;
- Priority 2:** Economic transformation and job creation;
- Priority 3:** Education, skills and health; and
- Priority 5:** Spatial integration, human settlements and local government.

7.3.2. Alignment to DSAC Outcomes

Shareholder Mandate

In support of the Government imperatives and DSAC, the DMSA has embedded the implementation of the MTSF goals – to realise nation building and social cohesion – in the execution of its mandate

| DSAC Shareholder Outcomes | DMSA Outcomes |
|--|---|
| Increased market share of and job opportunities created in sport, cultural and creative industries | Outcome 3: Increased visibility, accessibility and awareness of heritage assets |
| A diverse, socially cohesive society with a common national identity | Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant Outcome 2: Heritage assets preserved in accordance with international guideline standards |
| Transformed, capable and professional sport, arts and culture sector | Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector Outcome 5: Improved financial sustainability of sustainability of DITSONG: Museums of South Africa |
| Integrated and accessible infrastructure and information | Outcome 3: Increased visibility, accessibility and awareness of heritage assets Outcome 2: Heritage assets preserved in accordance with international guideline standards |
| Compliant and responsive governance | Outcome 6: A compliant and responsive organisation |

Part A: GENERAL

7.4 Other Relevant Legislations

| ACTS | NUMBER |
|--|-----------------|
| Basic Conditions of Employment Act | Act 75 of 1997 |
| Broad-Based Black Economic Empowerment Act | Act 53 of 2003 |
| Employment Equity Act | Act 5 of 1998 |
| Firearms Control Act | Act 60 of 2000 |
| Government Immovable Asset Management Act | Act 19 of 2007 |
| Infrastructure Development Act | Act 23 of 2014 |
| Labour Relations Act | Act 66 of 1995 |
| Military Veterans Act | Act 18 of 2011 |
| National Environmental Management Act | Act 107 of 1998 |
| National Heritage Resources Act | Act 25 of 1999 |
| Occupational Health and Safety Act | Act 85 of 1993 |
| Preferential Procurement Policy Framework Act | Act 5 of 2000 |
| Promotion of Access to Information Act | Act 2 of 2000 |
| Promotion of Equality and Elimination of Unfair Discrimination Act | Act 4 of 2000 |
| Protected Areas Act | Act 57 of 2003 |
| Public Finance Management Act | Act 1 of 1999 |
| Skills Development Act | Act 97 of 1998 |
| Protection of Personal Information Act | Act 4 of 2013 |



8. ORGANISATIONAL STRUCTURE



Part A: GENERAL

9. EXECUTIVE COMMITTEE



Dr M. Mohapi
Acting CEO



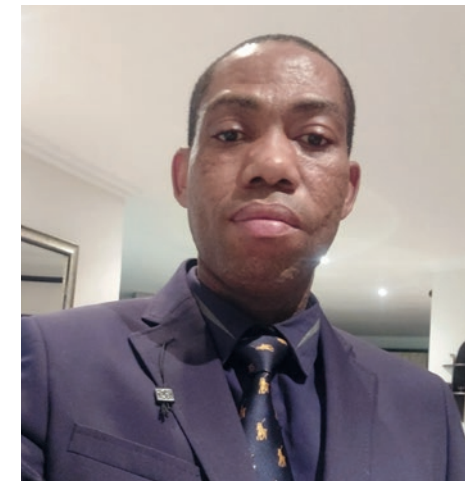
Dr N. Solani
Director: DNMCH



Ms S. Mackenzie
Director: DNMMH



Dr M. Tawane
Acting Director: DNMNH



Mr N. Hlophe
Acting Chief Financial Officer

10. COUNCIL AND COUNCIL COMMITTEES



Adv M.J. Ralefatane
Chairperson



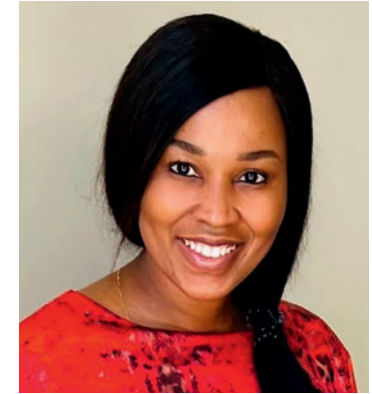
Dr A. Mdletye
Deputy Chairperson



Mr M. Masooa
Member of Core
Functions Committee



Ms C. Fani
Member of HRREMCO



Ms Z. Dlamini
Member of ARIC



Ms Z. Ngcibi
Member of Core Functions
Committee



Dr D. Ngobese
Chairperson of HRREMCO



Mr H. Nkanyane
Member of ARIC



Mr G. Ontong
Chairperson of Core
Functions Committee



Mr S. Maharaj
Independent Chairperson
ARIC

Part A: GENERAL

11. OVERVIEW OF DITSONG MUSEUMS

DITSONG: Museums of South Africa is an amalgamation of eight museums, seven in Tshwane and one in Johannesburg. These museums have diverse collections covering the fields of fauna and flora, palaeontology, military history, cultural history, geology, anthropology and archaeology.

Highlights from Museums:

11.1. DITSONG: National Museum of Cultural History (DNMCH)

In his novel *A Tale of Two Cities* published in 1859 the prolific English poet and novelist, Charles Dickens writes that:

*It was the best of times, it was the worst of times,
It was the age of wisdom, it was the age of foolishness,
It was the epoch of belief, it was the epoch of incredulity,
It was the season of darkness, it was the spring of hope,
It was the winter of despair,*

The novel, set in the period just before the storming of the Bastille during the French Revolution, is a classic that continues to define and describe complex situations in society. Dickens' words reflect the experiences of what the staff of the DITSONG: National Museum of Cultural History experienced in the financial year under review. Emerging from a difficult period, we started to see the number of visitors slowly increasing. The museum also began experiencing many activities taking place within our facilities. One of them is the annual language conference led by the Department of Sport Arts and Culture. It is one of the activities that illustrates our best of times in the sense that it strives to contribute to the promotion of social cohesion and national identity. Cultural History Museums are some of the few institutions that concern themselves with the importance of language since culture is communicated both in material terms and through language.

One of our Curators, Ms Getrude Seabela made the

DITSONG: National Museum of Cultural History proud when she co-curated an exhibition with one of the colleagues from the University of Pretoria. The exhibition was well attended by diverse audiences in terms of race and class. The audience reflected the mosaic of South African nationalities. A true expression of the desires of the South African Constitution that seeks to build a non-racial, non-sexist society that is united in our diversity. The exhibition itself was a coming together of traditional and modern art. Both art forms reflecting the creative spirit of our people. The co-curating of this exhibition between a heritage institution and a higher education institution reflects the strategic vision that was taken by our recently departed Chief Executive Officer, Ms Annabell Lebethe, to partner with the University of Pretoria on a project of common interests. It also illustrates the dynamism of our staff to make these agreements come to life rather than remain collecting dust in our cabinets.

The spring of hope began to flower within the Museum when it received a collection of rare cameras, donated to the Museum by the family of the owner. This single gesture illustrated to our curators that the work they are doing continues to be recognised by members of the public. It also was a vote of confidence and trust to the Museum that it will conserve these items with the due respect and professionalism they deserve. It is our hope that the Museum will continue to gain the confidence of members of the public and that they will continue to entrust their rare collections to the Museum for the benefit of the next generation. The work of securing our heritage assets that was led by Mr Klaas Manamela in his capacity as the Security and Facilities Manager and Ms Tersia do Santos Perregil in her capacity as Heritage Manager of ensuring that the best security measures are put in place to secure our heritage assets, no doubt directly contributed to this vote of confidence.





In South Africa today, there is no institution that reflects the history and culture of those that occupied the highest office in our land since the Executive Presidency was instituted in the 1980s with the Tri-Cameral parliament that excluded Africans from its ranks. Such a reflection through an exhibition of Presidencies from Pieter Willem Botha to the current President Matamela Cyril Ramaphosa would have directly contributed to the project of nation building and national reconciliation. It would have educated the youth and the public about our past and where cultures merge and diverge in their multiplicity of beauty. These individuals were born in different historical epochs dating back to the early 1900's. In the life of the DITSONG Museum, this illustrated what Dickens called, "the epoch of belief" and our inability to set aside the necessary financial resources to achieve this goal as an epoch of incredulity. As the state and the public continue to call for the transformation of museums to find affinity with the

dot com generation, such efforts seem to be beyond the wealth of institutions like DITSONG: Museums of South Africa due to financial constraints. However, the winter of despair is continuously conquered by the Spring of Hope, as the Museum continues to achieve most of the goals it sets for itself.

11.2. DITSONG: National Museum of Military History (DNMMH)

The DITSONG: National Museum of Military History provides a home for the memory and study of military history. The Museum began its existence during the Second World War (1939 – 1945) when a few far-sighted individuals grasped the need to collect material evidence of our nation's contribution to world history. The Museum was opened on 29 August 1947 and in 1975 its scope was widened to reflect all military conflict in which South Africans have taken part. Many of the displays can be viewed in the two Bellman aircraft hangars, the original

buildings on site when the Museum was opened. Over the years, many other buildings have been added. The Museum is also the home to various enthusiast and military veterans' organisations.

The Museum houses some of the rarest military equipment in the world. The German Me 262 two-seater night fighter was converted from a two-seater trainer to cater to the urgent need for an aircraft capable of combating the British Mosquito and was deployed in the defence of Berlin in 1945. It was captured in Denmark at the end of the war and flown to the United Kingdom prior to it being shipped to South Africa in 1947. The Molch One-Man Submarine is one of several types of midget submarines built by Germany during the Second World War. These were intended for attacking Allied supply shipping off the European coast but were found to be unreliable. The example on display was the first item to be acquisitioned at the Museum. An example of a rare weapon is the German 7.92mm Fallschirmjärgewehr (FG) 42, an automatic rifle developed for German airborne troops. It was first used in action in September 1943 during the rescue of Benito Mussolini by German glider troops. Thereafter it was used by German paratroopers in Italy and on the Eastern Front. Among the valuable medals, orders and decorations located in the collection, is the Victoria Cross, the highest award for bravery, awarded posthumously to the South African Capt. Edwin Swales after he had been killed during a bombing raid on Pforzheim in Germany in 1944. The award can be seen along with the other medals in the Swales group. A rare decoration is the Honoris Crux Diamond Class. As the highest decoration between the years 1975 and 1991, the Diamond Class was to be awarded to members of the South African Defence Force who distinguished themselves by performing deeds of outstanding valour at extreme risk to their lives. Recipients would have carried the post-nominal titles HCD. The decoration was never awarded and the example presented to the Museum is the only one of its kind to be struck.

Part A: GENERAL

Highlights of items donated to the DNMMH during the financial year in question include the following:

- The Service Dress Uniform and Medal Group of Maj . Gen. Dan Mofokeng, the former Commander of APLA.
- The Medal Group awarded to Mr David Vencenzie who served in the South African Cape Corps during the Second World War (1939 – 1945).
- A Scale Model 1:32 of an Eland 90 Armoured Car

The DNMMH was fortunate to host the Annual Arms Collectors Fair for the first time since 2019. The Fair is the Museum's flagship event and was held over the weekend of 13 and 14 August. Around 2 500 people visited Museum over the weekend and thanks must go to the South African Arms and Ammunition Collectors Association for organising a successful event following the COVID-19 hiatus.

Another important event was the Annual Remembrance Shadow Parade held on 11 November by the Memorable Order of Tin Hats (MOTHs). The venue and style of parade had to be altered this year due to rainy conditions and the parade took place in the Gun Park area of the Museum. At 18:30 the MOTHs, along with members of the MOTH Women's Association (MOTHWA) and the Military Associations of Gauteng (MAG), formed up in the garden area of the Museum and marched to the Gun Park where the commemoration service took place. There were 71 members of the MOTH, the MOTHWA and MAG on parade and 20 members of the public who came to see the event. All of them were thrilled by the sights and sounds of the Pipes and Drums of the South African Irish Regiment.

Several military veterans' associations and student groups participated in the cleaning of exhibits at the Museum on 28 January 2023. In all, 83 people took part. After a short welcome, the work was then divided up to accommodate the wishes of the various military associations and student groups. These included the Gunner's Association, The South African Air Force Association, the Legion



Associated Airborne of the Republic of South Africa, 61 Mechanised Battalion Veterans Association, the Naval Officer's Association, the Memorable Order of Tin Hats (MOTHs), the Transvaal Scottish Association, the South African Military Veterans Association and members of the public who also wished to participate. The student groups included Pretoria Boy's High School and the Fairlands Air Scouts. A total of 31 of the Museum's exhibits were cleaned. The Museum is indebted to Maj. Gen. Andersen of the Museum's Building and Development Trust, the members of the various military veterans' associations, the student organisations and the members of the public who assisted, for their enthusiasm and support of this community project.

A new event hosted for the first time was a series of ten 45-minute performances by veteran actor Peter Terry. He portrayed the fictional character of David Wells who fought and was wounded at the Battle of Delville Wood (July 1916) as a nineteen-year-old. The performances were held in the Delville Wood Room between 15 and

23 December 2022. Audiences were relatively small and the experience of having these performances at the Museum was a valuable learning curve for everyone on the staff. The main lesson learnt was that more vigorous marketing and advertising is essential should such an event be organised again in the future.

Although the year was, once again, marked by frugal expenditure due to financial constraints there were several successes. Targets on research were exceeded with peer-reviewed articles being written by senior members of staff and published for the first time in the Cultural History Journal. A total of 32 popular articles were also published on the DMSA website.

Conservation activities included the de-rusting and re-painting of the following exhibits:

- The Limber Ammunition Carrier
- The 60 Pounder Gun Mk I 1916
- The Churchill Mk IV Infantry Tank

The Museum was also able to conserve 41 books with torn covers and pages and 24 torn maps in the library and archives collections, while 240 firearms in the small arms collection were cleaned and oiled.

A total of seven displays were produced at the Museum. One highlight was a photographic display produced by the Polish Embassy entitled 'Trails of Hope: Odyssey of Freedom'.

Finally, it was sad to see two long serving members of staff retire from the Museum during the year. Richard Henry, who had served on the staff since 1983 and who was Curator of several collections, which included Small Arms, Ammunition, Accoutrements and Armoured Fighting Vehicles, left at the end of August. Sandi Mackenzie, Director of the Museum since 2017 and who had served as Curator of Medals and Numismatics since 1991, also took her leave of the Museum at the end of March. We wish them both a long and happy retirement after many years of dedicated service.

11.3. DITSONG: National Museum of Natural History (DNMNH)

DITSONG: National Museum of Natural History (DNMNH) houses a diverse collection of natural history. These include Ornithology, Small Mammals, Herpetology, General Entomology, Coleoptera, Lepidoptera, and Palaeontology collections divided into Plio-Pleistocene Palaeontology and Karoo Palaeontology collections. These biodiversity collections are unique, as they serve as a window into the past environments, ecosystems and cultures that can be mirrored/compared with the current events of the ecosystem. These collections are curated by a group of researchers who undertake research on them and play a critical role in conserving and preserving them.

DNMNH had a very productive 2022/2023 regarding research outputs and activities. Curators and junior curators undertook several research trips locally and internationally. These field trips resulted in a good number of peer-reviewed articles that led to the



Part A: GENERAL



contribution and advancement of scientific knowledge in different fields of Biodiversity.

Lazarus Kgasi, a junior curator based in the Plio-Pleistocene Palaeontology section, spent almost a month (3 – 20 September) in France at Sorbonne University and the Museum National d'Histoire naturelle. During the research trip, Mr Kgasi underwent training to undertake CT scanning of fossils; analysing the scanned images; photogrammetry techniques; as well as best practises to curate the digital data. This exposure and training will be beneficial to the organisation, as the Plio-Pleistocene Palaeontology section is embarking on creating digital data of the fossils curated in the section.

Dr Annie Antonites, a curator of Archaeozoology; participated in TheMuseumsLab programme as a 2022 fellow. TheMuseumsLab is a platform for joint learning,

exchange and continuing education on the future of museums in both Africa and Europe. The programme was developed to support professional exchanges between curators, researchers and executives, working in museums, galleries and heritage sites across African and European countries, enabling staff to share knowledge, skills and best practice, and support their individual professional development. The project is financed by the German Federal Foreign Office and supported by the German Minister of State for Culture and the Media as well as the German Federal Ministry for Economic Cooperation and Development. Dr Antonites participated in online seminar and discussion sessions, in-person workshops at several heritage institutions in Berlin and Cape Town, as well as a two-week residency at the Natural History Museum (MfN) in Berlin. Dr Antonites gained valuable practical and theoretical knowledge during the programme. This experience enabled her to benchmark DMSA practices against the best museums in the world and to realise areas of improvement. Importantly, areas in which DMSA excelled, were also noted during her residency at MfN.

Dr Werner Strumpher, a curator of Coleoptera; has participated in several field trips around the country that has resulted in production of several peer-reviewed articles. These focused mostly on the scarab fossil (Scarabaeoidea); their description and ecology.

Dr Tharina Bird, curator of General Entomology contributed towards a chapter titled Atlas of Namibia: Wildlife in a book. The book covers in detail the ecology of Namibia; focusing on the soil, water, vegetation and climate, as well as the people of Namibia.

DITSONG: National Museum of Natural History received funding from the National Scientific Collections Facility (NSCF) to purchase research related material needed for the conservation and preservation of specimens stored in wet collections. The Museum received an amount of R300 000 to purchase Ethanol and storage containers needed for the storage of specimens. This funding was very essential as it


added to the available internal research budget.

The South African Agency for Science and Technology Advancement (SAASTA) also awarded the museum with a funding amount of R159 939,00 to host National Science Week. National Science Week is a weeklong series of activities and events that are science and technology oriented. They also tie in on the basic teachings of the CAPS curriculum. The aim of National Science Week is to engage and inspire people of all ages to acknowledge, participate and learn in the Science, Engineering and Technology disciplines. Ten schools were reached.

This year the number of visitors increased from the decline that was caused by the COVID-19 pandemic and restrictions implemented by the national government. The museum admitted about 31 116 visitors. The popular night tours offered by the museum had 1 400 visitors, contributing to the total mentioned above. We remain hopeful that the numbers will steadily increase to the pre COVID statistics the museum enjoyed for a long time.

DITSONG: Tswaing Meteorite Crater (DTMC) was created as a result of a meteorite that hit the earth's crust about 222 000 years ago. Scientific research believes the meteorite to be size of half a football field, and the impact resulted in a crater 1.4 km in diameter and 200m deep. The crater is enclosed by the reserve, a habitat to a variety of game, a high number of bird species and a diverse grouping of fauna. Recently the reserve has been illegally invaded by the members of the surrounding communities. The invaders have built several shacks in the reserve, they are currently deforesting the nature reserve and are allocating stands to the members of the community. By doing this, they are putting the fauna and flora present in the reserve in danger and are therefore destroying the natural environment surrounding the crater. Several engagements with different stakeholders have been undertaken, and a multidisciplinary approach to seeking a permanent resolution to this illegal activity is currently being sought and will be implemented soon.





Part B: Performance Information

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to evaluate the usefulness and reliability of the reported performance information on selected performance indicators. The audit conclusion

on the performance against predetermined objectives is included in the report to management, with material findings being reported under the heading Report on the annual performance report section of the auditor's report.

Refer to page 86 of the Report on the Auditor-General's Report, published as Part F: Financial Information.

2. SITUATIONAL ANALYSIS

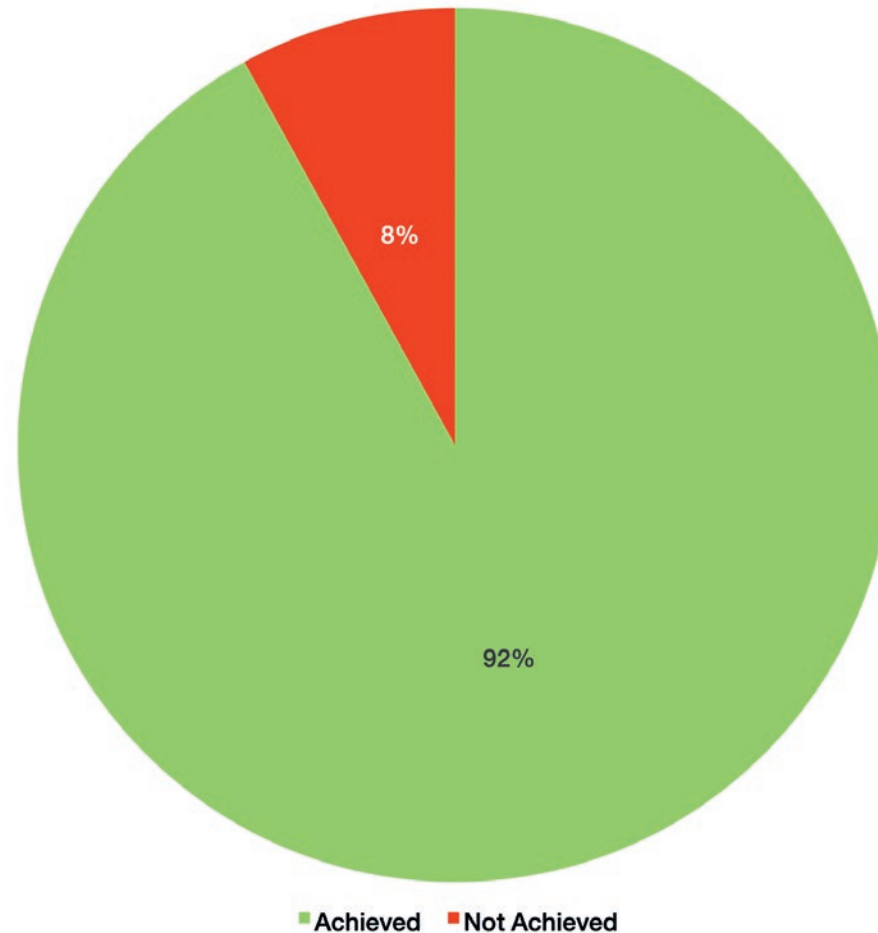
2.1. Service Delivery Environment

This is the second Annual Report of the DMSA which is aligned to the 2020-2025 Strategic Plan, which was tabled in Parliament in March 2020. DMSA has crafted six outcomes that will enable the entity to contribute significantly to the Medium Term Strategic Framework (MTSF) Priority 6: Social cohesion and safe communities.

Despite the numerous challenges, DMSA was able to achieve 92% of its annual output indicators.

2.1.1 Annual Performance Plan Indicators 2022/23

The detailed reporting on DMSA's predetermined outputs, including indicators, is outlined below. DMSA's performance information reflects that out of the 26 planned indicators, 24 (92%) have been achieved and 2 (8%) have not been achieved.



Part B: PERFORMANCE INFORMATION

| Output Indicators | Annual Targets | 2022/23 Achievements |
|---|-----------------------------|---|
| Programme 1: Administration | | |
| Sub-Programme – Marketing and Communications | | |
| Number of physical visitors to museums per annum | 100 000 | 145 510 |
| Number of virtual visitors per annum | 5 500 000 | 10 763 765 |
| Number of people exposed to DMSA through outreach activities | 2 500 | 20 584 |
| Percentage improvement in visitor perception rating | 11% improvement on baseline | Research conducted. Results = 11% improvement |
| Sub-Programme – Office of the CFO: Supply Chain Management | | |
| Percentage of contracts awarded to black-owned service providers per annum | 55% | 100% |
| Percentage of total Rand value of procurement spent on level 1 B-BBEE compliant service providers | 90% | 99% |
| Sub-Programme – Office of the CFO: Finance | | |
| Rand value of own revenue generated | R7 000 000 | R7 746 646 |
| Percentage compensation of employees' expenditure to total expenses | 60% | 56% |
| Percentage expenditure of budget on core business functions | 42% | 47% |
| External audit outcome on previous year's financial statements | Clean audit maintained | Unqualified Audit Report, with finding |
| Sub-Programme – Human Capital Management | | |
| Percentage implementation of annual Workplace Skills Plan | 100% | 100% |
| Number of experiential training participants per annum | 10 | 12 |
| Programme 2: Business Development | | |
| Sub-Programme – Research | | |
| Number of peer-reviewed articles submitted for publication | 12 | 22 |
| Number of popular articles published or posted | 30 | 54 |
| Number of public lectures presented | 12 | 14 |
| Number of internal research seminars presented | 2 | 2 |
| Sub-Programme – Collections Management | | |
| Percentage of heritage objects accessioned per annum | 100% | 100% |
| Percentage of high-value heritage assets verified per annum | 7% | 9.8% |
| Sub-Programme – Conservation and Restoration | | |
| Percentage implementation of conservation plan per annum | 100% | 100% |
| Programme 3: Public Engagement | | |
| Sub-Programme – Public Programmes | | |
| Number of new partnerships established per annum | 6 | 8 |
| Number of events held | 16 | 28 |
| Number of new educational programmes developed and approved per annum | 15 | 16 |
| Number of displays created | 12 | 18 |
| Number of temporary exhibitions created | 1 | 2 |
| Number of permanent exhibitions created | 1 | 0 |
| Number of ACH projects implemented through co-curate and co-create programme | 4 ACH projects implemented | 4 ACH projects implemented |

2.2 Organisational Environment

Though the post pandemic impact is still visible in museums, there has been a steady increase in the number of physical visitors to the museums. While the increasing utility bills remain a risk to the organisation, DMSA was able to breathe a sigh of relief when a grant of R8.1m was received from DSAC to specifically address the utility bills in the 2023/24 budget.

During the last quarter of the Financial Year, the organisation faced a high vacancy rate in the Executive Committee and three members of the committee left the organisation during that time.

DMSA continues to implement measures and projects that were identified in the Turnaround Strategy that was developed to address the liquidity challenges faced by the organisation.

2.3 Key Policy, Developments and Legislative Changes

There were no policy / legislative changes during the reporting period.

2.4 Progress Towards Achievement of Institutional Impacts and Outcomes

In support of the National Development Plan, DMSA's 2020-25 Strategic Plan anticipated DITSONG's contribution to the Medium-Term Strategic Framework (MTSF) 2020-2025 priorities of:

1. Priority 1: A Capable, Ethical and Developmental State
2. Priority 2: Economic Transformation and Job Creation
3. Priority 3: Education, Skills and Health
4. Priority 5: Spatial Integration, Human Settlements and Local Government
5. Priority 6: Social Cohesion and Safer Communities

Informed by the Cultural Institutions Act (No. 119 of 1998), Council has identified six (6) outcomes for the

2020-2025 planning period:

1. Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant.
2. Outcome 2: Heritage assets preserved in accordance with international guideline standards.
3. Outcome 3: Increased visibility, accessibility and awareness of heritage assets.
4. Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector.
5. Outcome 5: Improved financial sustainability.
6. Outcome 6: A compliant and responsive organisation.

The intended impact of achieving the above outcomes is *'increased awareness, knowledge and appreciation for the heritage of South Africa through accessible, relevant and sustainable museums'*.



Part B: PERFORMANCE INFORMATION

| Outcome (What we wish to achieve by 2025) | Outcome Indicator | Baseline (2021/22) | Five-Year Target (March 2025) | 2022/23 |
|--|---|--|--|--|
| Strategic Focus Area: Conduct research and disseminate knowledge | | | | |
| 1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant | 1.1. Average number of citations per peer-reviewed article or conference paper within the first five-year period of publication | Number of peer-reviewed articles submitted for publication – 22 | Average of 10 citations per peer reviewed article or conference paper within the first five-year period of publication | Number of peer-reviewed articles submitted for publication – 22 Number of popular articles published or posted – 54 |
| | 1.2. Number of NRF rated scientists employed by DMSA | 1 NRF rated scientist | Two NRF rated scientists employed by DMSA | |
| | 1.3. Percentage of research papers disseminated over the period that meet the predetermined criteria of inclusivity and relevance | Number of popular articles published or posted – 49 | 80% of research papers disseminated over the period that meet the pre-determined criteria of inclusivity and relevance | |
| Strategic Focus Area: Acquire and preserve heritage assets | | | | |
| 2. Heritage assets preserved in accordance with international guideline standards | 2.1. Percentage of objects in the collection impaired over the five-year period | Percentage of high-value heritage assets verified per annum – 11.44% | <1% of objects impaired over the five-year period | 9.8% |
| | 2.2. Percentage of planned heritage assets conserved/ restored over the five-year period (In terms of 5 x annual integrated conservation plans) | Percentage implementation of Conservation Plan per annum – 100% | 100% of planned heritage assets conserved/restored over the five-year period | Percentage implementation of Conservation Plan per annum – 100% |
| | 2.3. Percentage of heritage objects accessioned per annum | 100% | 100% | Percentage of heritage objects accessioned per annum – 100% |
| Strategic Focus Area: Exhibit, display and educate | | | | |
| 3. Increased visibility, accessibility and awareness of heritage assets | 3.1. Cumulative number of physical visitors over the five-year period. (Includes to the museums + through outreach) | 2021/22 – 94 395 physical visitors | 2020/21-2024/25: 1,750,000 (Avg. 350 000 p/a, with 500 000 achieved in final year of SP) | 145 510 physical visitors |
| | 3.2. Cumulative number of virtual visitors over the five-year period. | 8 019 305 virtual visitors | 2020/21-2024/25: 12 500 000 (Avg. 600 000 p/a, with 3 000 000 achieved in final year of SP). | 10 763 765 virtual visitors |
| | 3.3. Percentage increase in public awareness of the natural, military and cultural heritage exhibited, displayed and taught by DITSONG Museums | Baseline for visitor perception rating established | 10% improvement on previous biennial survey result. | Research conducted. Results = 11% improvement |

| Outcome (What we wish to achieve by 2025) | Outcome Indicator | Baseline (2021/22) | Five-Year Target (March 2025) | 2022/23 |
|--|--|---|--|---|
| Strategic Focus Area: Socio-economic transformation | | | | |
| 4. Increased participation of historically disadvantaged groups in the heritage sector | 4.1. Percentage of the cumulative Rand value of procurement spent on small enterprises owned by HDIs over the five-year period | Percentage of contracts awarded to black-owned service providers per annum – 100% | Black - 60% Women - 30% Youth - 35% PwDs - 2% | Percentage of contracts awarded to black-owned service providers per annum – 100% |
| | 4.2. Cumulative number of youths trained through internship and experiential training programmes over the five-year period | 15 | 2020/21-2024/25: 150 youth trained through internship and experiential training programmes. | Number of experiential training participants per annum - 12 |
| | 4.3. Cumulative number of young entrepreneurs supported in DMSA public programmes over the five-year period | Percentage of total Rand value of procurement spent on level 1 B-BBEE compliant service providers – 95% | 50 young entrepreneurs supported in DMSA public programmes over the five-year period | Percentage of total Rand value of procurement spent on level 1 B-BBEE compliant service providers – 95% |
| Strategic Focus Area: Financial sustainability | | | | |
| 5. Improved financial sustainability of DMSA | 5.1. Cost-to-income ratio | Percentage compensation of employees' expenditure to total expenses – 48.31% Percentage expenditure of budget on core business functions- 43.17% | 95 to 100 (cost-to-income) | Percentage compensation of employees' expenditure to total expenses - 56% Percentage expenditure of budget on core business functions- 47% |
| | 5.2. Rand value of own revenue generated | R5 217 396 | 30% own revenue generation to total revenue | R7 746 646 |
| Strategic Focus Area: Compliant and responsive governance | | | | |
| 6. A compliant and responsive organisation | 6.1. Audit opinion from the AGSA on previous year's financial and non-financial information | Unqualified Audit Report, with material findings on the 2021/22 financial year | Clean audit outcome | Unqualified Audit Report, with material findings on the 2021/22 financial year |
| | 6.2. Overall organisational performance rating | Overall organisational performance for 2021/22 – 72% | 100% overall organisational performance rating | Overall organisational performance for 2022/23 – 92% |
| | 6.3. Percentage improvement in stakeholder satisfaction survey rating | 10% improvement | 10% improvement on previous biennial stakeholder satisfaction survey rating | Research conducted. Results = 11% improvement |

Part B: PERFORMANCE INFORMATION

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Administration

The purpose of Programme 1: Administration is to provide strategic leadership, management and support services to the organisation. The purpose of each sub-programme is as follows:

| Sub-Programme | Purpose |
|--|---|
| Office of the Chief Executive Officer | To provide overall strategic leadership of the operations of DMSA by ensuring the Council approved Strategic Plan and Annual Performance Plan are implemented, and that the organisation is compliant with legislation, and run efficiently and effectively through prioritised resources allocation. |
| Office of the Chief Financial Officer | To manage the financial sustainability of the organisation through diversified revenue sources and the optimisation of costs, to support the organisation to achieve and maintain a clean audit outcome and to provide an effective, efficient and compliant supply management service |
| Human Capital Management | To provide effective human resources management and development services towards positioning DMSA as an employer of choice |
| Marketing and Communications | To implement the full package of marketing and communications services, including public relations, brand and customer satisfaction / perception management, advertising and social media towards increased physical and online visitor numbers |
| Information Communication and Technology (ICT) | To develop and implement an ICT integrated governance framework by focusing on the needs and requirements of the end-users, and to develop and implement a digital transformation strategy underpinned by 4IR |



PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Administration Programme delivers against the following Outcomes reflected in the Strategic Plan:

Outcome 3: Increased visibility, accessibility and awareness of heritage assets.

Outcome 4: Increased participation of historically disadvantaged groups in the heritage sector.

Outcome 5: Improved financial sustainability of DMSA.

Outcome 6: A compliant and responsive organisation.

Finance

The role of finance management is to manage the financial sustainability of the organisation through diversified revenue sources and the optimisation of costs, to support the organisation to achieve and maintain a clean audit outcome. Finance is responsible for day-to-day record keeping and preparation of financial statements. Finance is also responsible for preparing, monitoring and evaluating budget implementation. Finance also prepares and submits periodic financial reports for

management, Council, DSAC and National Treasury, relating to the performance of financial activities including the results of operations and statement of the financial position on a periodic basis.

Supply Chain

Supply chain supports all other departments at DMSA through procurement of goods and services in a fair, equitable, transparent, competitive and cost effective manner. In fulfilling this function, a revised Supply Chain Management Policy has been approved, which is in accordance with legislation and the latest National Treasury Instructions and Practice Notes. All supply chain contracts have service level agreements (SLAs) that stipulate service standards and has a beginning and end date.

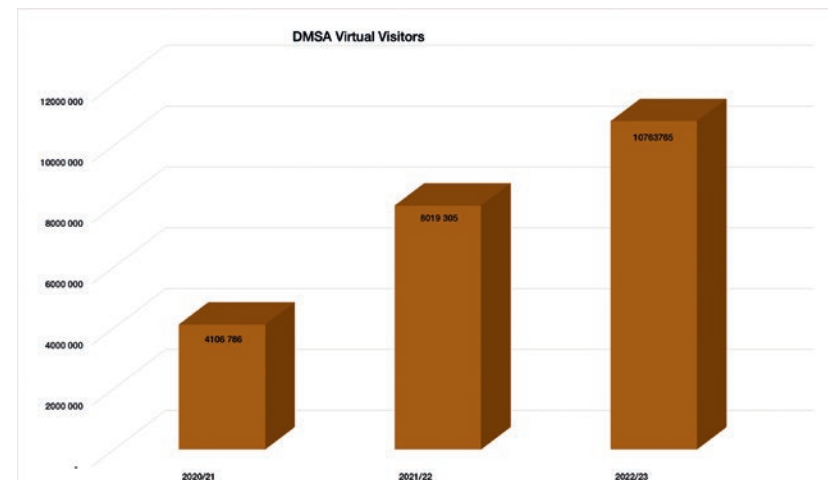
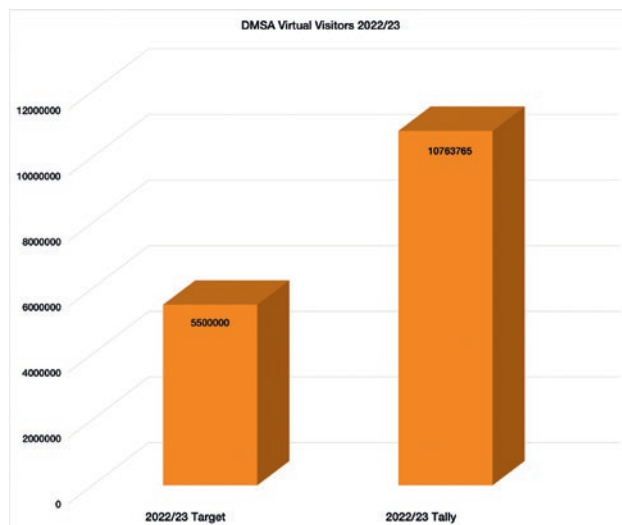
The Supply Chain unit has developed a contract register for all contracts (revenue generating contracts and suppliers). All contract amounts have been added to the contract register including the duration of the contracts and any payments made against each contract. The contract register is also used for calculating commitments, which are disclosed in the Annual Financial Statements.

Marketing and Communication

The Marketing and Communications unit of DITSONG: Museums of South Africa develops and implements the Marketing and Communication Strategy aimed at creating awareness of the DMSA brand, building brand loyalty, a good reputation for the organisation and ultimately, increasing revenue and the number of visitors to the museums. This was achieved through exposure on broadcast media, print media, online and social media platforms.

Visitor numbers are measured as virtual visitors and visitors that physically go to the museum. The virtual visitors target of 5 500 000 was exceeded by 96% (10 763 765 hits) due to continuous communication on the DMSA website as well as online advertising. The team developed an influencer campaign as part of the social media strategy to attract traffic to the website and social media. This brought about interesting content for visitors to engage with. As a result, DMSA's virtual visitor numbers grew by an average of 65% over a three year period.

DMSA Virtual Visitors



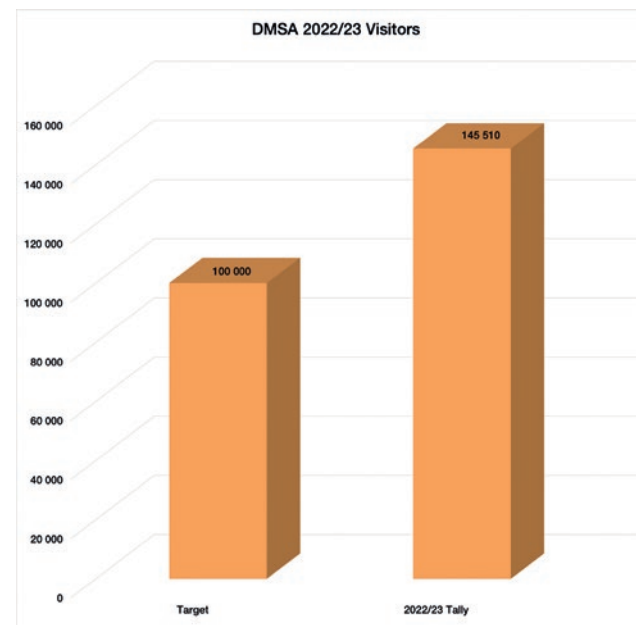
Part B: PERFORMANCE INFORMATION

Development of the Virtual Museum

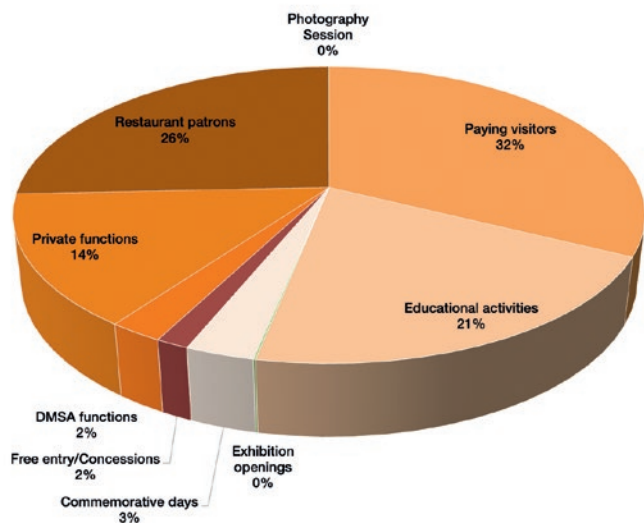
The DMSA continued with the implementation of the virtual museum project. Virtual museum developments for the DITSONG: National Museum of Military History, DITSONG: Pioneer Museum and DITSONG: Willem Prinsloo Agricultural Museum were completed. The virtual museum also contributed to the 96% increase in website hits.

DMSA Physical Visitors

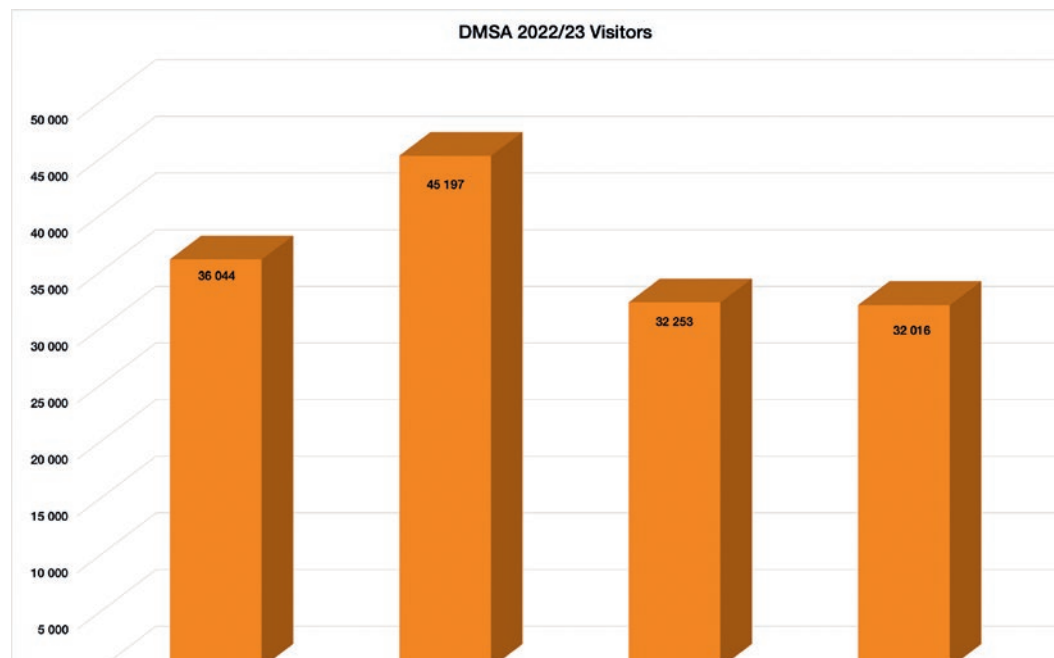
The DMSA exceeded its target for physical visitors by 45%. This came as a result of market penetration strategies aimed at increasing a share of existing markets. The DITSONG: National Museum of Natural History had the highest number of visitors (45%). There was an increase in night tours and families visiting the museum. The DMSA collaborated with influencers to endorse the 8 museums as brand ambassadors. This exposed the DMSA to a wider audience on social media reaching over 30 000 views.



DMSA 2022/23 Visitors



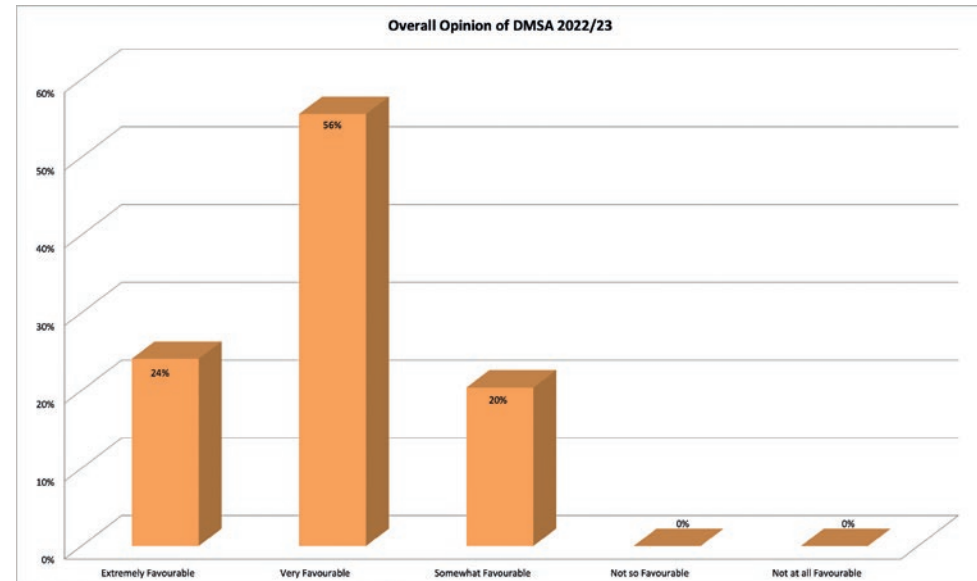
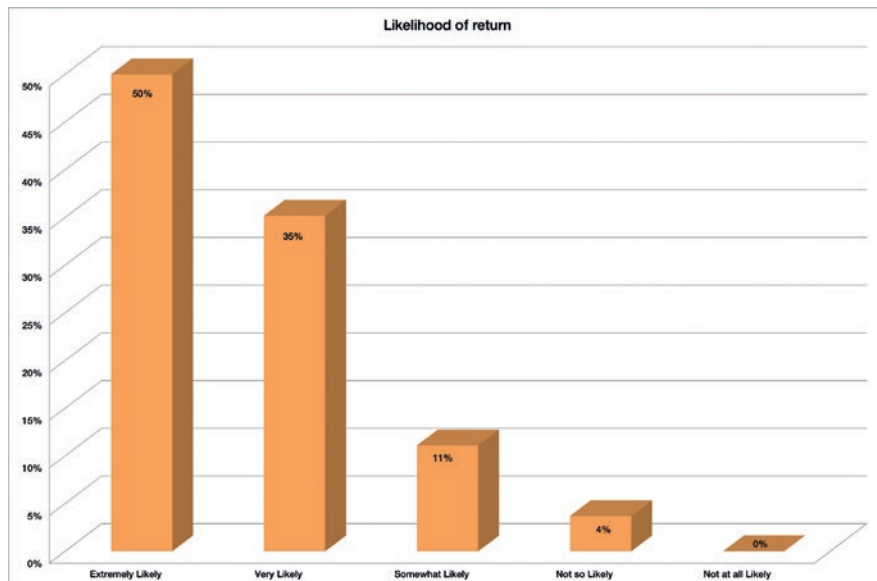
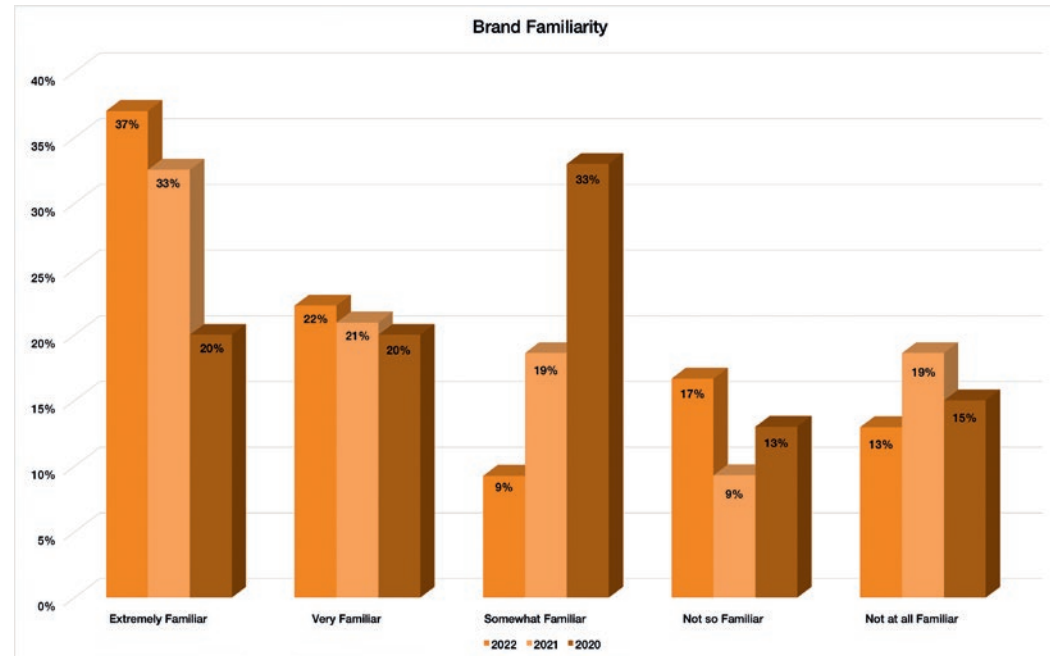
DMSA 2022/23 Visitors



The unit provided marketing support for DMSA events to position the DMSA as an agent for cultural diversity, social cohesion and economic development in the communities we serve. It also facilitated strategic alliances with sister organisations to maximise on the output of events, exhibitions and educational programmes.

Increase of the customer perception rating by 11%

The DMSA conducted research to measure visitors' perception of the brand. In this research, the DMSA measured brand familiarity, brand association, opinion about of the DMSA brand, likelihood of return and rate of increase in brand promoters. The overall growth from 2020/21 to 2022/23 was 11%. The target was met. There was a significant 19% increase in brand promoters. The overall opinion of the DMSA improved by 10%. Visitors have begun to view the DMSA museums as places where family and friends can have fun while enjoying the heritage of our country. Brand familiarity improved by 8%.



Part B: PERFORMANCE INFORMATION

Human Resources

The role of this department is to provide effective human resources management and development services towards positioning DMSA as an employer of choice. The unit continued to oversee the implementation of the Human Capital Management Strategy.

Information and Communications Technology (ICT)

The ICT Department provides support and services to DMSA employees, strategic partners, shareholders and third-party service providers DITSONG: Museums of South Africa through the use of innovative technology. It strategically partnered with the organisation to identify shortcomings, the root causes of those problems and outlined a plan to address those gaps. In addition, it is the vision of the ICT Department to assist the organisation in addressing the key ICT-related strategic risks as defined in the strategic risk register.

The ICT Department has put into motion a business modernisation drive and digitisation initiative (cloud based) that is designed and implemented to provide an electronic or digital option for doing business as opposed to traditional paper storage and manual processes by incrementally optimising and upgrading the ICT Infrastructure, in accordance with the requirements of the Electronic Communications Act (No. 25 of 2002), POPIA (No. 4 of 2013) and DMSA business demand from clients and stakeholders, trends and best practise. The initiative was also driven by the DMSA strategic objectives, strategic goals, vision, mission and values.

In addition, Joint ICT Governance Framework (ITIL, COBIT and ISO 27002) was adopted to ensure a single, integrated compliance approach that delivers corporate governance general control objectives, improved business processes, increased standardisation and IT regulatory compliance.

During the 2022/23 financial year, the ICT Department strengthened the ICT governance by developing the ICT backup and restoration Strategy, Change Management Policy and Incident Management Policy. Furthermore, Infrastructure as a service (IaaS) and Software as a Service (SaaS) were implemented to improve business performance through the use of innovative technologies and safeguarding the information of the organisation against cybercrime.

The ICT projects, which refer to the establishment of a functional digital repository and ICT automation project that were linked to the APP, were deferred to the new financial year due to financial constraints.

Tabled APP:

The table below reflects outcomes, output indicators and targets that were included in the APP, which were approved by Parliament.

| Outcome | Sub Programme | Output | Output Indicator | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Actual Annual Target 2022/23 | Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement | Reasons for deviation |
|---|------------------------------|--|---|------------------------------------|------------------------------------|------------------------------|----------------------------|---|---|
| 3. Increased visibility, accessibility and awareness of heritage assets | Marketing and communications | Increased number of visitors to DMSA museums | 3.1. Number of physical visitors to museums per annum | 38 893 | 94 395 | 100 000 | 145 510 | 45 510 | The positive variance is due to increased visitor numbers and hosting of events at the various sites |
| | | | 3.2. Number of virtual visitors per annum | 4 106 786 | 8 019 305 | 5 500 000 | 10 763 765 | 5 263 765 over | The positive variance is a result of increased online activities that directed visitors to the DMSA website |
| | | | 3.3. Number of people exposed to DMSA through outreach activities | 4 460 | 10 191 | 2 500 | 20 584 | 18 084 over | The positive variance is due to an increase in outreach activities. |

| Outcome | Sub Programme | Output | Output Indicator | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Actual Annual Target 2022/23 | Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement | Reasons for deviation |
|--|--------------------------|--|--|------------------------------------|------------------------------------|------------------------------|----------------------------|---|---|
| 4. Increased participation of historically disadvantaged groups in the heritage sector | Office of the CFO | Preferential procurement and set asides implemented | 4.1. Percentage of contracts awarded to black-owned service providers per annum | 100% | 100% | 55% | 100% | 45% over | Procurement was targeted at black owned businesses, with the intention to support their empowerment |
| | | | 4.2. Percentage of total Rand value of procurement spent on level 1 B-BBEE compliant service providers | 90% | 90% | 90% | 99% | 9% over | Procurement was targeted at black owned businesses, with the intention to support their empowerment |
| | Human Capital Management | Internship and experiential programme implemented | 4.3. Number of experiential training participants per annum | - | 15 | 10 | 12 | 2 over | Museums were able to accommodate more students |
| 5. Improved financial sustainability of DMSA | Office of the CFO | Increased revenue through diversified sources | 5.1. Rand value of own revenue generated | R3 351 188 | R 5 217 396 | R7 000 000 | R7 746 646 | R746 646 over | Positive variance as a result of increased income generation activities |
| | | Costs contained and resources directed towards the core business | 5.2. Percentage compensation of employees' expenditure to total expenses | 43.5% | 48.31% | 60% | 56% | 4% over | Reduction in COE budget affected during the FY |
| | | | 5.3. Percentage expenditure of budget on core business functions | 42.42% | 43.17% | 42% | 47% | 5% over | Reduction in administration costs to cater for core function needs |

Part B: PERFORMANCE INFORMATION

| Outcome | Sub Programme | Output | Output Indicator | Audited Actual Performance 2020/2021 | Audited Actual Performance 2021/22 | Planned Actual Target 2022/23 | Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement | Reasons for deviation |
|--|------------------------------|---|---|---|-------------------------------------|-------------------------------|-------------------------------------|---|--|
| 6. A compliant and responsive organisation | Office of the CFO | External audit outcome on financial statements | 6.1. External audit outcome on previous year's financial statements | Unqualified, with no material findings | Unqualified, with material findings | Clean audit maintained | Unqualified, with material findings | Material findings raised and addressed | Material findings raised and addressed |
| | Human Capital Management | Improved systems, processes and people management | 6.2. Percentage implementation of annual Workplace Skills Plan | 100% | 100% | 100% | 100% | 100% | - |
| | Marketing and Communications | Improved visitor perception of DMSA (survey conducted at targeted events) | 6.3. Percentage improvement in visitor perception rating | Baseline for visitor perception rating established. | 10% Improvement | 11% Improvement | 11% Improvement | Baseline for visitor perception rating established | - |



3.2 Programme 2: Business Development (Core Business)

Purpose: The purpose of Programme 2: Business Development (Core Functions), is to research, manage, maintain, restore and render access to museum collections. The purpose of each sub-programme is as follows:

| Sub-Programme | Purpose |
|------------------------------|--|
| Research | Endorse the research of articles and publications relating to heritage, ensuring dissemination of research that is increasingly relevant and inclusive |
| Collection Management | Develop and maintain a system to ensure that all specimens and objects are well-documented and catalogued |
| Conservation and Restoration | Contribute towards the achievement of curating collections, and to undertake conservation and restoration |

PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Business Development (Core Functions) Programme delivers against the following Outcomes reflected in the Strategic Plan:

Outcome 1: Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant.

Outcome 2: Heritage assets preserved in accordance with international guideline standards.

3.2.1 Programme Performance Information

Research

All four output indicators under the sub-programme: Research were achieved. This positively contributes to Outcome 1: enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant. Despite the difficulties that came with the lockdown, DMSA curators utilised the period to focus on research and writing.

Collections management

All (100%) heritage objects that were received and approved were accessioned during the financial year. 9.8% of high value heritage assets were verified during the financial year. This is more than the planned 7%. These contributes positively to the entity's output of preserving heritage assets.

Conservation and restoration

All three conservation and restoration plans that were developed at DNMCH, DNMMH and DTMC were fully implemented, positively contributing to the entity's output of heritage assets conserved and restored.



Part B: PERFORMANCE INFORMATION

Programme 2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

| Programme 2: Business Development | | | | | | | | | |
|--|------------------------------|--|--|------------------------------------|------------------------------------|-------------------------------|----------------------------|---|--|
| Outcome | Sub Programme | Output | Output Indicator | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Actual Target 2022/23 | Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement | Reasons for deviation |
| 1. Enhanced contribution to knowledge production within the heritage sector through disseminated research that is inclusive and relevant | Research | Research outputs disseminated | 1.1. Number of peer-reviewed articles submitted for publication | 13 | 22 | 12 | 22 | 10 over | The hybrid working model allowed Curators more time to focus on research |
| | | | 1.2. Number of popular articles published or posted | 55 | 49 | 30 | 54 | 24 over | The hybrid working model allowed Curators more time to focus on research |
| | | | 1.3. Number of public lectures presented | 9 | 19 | 12 | 14 | 2 over | Online platforms provide more opportunities for public lecture presentations |
| | | | 1.4 Number of internal research seminars presented | 2 | 2 | 2 | 2 | - | - |
| 2. Heritage assets preserved in accordance with international guideline standards | Collections Management | Heritage assets preserved | 2.1. Percentage of heritage objects accessioned per annum | 100% | 100% | 100% | 100% | - | - |
| | | | 2.2. Percentage of high-value heritage assets verified per annum | 5.99% | 11.44% | 7% | 9.8% | 2.8% over | More assets verified |
| | Conservation and Restoration | Heritage assets conserved and restored | 2.5. Percentage implementation of conservation plan per annum | 100% | 100% | 100% | 100% | - | - |

3.3. Programme 3: Public Engagement

The purpose of Programme 3: Public Engagement is to develop and maintain public programmes and exhibitions to enhance wider public access and knowledge about natural, military and cultural heritage. The purpose of each sub-programme is as follows:

PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards DMSA's intended impact, the Public Engagement Programme delivers against the following Outcome reflected in the Strategic Plan:

Outcome 3: Increased visibility, accessibility and awareness of heritage assets.

| Sub-Programme | Purpose |
|-------------------|---|
| Public programmes | To increase the accessibility of all DMSA museums through public programmes, planned events, outreach, and exhibitions. |

3.3.1 Programme Performance Information

Public Programmes:

Although some of the planned activities under this programme were negatively impacted by the lockdown regulations, DMSA still managed to conclude eight partnership agreements. The organisation also utilised the opportunities that were presented by online platforms and managed to hold eleven events, which

were more than the planned target of seven. Ten new educational programmes were developed and eight displays created. Even though the doors of the museums were closed for a long period during the financial year, these achievements contributed positively towards the entity's outcome of increasing visibility, accessibility and awareness of heritage assets.



Part B: PERFORMANCE INFORMATION

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

| Programme 3: Public Engagement | | | | | | | | |
|---|---|--|--|------------------------------------|-------------------------------|----------------------------|---|---|
| Outcome | Output | Output Indicator | Audited Actual Performance 2020/21 | Audited Actual Performance 2021/22 | Planned Actual Target 2022/23 | Actual Achievement 2022/23 | Deviation from planned target to Actual Achievement | Reasons for deviation |
| Sub-Programme : Public Programme | | | | | | | | |
| 3. Increased visibility, accessibility and awareness of heritage assets | Partnerships established | 3.5. Number of new partnerships established per annum | 8 | 7 | 6 | 8 | 2 over | More focus on creating partnerships |
| | Increased exhibitions, displays and public programmes | 3.6. Number of events held | 11 | 22 | 16 | 28 | 12 over | Positive variance resulting from partnerships established |
| | | 3.7. Number of new educational programmes developed and approved per annum | 10 | 10 | 15 | 16 | 1 over | More educational programmes developed due to hybrid working model |
| | | 3.9. Number of displays created | 8 | 14 | 12 | 18 | 6 over | More displays created due to hybrid working model and increased outreach activities |
| | | 3.10. Number of temporary exhibitions created | 0 | 1 | 1 | 2 | 1 over | An additional exhibition resulted from a collaboration with external stakeholders |
| | | 3.11. Number of permanent exhibitions created | - | - | 1 | 0 | 1 under | Quotations received to appoint a competent service provider through the RFQ process were over R2m which requires a tender process, the tender will be included in the 23/24 SCM Demand plan |
| | | Co-curate and co-create programme implemented | 3.12. Number of ACH projects implemented through co-curate and co-create programme | - | 2 | 4 ACH projects implemented | 4 ACH projects implemented | - |

3.4. Strategy to overcome Areas of under Performance

In dealing with areas of underperformance, DMSA will investigate Public, Private Partnerships as a strategy to advance its public engagement goals. The organisation will further engage its current strategic partners to identify areas of collaboration to

enable DMSA to meet its objectives. The Finance and Supply Chain Department will be capacitated, and internal controls will be improved to ensure good governance.

3.5. Linking Performance with Budgets

| Programme/activity/objective | 2022/2023 | | | 2021/2022 | | |
|-----------------------------------|----------------|--------------------|--------------------------|----------------|--------------------|--------------------------|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Programme1- Administration | 57 891 | 87 831 | (29 940) | 63 295 | 86 075 | (22 780) |
| Programme 2- Business Development | 45 701 | 58 587 | (12 886) | 41 237 | 55 710 | (14 473) |
| Programme 3- Public Engagement | 7 299 | 6 342 | 957 | 6 320 | 6 519 | (199) |
| Total | 110 891 | 152 760 | (41 869) | 110 852 | 148 304 | (37 452) |



Part B: PERFORMANCE INFORMATION

4. REVENUE COLLECTION

4.1. Revenue Collection

| Sources of revenue | 2022/2023 | | | 2021/2022 | | |
|----------------------|--------------|-------------------------|-------------------------|---------------|-------------------------|-------------------------|
| | Estimate | Actual Amount Collected | (Over)/Under Collection | Estimate | Actual Amount Collected | (Over)/Under Collection |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Rental of facilities | 2 200 | 2 146 | 54 | 2 367 | 1 777 | 591 |
| Entrance fees | 2 390 | 2 903 | (513) | 2 310 | 1 429 | 881 |
| Interest received | 385 | 1 386 | (1 001) | 385 | 335 | 50 |
| Business ventures | 2 727 | 1 312 | 1 415 | 8 040 | 1 676 | 6 364 |
| Total | 7 702 | 7 747 | (45) | 13 102 | 5 217 | 7 885 |

DMSA's own revenue generation was estimated to be R7 702 279. Actual own revenue collected was R7 746 646 which is 101% of the budgeted amount. Own revenue collection improved as the economy recovered from the negative impact of the COVID-19 pandemic resulting in more visitors to the museums.

5. CAPITAL INVESTMENT

DMSA received an infrastructure grant amounting to R9 041 081 in the 2022/23 financial year in addition to the balance of the infrastructure grant brought forward from previous years amounting to R6 194 813. This funding assisted the DMSA in much needed infrastructure renovations and upgrades particularly given the dilapidated and old structures of the buildings under the custodianship of the DMSA.

Advertisement of Tenders for scoping exercise of the Tswaing Meteorite Crater fence and burnt down building as well as Sammy Marks Museum fence, were drafted. However, the tenders were withdrawn due to technical issues.

Given the unique nature of the DMSA, which operates in 11 different sites, 10 in Pretoria and one in Johannesburg, and

also the dilapidated and old nature of the buildings, there is a huge backlog of infrastructure projects that still needs funding. The one worth noting is the fence at DTMC, which has been vandalised by the community and is non-existent. Sammy Marks Museum is experiencing criminal activities due to non-existence of the fence. This poses a serious security problem at DTMC, which is vast in size.

| Infrastructure projects | 2022/2023 | | |
|---|-----------------------|-----------------------|--------------------------|
| | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 |
| Fencing of Tswaing Meteorite Crater | R1 500 | - | R1 500 |
| Reconstruction of Tswaing building | R1 500 | - | R1 500 |
| Renovations, upgrades of various DMSA museums / sites | R7 236 | R4 994 | R2 242 |
| Upgrade of fence at Sammy Marks Museum | R5 000 | - | R5 000 |
| Total | R31 125 741.80 | R26 727 208.80 | R4 398 533.00 |
| Infrastructure projects | 2022/2023 | | |
| | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 |
| Renovations and upgrades to various DMSA buildings | R3 000 | R4 424 | (R1 424) |
| Upgrading of climate control | R5 000 | R811 | R4 189 |
| Total | R8 000 | R5 235 | R2 765 |



Part B: PERFORMANCE INFORMATION







Part C: Governance

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate

governance in a public entity is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

Parliament, the Executive Authority and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

Parliament, through its Portfolio Committee on Sport, Arts and Culture exercises oversight over the DMSA through the Executive Authority. During the 2022/23

financial year there was no meeting scheduled between DMSA and the Parliamentary Portfolio Committee on Sport, Arts and Culture.



PART C: GOVERNANCE

3. EXECUTIVE AUTHORITY

The Minister of Sport, Arts and Culture is the Executive Authority for the DMSA. The following table provides commentary on reports submitted to the Executive Authority:

| SUBMISSION DATE | DOCUMENT | ISSUES RAISED BY DSAC |
|--|--|-----------------------|
| 2022/23 DMSA QUARTERLY PERFORMANCE REPORTS | | |
| 30 April 2022 | 2021/22 4 th Quarter Performance Report | None |
| 31 July 2022 | 1 st Quarter Performance Report | None |
| 30 October 2022 | 2 nd Quarter Performance Report | None |
| 29 January 2023 | 3 rd Quarter Performance Report | None |
| 2022/23 NATIONAL TREASURY PUBLIC ENTITIES QUARTERLY REPORTS | | |
| 30 April 2022 | 2021/22 4 th Quarterly Report | None |
| 31 July 2022 | 1 st Quarterly Report | None |
| 30 October 2022 | 2 nd Quarterly Report | None |
| 30 January 2023 | 3 rd Quarterly Report | None |
| 2023/24 ANNUAL PERFORMANCE PLANS (APP) | | |
| 30 October 2022 | 1 st Draft APP | None |
| 30 January 2023 | Final APP | None |
| 2022/23 BUDGET | | |
| 30 January 2022 | Final | None |
| 2023/24 DMSA RISK REGISTER | | |
| 30 January 2023 | Final | None |
| 2023/24 FRAUD PREVENTION POLICY AND RESPONSE PLAN | | |
| 30 January 2023 | Final | None |
| 2023/24 MATERIALITY FRAMEWORK | | |
| 30 January 2023 | Final | None |
| 2023/24 SHAREHOLDER'S COMPACT | | |
| 5 April 2023 | 1 st Draft | None |
| 2022/23 QUARTERLY REPORTS ON THE PROCUREMENT PLANS | | |
| 31 March 2023 | 4 th Quarterly Report | None |
| 19 July 2022 | 1 st Quarterly Report | None |
| 17 October 2022 | 2 nd Quarterly Report | None |
| 13 January 2023 | 3 rd Quarterly Report | None |
| 2021/22 ANNUAL REPORT (AR) | | |
| 31 May 2022 | 1 st Draft | None |
| 30 September 2022 | Final Draft (PDF) | None |
| 2021/22 ANNUAL PERFORMANCE REPORT (APR) | | |
| 31 May 2022 | Unaudited | None |
| 31 July 2022 | Final approved and audited | None |
| 2021/22 ANNUAL FINANCIAL STATEMENTS (AFS) | | |
| 31 May 2022 | Unaudited | None |
| 30 September 2022 | Final approved and audited | None |

4. THE ACCOUNTING AUTHORITY (COUNCIL)

Introduction

DITSONG: Museums of South Africa is led by a Council, which serves as the Accounting Authority, and its role is to provide the organisation with strategic direction and to deliver shareholder value over the long term. The Council also has ultimate responsibility for the finances of the organisation and holds legal responsibility for its ventures and actions.

Through the Audit, Risk and Information, Communication Technology Committee, the Council also reviews the organisation's risk management and internal control systems on an ongoing basis. Council continuously holds Management accountable on the implementation of the entity's strategy and projects as well as on the overall performance.

The role of the Council:

In terms of the Cultural Institutions Act (No. 119 of 1998), Council has the following responsibilities:

- to formulate policy;
- to hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned;

- to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1);
- to raise funds for the DMSA;
- to manage and control the moneys received by the declared institution and to utilise those moneys for defraying expenses in connection with the performance of its functions;
- to keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto, and to cause proper books of account to be kept;
- to determine, subject to this Act and with the approval of the Minister, the objects of the declared institution; and
- to generally carry out the objects of the declared institution.

Council Charter

The Council operates in accordance with an approved Charter. Council signs an annual Shareholder Compact with the Executive Authority. The Council Charter was developed in line with good governance practice and King IV Report on Corporate Governance.

Compliance with the Charter

DMSA Council members strive for good governance by fulfilling all obligations imposed upon them and acting in the best interest of the organisation, government and the public, by faithfully upholding and applying the applicable legislation. Through the leadership of the DMSA Council, the entity continues to improve in terms of systems of corporate governance, as evidenced by the improvement in the audit opinion.

DMSA Council members promoted the objectives of the DMSA by upholding the rule of law and refraining from engaging in improper or illegal activities, or act in a manner which, viewed objectively, could be construed as unbecoming of a Council Member.

DMSA Council Members demonstrated good faith by exercising diligence, honesty and objectivity in the performance of their duties and responsibilities. Council Members or Members of Management declare any personal interest vested in a matter before Council and recuse themselves when Council is expected to deliberate and decide on matters.



PART C: GOVERNANCE

Composition of Former DMSA Council DMSA Council; Appointed 1 August 2019 until 31 July 2022

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|-------------|---|-----------------|---------------|---|---|---|---|--------------------------|
| Ms K. Rapoo | Chairperson of Council | 01 August 2019 | 31 July 2022 | Articles of Traineeship; Executive Development Programme; Project Management; Executive Education and Advanced Project Management; Postgraduate Trustee Trainee Programme | Governance, Strategy Formulation, Risk Management and Compliance, Internal Audit and Financial Management | <ul style="list-style-type: none"> National Heritage Council (NHC) Medipos Medical Aid Scheme | <ul style="list-style-type: none"> Audit Committee (BestMed) Audit Committee (Medipos Medical Aid Scheme) | 3 |
| Dr L. Konar | <ul style="list-style-type: none"> Deputy Chairperson of Council Member of ARIC | 01 August 2019 | 31 July 2022 | Doctor of Commerce; Master of Accounting Science; Bachelor of Commerce; Postgraduate Diploma in Accounting; Chartered Accountant | Corporate Governance, Corporate and Project Finance, Credit Risk, Financial Management, Legal and Risk Management | Independent Regulatory Board | <ul style="list-style-type: none"> Member of the Task Team responsible for King IV Member and Chairperson of various Audit Committees | 1 |
| Ms V. Menye | <ul style="list-style-type: none"> Member of Council Member of ARIC | 01 August 2019 | 31 July 2022 | MBA; BSc (Computer Science) Degree; International Investment Management Certificate; Certificate in IT Governance (Cobit 8) | ICT Governance, Information and Strategy, CT Risk Management, Financial Management, Change and Project Management | n/a | <ul style="list-style-type: none"> Member of Audit Committee (SA Human Rights Commission) Member of IT Governance Committee (National Consumer Tribunal) Chairperson of Audit and Risk Committee (South African Heritage Resources Agency) Member of ICT Steering Committee (Film and Publications Board) | 2 |

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|----------------|--|-----------------|---------------|---|--|---|--|--------------------------|
| Dr A. Mdletye | <ul style="list-style-type: none"> Member of Council Chairperson of Core Functions Committee | 01 August 2019 | 31 July 2022 | Doctor in Philosophy; Masters in Developmental Studies; Masters in Education; Bachelor of Arts Honours Human Resource Development; Bachelor of Education; Bachelor of Business Administration; Bachelor of Management; Bachelor of Arts; Post Graduate Diploma in Labour Law; Diploma in Personnel Management and Industrial Relations; Higher Diploma in Education (Post Grad) | Financial Management, Human Resource Management, Facilities Management, Governance, Strategic Planning, Legal services | Chairperson (Harry Gwala Development Agency) | Member of Risk Management Committee (Harry Gwala Development Agency) | 3 |
| Ms L. Vilakazi | <ul style="list-style-type: none"> Member of Council Member of Core Functions Committee | 01 August 2019 | 31 July 2022 | Admitted as a Notary and Conveyancer of the High Court of South Africa; Post Graduate Diploma: Corporate Law University of Johannesburg (UJ); Certificate in Advanced Corporate Law I & II Wits; Bachelor of Laws Degree (LLB) University of KwaZulu-Natal (Howard College School of Law) | Corporate Commercial and Trust Legal, Legal Advisory, Governance, Risk and Compliance Management | Member of the Advisory Board (Harry Gwala District) | <ul style="list-style-type: none"> Member of Audit and Risk Committee (Companies Tribunal) Member of Audit and Risk Committee (Gauteng Department of Health) Member of Accreditation Committee (Gauteng Department of Health) | 2 |

PART C: GOVERNANCE

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|-----------------|---|-----------------|---------------|---|--|---|---|--------------------------|
| Mr G. Ontong | <ul style="list-style-type: none"> Member of Council Member of Core Functions Committee | 01 August 2019 | 31 July 2022 | Master of Philosophy (Conservation of the Built Environment) (University of Cape Town); Master of City and Regional Planning (University of Cape Town); Bachelor of Theology Degree (University of Cape Town) | Heritage Conservation, Cultural Heritage, Heritage and Research, Performance Management, Financial Management, Liaising with Council departments, funding agencies, community organisation, voluntary history groups, tourist bodies and private companies | n/a | n/a | 3 |
| Ms Y. Mashilela | <ul style="list-style-type: none"> Council Member Chairperson of HRREMCO | 01 August 2019 | 31 July 2022 | BA Social Sciences; DPLR (post graduate qualification); IR Skills Development Programme; MBA | Corporate governance and Board effectiveness, Ethics and duties of directors in terms of the Companies Act, Extensive experience in serving on boards | n/a | n/a | 3 |
| Adv T. Nevondwe | <ul style="list-style-type: none"> Council Member Member of HRREMCO | 01 August 2019 | 31 July 2022 | Master of Laws (LLM) in Human Rights Law; Bachelor of Law (LLB) | <ul style="list-style-type: none"> Corporate governance and Board effectiveness Ethics and duties of directors in terms of the Companies Act | <ul style="list-style-type: none"> Board Chairperson (National Lottery Participants Trust) Board Deputy Chairperson (Nelson Mandela Museum) Council Member (Film and Publications Board) | <ul style="list-style-type: none"> Member of Audit Committee (Marine Living Resources Fund) Member of Audit Committee (Limpopo Legislature) | 3 |

DMSA Council; Appointed 1 August 2022 until 31 July 2025 (NEW)

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|-------------------|---|-----------------|---------------|---|---|--|--|-----------------------------|
| Adv M. Ralefatane | Chairperson of Council | 01 August 2022 | To date | B. Proc. Degree; University of the North (UNIN); LLB Degree; UNIN; LLM (Interpretation and Drafting of Contracts); University of Johannesburg; Admitted Advocate to the Supreme Court of SA; Certificate in Audit Committee; Certificate in Corporate Governance; Certificate in Land Reform; Certificate in Human Rights and Certificate in Labour Relations; Labour Relations; Human Resources and Governance | Legal, Labour Relations, Human Resources and Governance | | | 6 |
| Dr A. Mdletye | <ul style="list-style-type: none"> Member of Council Deputy Chairperson of Council | 01 August 2022 | To date | Doctor in Philosophy; Masters in Developmental Studies; Master's in Education; Bachelor of Arts Honours Human Resource Development; Bachelor of Education; Bachelor of Business Administration; Bachelor of Management; Bachelor of Arts; Post Graduate Diploma in Labour Law; Diploma in Personnel Management and Industrial Relations; Higher Diploma in Education (Post Grad) | Financial Management, Human Resource Management, Facilities Management, Governance, Strategic Planning, Legal services | Chairperson (Harry Gwala Development Agency) | Member of Risk Management Committee (Harry Gwala Development Agency) | Council: 6 Committees: 3 |
| Ms F. Chuma | <ul style="list-style-type: none"> Member of Council Member of Human Resources and Remuneration Committee | 01 August 2022 | To date | Bachelor of Administration Honours 2014; Bachelor of Administration 2013 | Policy and Governance expert and Corporate Governance Specialist and Board Member. Graduated with a Bachelor of Administration (Honours) degree and completed King IV training in Corporate Governance and Board Effectiveness and Governance of Ethics. Member of Audit and Risk Committee | | | Council: 6 Committees: 3 |

PART C: GOVERNANCE

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|-----------------|---|--------------------|---------------------|---|--|--|--|--------------------------------|
| Mr G. Ontong | <ul style="list-style-type: none"> Member of Council Chairperson of Core Functions Committee | 01 August 2022 | To date | Master of Philosophy (Conservation of the Built environment): Master of City and regional planning: Bachelor of Theology Degree | Heritage Conservation, Cultural Heritage, Heritage and Research, Performance Management, Financial Management, Liaising with Council departments, funding agencies, community organisation, voluntary history groups, tourist bodies and private companies | | | Council: 6 Committees: 3 |
| Ms Z. Ngcibi | <ul style="list-style-type: none"> Member of Council Member of Core Functions Committee Acting Chairperson of Audit, Risk and Information Communication Technology | 01 August 2022 | To date | Post-Graduate Diploma in Business Management; Bachelor of Commerce Degree (B.Com) | Strategy Development & Implementation Risk Management Strategic Business Process Outsourcing Financial Management Strategic Supply Chain Management & Sourcing | | | Council: 6 Committees: 6 |

| Name | Designation (in terms of the Public Entity Council structure) | Term start date | Term end date | Qualifications | Area of Expertise | Board Directorships (List the entities) | Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team) | No. of Meetings attended |
|-------------------|---|--------------------|---------------------|---|---|--|--|--------------------------------|
| Ms Z. Dlamini | <ul style="list-style-type: none"> Member of Council Member of Audit, Risk and Information Communication Technology | 01 August 2022 | To date | Postgraduate Diploma in Management Practice (PGDip); Bachelor of Management Leadership | Governance, Strategic Planning, Legal services | | | Council: 6 Committees: 3 |
| Mr M. Masooa | <ul style="list-style-type: none"> Member of Council Member of Core Functions Committee | 01 August 2022 | To date | M.A History(Cum-Laude); BA.Hons Degree; BA.ED Degree | History, Heritage Management, Education, Corporate Governance | | | Council: 6 Committees: 3 |
| Mr H. Nkanyane | <ul style="list-style-type: none"> Member of Council Member of Audit, Risk and Information Communication Technology | 01 August 2022 | To date | Master of Philosophy Internal Auditing; Master Business Leadership Post-Graduate Diploma: Compliance Management; Certificate in Money Laundering Control; Certificate in Corporate Governance Certificate in Compliance Management; B. Tech: Cost and Management Accounting; N. Dip: Cost and Management Accounting | Corporate Governance, Auditing, Finance, Risk & Compliance Management | | | Council: 6 Committees: 3 |
| Dr D. Ngobese | <ul style="list-style-type: none"> Member of Council Chairperson of Human Resources and Remuneration Committee | 01 August 2022 | To date | Doctor of Philosophy in African Studies (PhD AS); Master of Arts (M.A) in History; Bachelor of Arts Honours (B.A. Hons); Bachelor of Arts in Education (B.A. Ed.) | History, Heritage Management, Education, Research, Corporate Governance | | | Council: 6 Committees: 3 |

PART C: GOVERNANCE

Council Committees

Old Committees

| Committee | No. of meetings held | No. of members | Name of members |
|---|----------------------|----------------|--|
| Audit, Risk and Information Communication Technology Committee (ARIC) | 4 | 3 | Ms M. Mudau (Independent Chairperson), Dr L. Konar and Ms V. Menye |
| Core Functions Committee | 2 | 3 | Dr A. Mdletye (Chairperson), Ms L. Vilakazi and Mr G. Ontong |
| Human Resources and Remuneration Committee | 2 | 2 | Ms Y. Mashilela (Chairperson) and Adv T. Nevondwe |

New Committees

| Committee | No. of meetings held | No. of members | Name of members |
|---|----------------------|----------------|---|
| Audit, Risk and Information Communication Technology Committee (ARIC) | 3 | 3 | Ms Z. Ngcibi (Acting Chairperson), Mr H. Nkanyane and Ms Z. Dlamini |
| Core Functions Committee | 3 | 3 | Mr G. Ontong (Chairperson), Ms Z. Ngcibi and Mr M. Masooa |
| Human Resources and Remuneration Committee | 3 | 3 | Dr D. Ngobese (Chairperson), Ms C. Fani and Dr A. Mdletye |

Council Remuneration

| Remuneration of Old Council members | | | |
|-------------------------------------|---------------------|--------------------|---------------------|
| Name | Remuneration | Other allowance | Total |
| Ms K. Rapoo | R 8 688.00 | R 224.05 | R 8 912.05 |
| Dr L. Konar | R 11 128.00 | | R 11 128.00 |
| Ms V. Menye | R 7 180.00 | | R 7 180.00 |
| M L. Mtshali | R 7 180.00 | | R 7 180.00 |
| Ms Y. Mashilela | R 10 106.00 | | R 10 106.00 |
| Adv T. Nevondwe | R 10 770.00 | | R 10 770.00 |
| Ms F.S. Mudau | R 44 460.00 | | R 44 460.00 |
| Remuneration of Old Council members | | | |
| Name | Remuneration | Other allowance | Total |
| Adv M. Ralefatane | R 47 784.00 | R 9 507.66 | R 57 291.66 |
| Dr A. Mdletye | R 45 974.00 | R 3 315.58 | R 49 289.58 |
| Ms Z. Dlamini | R 28 720.00 | | R 28 720.00 |
| Dr D. Ngobese | R 32 023.00 | R 3 670.04 | R 35 693.04 |
| Mr M. Mosooa | R 30 515.00 | R 226.96 | R 30 741.96 |
| Ms Z. Ngcibi | R 33 064.00 | R 326.04 | R 33 390.04 |
| Mr G. Ontong | R 40 998.00 | | R 40 998.00 |
| Ms C Fani | R 30 515.00 | R 217.36 | R 30 732.36 |
| Mr H. Nkanyane | R 31 269.00 | R 1 003.20 | R 32 272.20 |
| Total | R 420 374.00 | R 18 490.89 | R 438 864.89 |



5. RISK MANAGEMENT

The DMSA leadership believes in the interrelatedness of risk management, strategy management and corporate governance, with a view that the entity can achieve its objectives if this relationship is appreciated at the highest level.

In line with the National Treasury Risk Management Framework, the DMSA has adopted an enterprise-wide risk management approach. The entity has an approved Risk Management Policy, Risk Management Strategy, and a Fraud Prevention Policy and Response Plan. These policies have been approved by Council and their provisions are regularly workshopped to Management and staff.

The DMSA develops and maintains a Strategic Risk Register, which is aligned with the Annual Performance Plan. Operational Risk Registers are also maintained for all business units. The entity also has the emerging risk identification and risk incident reporting tools, which enable staff and Management to identify risks that are emerging throughout the entity.

Risks are identified, assessed and rated. Mitigation strategies are put in place to mitigate the risks and reports on the status of risks are tabled to the Risk Management Committee, ARIC and Council.

The DMSA has a functioning Risk Management Committee that meets quarterly to assess and determine the effectiveness of its Risk Management Strategy. The Committee tables its reports on the status of risk management at the ARIC meetings.

The Audit, Risk and Information Communication Technology Committee (ARIC) receives and interrogates risk management reports that are prepared by Management and the Risk Management Committee.

Interventions such as the establishment of a Risk Management Committee, the approval of risk and fraud policies and strategies, and the establishment of a risk function in the Office of the CEO, have started to yield the desired results, with great improvements starting to be witnessed in risk culture within the entity. In addition,

Risk Management is a standing feature in EXCO and MANCO meetings.

At the beginning of the 2020/21 financial year, which was the first year of the five year strategic plan (2020-2025), Council identified top twelve strategic risks that need to be mitigated in order for the DMSA to achieve its six outcomes.

As at 31 March 2023, the residual risk rating on the 14 strategic risks was as follows:

| No. | Strategic Risk | Inherent Risk | Residual Risk |
|-----|--|---------------|------------------------|
| 1. | Financial sustainability risk | Critical (25) | Immediate Action(17.5) |
| 2. | Liquidity risk | Critical (25) | Immediate Action(12.5) |
| 3. | Capital sustainability risk | Critical (25) | Immediate Action(12.5) |
| 4. | Risk of security and threats | Critical (25) | Immediate Action(17.5) |
| 5. | Product offering | Moderate (12) | Acceptable (3.6) |
| 6. | Stakeholder management risk | High (16) | Acceptable (4.8) |
| 7. | Possible restructuring/merger of cultural institutions | Moderate (12) | Monitor (3.6) |
| 8. | Non-compliance to laws and regulations | Moderate (12) | Monitor (6) |
| 9. | Low staff morale and productivity | High (20) | Immediate Action(10) |
| 10. | Fraud and corruption | High (16) | Action (8) |
| 11. | Loss of heritage assets | Critical (25) | Immediate Action(12.5) |
| 12. | Decline in research output | Low (9) | Excellent (0.9) |
| 13. | Cyber security risk | High (20) | Monitor (6) |
| 14. | Inadequate Investment in ICT | Critical (25) | Immediate Action(17.5) |



PART C: GOVERNANCE

6. INTERNAL CONTROL UNIT

The DMSA has implemented effective internal controls as required by legislation, which are overseen by ARIC as assisted by Internal Audit.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

7.1. Internal Audit Function

The following internal audit work was completed during the year under review:

- Review and update of Internal Audit Charter
- Preparation of the three year Strategic and one year Internal Audit Plans
- Quarterly reporting and attendance of Audit Committee meetings
- Follow up of AG and IA findings
- Human Resource Management and Payroll
- IT General Controls Review
- Supply Chain and Contract Management Review
- Heritage Asset Review
- Security Management Review
- Quarterly Audit of Performance Information Q1 to Q4 of 2022/23
- Stakeholder Engagement Review
- Marketing and Communications Management Review
- Fraud Risk Assessment

- Review of the Annual Report and the APP

7.2. Audit Committee

The following Audit, Risk and Information Communication Technology Committee work was completed during the year under review:

- Advised Management on Risk Management
- Assessed Internal Controls
- Reviewed and approved the Internal Audit Charter
- Reviewed and approved the three-year Strategic and one-year Internal Audit Plan
- Reviewed Internal Audit Reports
- Reviewed Risk Mitigation Implementation
- Reviewed Quarterly Performance Reports
- Reviewed Quarterly Infrastructure Project Reports
- Reviewed Interim Management Report with Management's comments
- Reviewed Final Management Report with Management's comments

- Reviewed Annual Performance Plan (APP)
- Reviewed Annual Financial Statements (AFS)
- Reviewed Quarterly Management Accounts
- Reviewed and approved AGSA Engagement Letter and Audit Strategy
- Reviewed 2023/24 Annual Performance Plan and Budget
- Reviewed Quarterly Expenditure Report and Business Plans for Infrastructure Projects
- Reviewed Annual Procurement Plan
- Reviewed Contracts Register
- Reviewed Litigation Reports
- Reviewed IT Governance and ICT Infrastructure Implementation Status
- Reviewed Heritage Management Status Reports
- Reviewed Risk Management, Supply Chain and Financial Policies

The table below discloses relevant information on the Audit, Risk and Information Communication Technology Committee members:

Old ARIC Members

| Name | Qualifications | Council Member/ Independent | Term start date | Term end date | No. of Meetings attended |
|-----------------------------|---|-----------------------------|-------------------|---------------|--------------------------|
| Ms S.F. Mudau (Chairperson) | CA (SA); SAICA; Master of Business Administration (MBA); Senior Executive Development Program; Management Advanced Programme; B.Com (Honours) Accounting and B.Com Financial Accounting | Independent | 01 September 2020 | 31 July 2022 | 4 |
| Dr L. Konar | Doctor of Commerce; Master of Accounting Sciences; Bachelor of Commerce; Postgraduate Diploma in Accounting; Chartered Accountant | Council Member | 01 August 2019 | 31 July 2022 | 4 |
| Ms V. Menye (Member) | Master of Business Administration (MBA); BSc Degree Computer Science; International Investment Management Certificate; Certificate in IT Governance (Cobit 8) | Council Member | 01 August 2019 | 31 July 2022 | 2 |

New ARIC Members

| Name | Qualifications | Council Member/ Independent | Term start date | Term end date | No. of Meetings attended |
|-----------------------------------|--|--------------------------------|-----------------|---------------|--------------------------|
| Ms Z. Ngcibi (Acting Chairperson) | Post-Graduate Diploma in Business Management Bachelor of Commerce Degree (B.Com) | Council Member | 01 August 2022 | To Date | 3 |
| Mr H. Nkanyane (Member) | Master of Philosophy Internal Auditing; Master Business Leadership; Post-Graduate Diploma: Compliance Management; Certificate in Money Laundering Control Certificate in Corporate Governance; Certificate in Compliance Management; B. Tech: Cost and Management Accounting; N. Dip: Cost and Management Accounting | Council Member | 01 August 2022 | To Date | 3 |
| Ms Z. Dlamini (Member) | Postgraduate Diploma in Management Practice (PGDip) Bachelor of Management Leadership | Council Member | 01 August 2022 | To Date | 3 |



PART C: GOVERNANCE

8. COMPLIANCE WITH LAWS AND REGULATIONS

As a Schedule 3A public entity the DMSA regards compliance as an integral part of governance and in this regard, has started to focus on establishing structures and processes to ensure adequate and effective adherence to applicable statutes, guidelines, rules and codes. During the year under review, the Council approved the Compliance Management Framework, which has clarified the organisation's approach towards compliance. A comprehensive regulatory universe has also been

developed. A Compliance Management Policy is being developed and will be approved in the new financial year.

The DMSA has developed and reviewed a number of policies and regulations in order to ensure compliance. A total of 47 policies were developed, reviewed and approved by Council, in part responding to audit findings and enabling the realisation of the strategic imperatives of the organisation. Furthermore, a central policy repository has been developed to enhance

governance and employee socialisation and these are tabled to Council on a quarterly basis.

The DMSA endeavours to adhere to the PFMA, the Cultural Institutions Act, Treasury Regulations, Supply Chain Practice Notes and other relevant prescripts. DMSA is audited by both the Internal Audit and the Auditor-General of South Africa (AGSA) on its level of compliance with laws and regulations.

9. FRAUD AND CORRUPTION

DMSA has developed a Fraud Prevention Policy and Response Plan that was approved by Council. The DMSA's Fraud Prevention Plan and the progress made in implementing the plan include the following:

- DMSA Fraud Prevention Plan, which assists the organisation to track progress in the implementation of the policy;
- Continued operation of the fraud hotline, which is used to anonymously report suspected acts of fraud, corruption and unethical behaviour;
- Alarm system and/or cameras are installed at the museums. This ensures the security of heritage assets

entrusted to the organisation;

- All employees signed the annual declaration of interests forms;
- SCM officials are bound by the SCM Code of Conduct;
- Internal controls implemented to ensure that there is sufficient segregation of duties; and
- A book on access control for visitors/vehicles control was introduced at the museums.

All employees of DMSA are encouraged to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to their

supervisors. If the employee or official is not comfortable in reporting such matters to the supervisor, he or she could report the matter to the supervisor's superior, with final recourse to the CEO. Employees were encouraged to report incidents by using the hotline if they wish to remain anonymous or for any other reason.

Fraudulent activities are reported through an internal hotline and if there is any disciplinary action warranted it is instituted in terms of the Disciplinary and Grievance Policy. There were incidents reported through the fraud hotline.

10. MINIMISING CONFLICT OF INTEREST

All Supply Chain Management personnel have formally signed the Code of Conduct as prescribed by Practice Note

7 of 2009/10, par 4.4.1. The Supplier Bidding Document (SBD) 4 is also provided by the prospective bidders to declare

their interest in the organisation. All DMSA employees are required to declare their interests annually.

11. CODE OF CONDUCT

The Code of Conduct and Ethics Policy was approved. A Declaration of Interest Policy and form was developed and approved by Council. All employees signed declaration of interest forms that are kept in the employees' files and properly monitored. Forward planning continues to ensure that all staff is informed and that the Code of Conduct is carried out.

The Approved Disciplinary Code and Grievance Procedure Policy is in place and applied for any breach of the Code of Conduct or other disciplinary matters.

DMSA is guided by the Code of Conduct for Public Servants published in Part 2 of the Public Service Regulations (1999), which gives clear guidelines

on expected behaviour and guidelines to reinforce appropriate behaviour in the organisation. All suppliers are required to sign the Client-Supplier Conduct of Conduct and they are also supplied with the Code of Conduct and Ethics.



PART C: GOVERNANCE

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The DMSA takes issues of health and safety very seriously and strives to meet all its obligations imposed by various prescripts in this regard. The Occupational Health and Safety Committee has been established in terms of Section 16(2) of the OHS Act. All museums and sites are represented in the Committee by staff members who are formally appointed into the Committee by the CEO.

The Health and Safety Committee meets quarterly or whenever necessary, to ensure compliance with regards to health and safety issues.

Fire extinguishers, hose reels and fire detectors are serviced and maintained at all museums by the Department

of Public Works and Infrastructure (DPWI). Structural challenges (ramps, dysfunctional lifts, climate control, etc.) identified by the Health and Safety Committee are addressed by the Repairs and Maintenance Programme (RAMP), which is funded by the DSAC and undertaken by the DPWI through the Infrastructure Committee.

DMSA approved the Emergency and Disaster Recovery Plan and appointed the Emergency Response Team, led by the Facilities Lead.

In the near future DITSONG will appoint a competent person in compliance with the Asbestos Abatement Regulations, 2020.

In terms of Regulation 6, the competent person will create a management plan to address several key issues including:

- the removal of asbestos;
- the reduction of risk in cases of emergencies, repair work and removal work; and
- the phasing out of existing asbestos-containing materials

The competent person will conduct the Inventory, Risk Assessment and Management Plan.

13. COUNCIL SECRETARY

The role and responsibilities of the Council Secretary are outlined as follows:

- Ensure that the relevant governance structures and committees are in place;
- Arrange Council Member induction and training;
- Formulation of Terms of Reference (TOR) for Council and Council Sub-Committees;
- Develop and updating of the organisational Code of Conduct and Ethics;

- Establish and monitor the organisational compliance universe;
- Continuous review of state of compliance of the organisation;
- Establishment and monitoring of the central Policies Register and Repository;
- Coordinate performance assessment of Council and Committees;
- Efficient and effective management of Council budget

in such a manner as to accomplish the objectives of the organisation;

- Stakeholder management; and
- Council and Committees administrative support.

14. SOCIAL RESPONSIBILITY

Museum outreach is an important tool for DMSA to achieve its mission. These programmes extend the organisation's reach beyond its walls. DMSA offers a variety of outreach programmes aimed at engaging communities and school across Gauteng and other provinces. The programmes seek to promote learning, increase awareness and

appreciation of South Africa's heritage curated by the museums. The programmes further seek to maintain and foster beneficial relationships between the museums and their stakeholders. During the 2022/23 Financial year, twenty-six outreach programmes were implemented, reaching 20 584 people.

In addition to the outreach programmes, DMSA provided the public with free access to its sites during Museums Week in May and the National Science Week in July. DMSA further donates teaching and learning materials to 10 high schools in Gauteng and the North West Province.

15. AUDIT AND RISK COMMITTEE REPORT

Audit And Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

Background

The Audit, Risk and Information Technology Committee (ARIC) assists Council in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, risk management and financial reporting processes. In addition, the ARIC assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

Responsibilities, Composition And Functions Of The Committee

The Committee's roles and responsibilities include its statutory duties as per the PFMA, the requirements of the King IV Report on Corporate Governance for South Africa 2016 of Governance and the responsibilities assigned to it by Council. The Committee reports that it has adopted appropriate formal terms of reference as approved by Council and is satisfied that it has discharged its responsibilities therewith as well as per the PFMA.

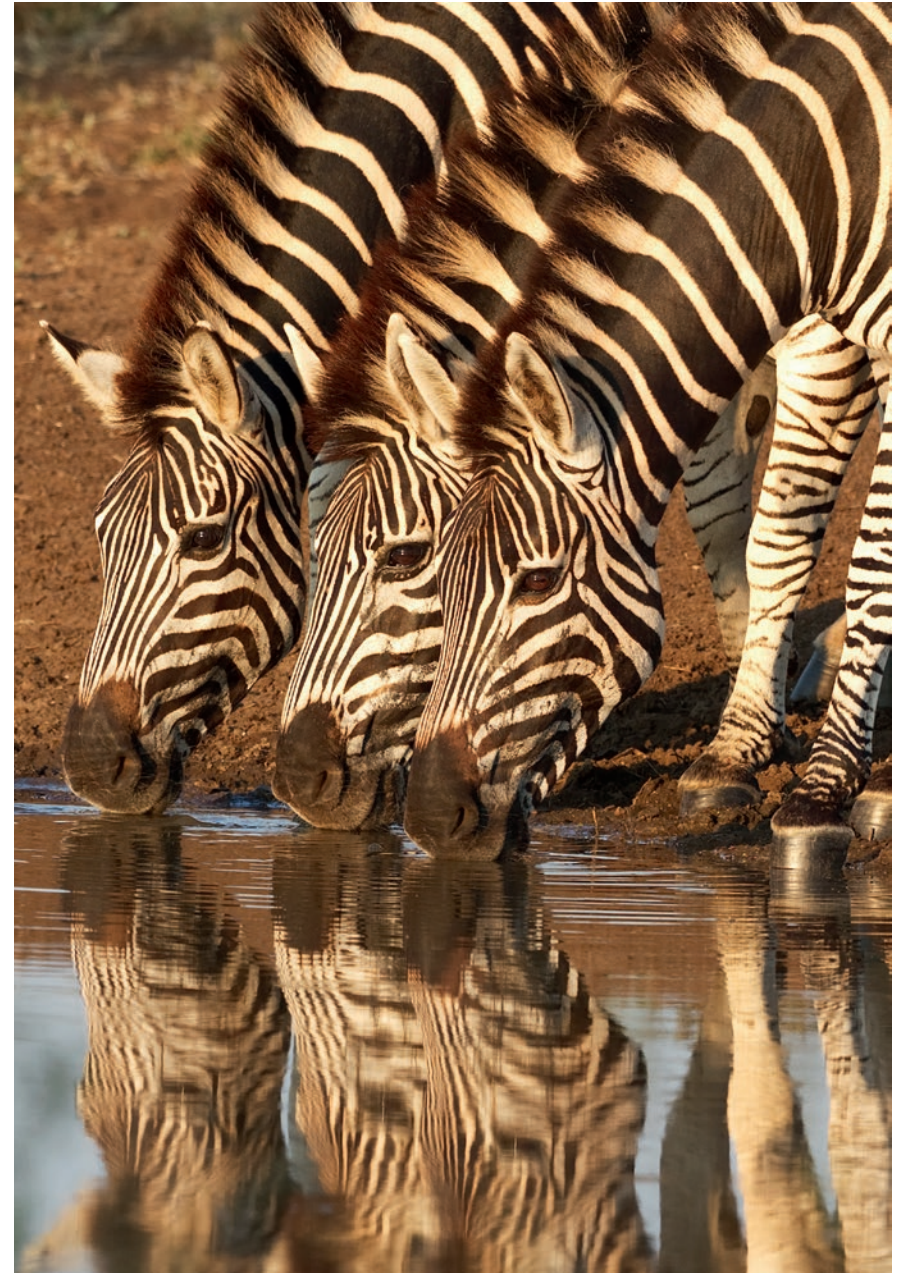
The Committee has carried out its functions through attendance of ARIC meetings and discussions with Executive Management, Internal Audit and AGSA, where appropriate. ARIC meets at least five times per annum, with authority to convene additional meetings as circumstances require. Invitees to the meetings of the Committee include the CEO, CFO, internal and external auditors, and any other Managers as may be required to report on activities with its Terms of Reference. To

execute its key functions and discharge its responsibilities as outlined in its Terms of Reference during the period under review, the committee performed the following functions:

- Assisted the Council in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems, risk management and auditing processes applied within the entity in the day to day management of its business.
- Facilitated and promoted communication between the Council, Management, the external auditors, and internal auditors on matters which are the responsibility of the Committee.
- Introduced measures that, in the opinion of the Committee, may enhance the credibility and objectivity of the Annual Financial Statements and reports prepared with reference to the affairs of the entity.
- Approved the fees to be paid to the external auditors as well as the Audit Strategy.
- Assessed the going concern status and the financial challenges faced by the organisation.
- Reviewed the financial projections against the current economic and trading environment and ensured a more focused and realistic outcome of the projections made by Management.
- Approved Internal Audit Plan.

Internal Control

The ARIC monitored the effectiveness of the internal controls and risk management activities. There were material findings noted on the internal reports which highlighted a breakdown of internal controls which should be addressed. ARIC is of the opinion that the internal controls of the entity have been partially effective during the year under



PART C: GOVERNANCE

review. This opinion is based on the assessment of internal audit reports tabled, assessment of reports or submissions tabled by Management and explanations given regarding some of the challenges, discussions with Internal Audit, and with the independent external auditors, on the results of their audits. There are currently processes under way to enhance the control environment of the entity which include filling critical positions.

External Auditors

The Auditor-General South Africa (AGSA) is the external auditor of DITSONG: Museums of South Africa. The Committee was satisfied that the audit team is independent. The Committee, in consultation with Management, agreed to the engagement letter, terms, audit plan and audit fees for the financial year ended 31 March 2023.

The Committee:

- Approved the external auditors' annual plan and related scope of work;
- Monitored the effectiveness of the external auditors in terms of their skills, independence, execution of the

audit plan, reporting and overall performance; and

- Considered whether the extent of reliance placed on internal audit by the external auditors was appropriate and whether there were any significant gaps between the internal and external audits.

Duties Assigned By The Council Going Concern

After having reviewed all submissions by Management and the Annual Financial Statements, the Committee concurs that the adoption of the going concern assumption in the preparation of the financial statements is appropriate and sound.

Internal Audit

During the financial year, the Internal Audit function was outsourced to O.M.A Chartered Accountants. The internal auditors have a functional reporting line to the Committee Chairperson and an administrative reporting line to the CEO.

The Committee assessed the effectiveness of the internal audit function, reviewed, and approved the Internal Audit Plan and Budget. The Committee monitored and

challenged, where appropriate, the action taken by Management regarding adverse Internal Audit findings. The Committee was satisfied with the independence and effectiveness of the Internal Audit function.

Financial Statements Review

Following its review of the Annual Financial Statements for the year ended 31 March 2023, they were recommended by the ARIC to Council for approval.

The Audit Committee concurs and accepts the conclusions of the external auditor on the Annual Financial Statements and is of the opinion that the audited financials be accepted and read together with the report of the Auditor-General South Africa.



Mr Suren Maharaj
Chairperson of the Audit, Risk, Information and Communication Technology Committee
DITSONG: Museums of South Africa
31 July 2023

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act (No. 53 of 2003) and as determined by the Department of Trade, Industry and Competition

| Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following: | | |
|---|------------------------------|---|
| Criteria | Response Yes / No | Discussion (include a discussion on your response and indicate what measures have been taken to comply) |
| Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law? | No | This is not applicable to DMSA |
| Developing and implementing a preferential procurement policy? | Yes | DMSA's approved Supply Chain Management Policy is based on applicable legislation, regulations and practice/instruction notes |
| Determining qualification criteria for the sale of state-owned enterprises? | No | This requirement is not applicable to DMSA |
| Developing criteria for entering into partnerships with the private sector? | No | DMSA has not identified the need for Private Public Partnerships in its operations for the reporting period |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-based Black Economic Empowerment? | No | DMSA is not a funding disbursement institution and therefore this requirement is not applicable |





Part D: Human Resource Management

1. INTRODUCTION

The Human Capital Management Strategy, which was first approved in 2017, was implemented for the third and final year in 2021. The Strategy was reviewed in 2020 and the first year of the new one has been implemented during 2021/22 financial year. The new strategy has a five-year implementation plan, in alignment with the Strategic Plan.

COVID-19 and budgetary constraints presented a huge challenge as far as the implementation of the APP deliverables is concerned. WSP training had to be put on hold as a result, and the initiation of the tendering process for the implementation of the Management Development Plan had to be postponed to a period when the organisation is in a better financial condition. Both the Employer of Choice and the Talent Management Strategies were reviewed and approved by Council in 2020, and the implementation phase started in 2021. Many goals were achieved, even with the financial constraints that prevented the achievement of some of the goals set for 2021/22.

Improving on the external audit results also became a major focus area, and the implementation of the previous year's audit findings were addressed, resulting in a huge improvement in the HR processes and controls, as well as the credibility of the HR-related financial information. The process of filling positions in the new structure continued for the first few months of the financial year, but it had to be put on hold due to cashflow challenges. There are 131 filled positions currently, with 32 vacant positions still to be filled.

The following initiatives were prioritised during the year under review:

- Managing the constraints brought about by the cashflow problems the organisation is experiencing.
- The implementation of the new structure, under the difficulties brought about by the cashflow shortage.
- Implementation of the reviewed Human Capital Strategy for DMSA, which was approved to be implemented for five years.

- Implementation of the reviewed Talent Management Strategy for DMSA, which was approved to be implemented for five years.
- Continuing with the implementation of the Organisational Change Management Programme, which included dealing with the changes brought about by COVID-19 and cash flow difficulties.
- Implementation of an Integrated Performance Management Policy, under difficult COVID-19 conditions and budgetary constraints.
- Reviewing and developing policies.
- Continued implementation of the Employee Wellness Programme after the appointment of a service provider through a tender; and
- Ensuring a smooth implementation of the payroll system after the appointment of a new service provider through a tender process.

The workforce planning framework and key strategies to attract, recruit and retain a skilled and capable workforce include:

- Implementing the third cohort of the Management Development Programme.
- Collaborating with different institutions of higher learning to enable their students to receive on-the-job training, as well as research.
- Continuing with the implementation of the Employer of Choice Strategy to improve conditions of service, especially under the current era of living with COVID-19; and
- Continuing with an Employee Wellness programme to ensure employee sustainable health improvements.

Development and review of the following policies:

- Acting Policy
- Conflict of Interest Policy
- Code of Conduct Policy
- The Recruitment and Selection Policy
- Recognition Agreement

The following were the highlights for the year under review:

- Winning a case at the Labour Court, after CCMA ruling against DMSA;
- Filling of positions in the new structure through the Competitive Placement process. A total of 131 employees have been placed to date.
- Twelve (12) Experiential Learning students were placed within DMSA to further their training towards achieving their qualifications.
- The third and final cohort of the Management Development Programme completed the programme.

Probationary Assessment Process

Eight (8) new employees were appointed during the 2022/23 financial year. Seven (7) successfully completed their probation periods, with one scheduled to complete the requirements of the probation period in the first quarter of 2022/23 financial year.

Employee Recognition Awards

The implementation of the Employee Recognition Awards, as defined in the Recognition and Rewards Policy was disturbed in 2022/23 due to COVID-19 restrictions and budget cuts. Long Service Awards were not issued to employees due to cashflow challenges.

The following challenges were experienced by HR during the year under review:

- Interruption in the implementation of the appointments to the new structure due to cashflow challenges.
- Limited training opportunities for employees as a result of cashflow challenges and budget cuts.
- Freezing of posts to accommodate the reduction on Compensation of Employees budget; and
- Rationalisation of the performance bonus budget due to the reduction on Compensation of Employees budget.
- Loss of key personnel due to end of contract and resignations.

PART D: HUMAN RESOURCE MANAGEMENT

Future goals for 2022/23

- Implement the third year of the reviewed Human Capital Management Strategy.
- Continue with the placement of employees into the new structure.
- Implement the Remuneration Policy.

- Implement the Succession Policy.
- Implement the reviewed Code of Conduct Policy
- Implement the reviewed Acting Policy.
- Implement the reviewed Conflict of Interest Policy.
- Continue with the implementation of the Recognition and Rewards Policy and look at alternative ways to

- reward employees, especially for long service; and
- Continue with the implementation of the Change Management Programme

2. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel cost by programme/activity/objective

| Programme/activity/objective | Total Expenditure for the entity (R'000) | Personnel Expenditure (R'000) | Personnel Expenditure as a % of total exp. (R'000) | No. of Employees | Average personnel cost per employee (R'000) |
|-----------------------------------|--|-------------------------------|--|------------------|---|
| Programme 1: Administration | 87 831 | 20 107 | 13.16% | 37 | 543.4 |
| Programme 2: Business Development | 58 587 | 38 577 | 25.25% | 83 | 464.8 |
| Programme 3: Public Engagement | 6 342 | 6 037 | 3.95% | 17 | 355.1 |
| Total | 152 760 | 64 721 | 42.37% | 137 | 472.4 |

Personnel costs by salary band

| Programme/activity/objective | 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 (15-16) | 2 580 | 3.99% | - | 1 290 |
| Senior management (13-14) | 3 304 | 5.10% | 2 | 1 652 |
| Professional qualified (10-12) | 26 121 | 40.36% | 39 | 670 |
| Skilled (8-9) | 13 860 | 21.41% | 31 | 447 |
| Semi-skilled (5-7) | 15 107 | 23.34% | 59 | 256 |
| Unskilled (2-4) | 2 480 | 3.83% | 4 | 620 |
| Contract | 1 269 | 1.96% | 2 | 635 |
| TOTAL | 64 721 | 100.00% | 137 | 472 |

Performance rewards

| Programme//activity/objective | Performance rewards (R'000) | Personnel Expenditure (R'000) | % of performance rewards to total personnel cost |
|-------------------------------|-----------------------------|-------------------------------|--|
| Top Management | - | 2 580 | 0% |
| Senior Management | - | 3 304 | 0% |
| Professional Qualified | - | 26 121 | 0% |
| Skilled | - | 13 860 | 0% |
| Semi-Skilled | - | 15 107 | 0% |
| Unskilled | - | 2 480 | 0% |
| Contract | - | 1 269 | 0% |
| TOTAL | 0 | 64 721 | 0 % |

Long service awards

| Programme//activity/objective | Long service awards (R'000) | Personnel Expenditure (R'000) | % of long service awards to total personnel cost |
|-------------------------------|-----------------------------|-------------------------------|--|
| Top Management | - | 2 580 | 0% |
| Senior Management | - | 3 304 | 0% |
| Professional Qualified | - | 26 121 | 0% |
| Skilled | - | 13 860 | 0% |
| Semi-Skilled | - | 15 107 | 0% |
| Unskilled | - | 2 480 | 0% |
| Contract | - | 1 269 | 0% |
| TOTAL | 0 | 64 721 | 0 % |



PART D: HUMAN RESOURCE MANAGEMENT

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 |
|------------------------------------|-------------------------------|------------------------------|---|--------------------------|--------------------------------|
| Programme 1 - Administration | 20 107 | 436 | 0.67% | 14 | 31.1 |
| Programme 2 - Business Development | 38 577 | - | 0.00% | - | - |
| Programme 3 - Public Engagement | 6 037 | - | 0.00% | - | - |
| Total | 64 721 | 436 | 0.67% | 14 | 31.1 |

Employment and Vacancies

| Programme/activity/objective | 2021/2022 No. of Employees | 2022/2023 Approved Posts | 2022/2023 No. of Employees | 2022/2023 Vacancies | % of vacancies |
|-----------------------------------|----------------------------|--------------------------|----------------------------|---------------------|----------------|
| Programme 1: Administration | 31 | 44 | 33 | 11 | 25% |
| Programme 2: Business Development | 85 | 100 | 83 | 17 | 17,0% |
| Programme 3: Public Engagement | 18 | 19 | 17 | 2 | 10,5% |
| Total | 134 | 163 | 133 | 30 | 18.4% |

| Programme/activity/objective | 2021/2022 No. of Employees | 2022/2023 Approved Posts | 2022/2023 No. of Employees | 2022/2023 Vacancies | % of vacancies |
|------------------------------|----------------------------|--------------------------|----------------------------|---------------------|----------------|
| Top management | 2 | 2 | 0 | 2 | 100,0% |
| Senior management | 3 | 3 | 2 | 1 | 33,3% |
| Professional qualified | 41 | 48 | 39 | 9 | 18.7% |
| Skilled | 29 | 31 | 29 | 2 | 6.5% |
| Semi-skilled | 54 | 68 | 59 | 9 | 13,2% |
| Unskilled | 5 | 11 | 4 | 7 | 63.6% |
| TOTAL | 134 | 163 | 133 | 30 | 18.4% |

Employment Changes

| Salary Band | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|------------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Top management | 2 | 0 | 2 | 0 |
| Senior management | 3 | 0 | 1 | 2 |
| Professional qualified | 41 | 1 | 3 | 39 |
| Skilled | 29 | 0 | 0 | 29 |
| Semi-skilled | 54 | 7 | 3 | 59 |
| Unskilled | 5 | 0 | 0 | 4 |
| Total | 134 | 8 | 9 | 133 |

Reasons for Staff Leaving

| Reason | Number | % of total no. of staff leaving |
|---------------------------------|----------|---------------------------------|
| Death | 1 | 0.7% |
| Resignation | 4 | 2.9% |
| Expiry of contract | 1 | 0.7% |
| Dismissal – operational changes | 0 | 0 |
| Dismissal – misconduct | 0 | 0 |
| Dismissal – inefficiency | 0 | 0 |
| Ill health | 0 | 0 |
| Retirement | 3 | 2.2% |
| Total | 9 | 6,7% |

Labour Relations: Misconduct and Disciplinary Action

| Nature of disciplinary Action | Number |
|-------------------------------|----------|
| Verbal warning | 0 |
| Written warning | 0 |
| Final written warning | 0 |
| Dismissal | 0 |



PART D: HUMAN RESOURCE MANAGEMENT

Table 3.8. – Equity Target and Employment Equity Status

| Levels | MALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|-----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top management | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior management | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional qualified | 10 | 14 | 0 | 0 | 1 | 1 | 6 | 7 |
| Skilled | 14 | 10 | 0 | 1 | 0 | 1 | 0 | 2 |
| Semi-skilled | 31 | 30 | 0 | 1 | 0 | 1 | 1 | 3 |
| Unskilled | 4 | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 60 | 62 | 0 | 2 | 1 | 3 | 7 | 12 |



| Levels | FEMALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|-----------|-----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top management | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior management | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professional qualified | 13 | 16 | 0 | 1 | 0 | 1 | 9 | 8 |
| Skilled | 13 | 10 | 0 | 1 | 0 | 1 | 2 | 4 |
| Semi-skilled | 26 | 30 | 0 | 0 | 0 | 0 | 1 | 4 |
| Unskilled | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 1 |
| TOTAL | 53 | 62 | 0 | 2 | 0 | 2 | 12 | 18 |

| Levels | DISABLED STAFF | | | |
|------------------------|----------------|----------|----------|----------|
| | Male | | Female | |
| | Current | Target | Current | Target |
| Top management | 0 | 0 | 0 | 0 |
| Senior management | 0 | 0 | 0 | 0 |
| Professional qualified | 0 | 0 | 1 | 1 |
| Skilled | 0 | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 1 | 1 |



PART D: HUMAN RESOURCE MANAGEMENT







Part E: PFMA Compliance Report

1. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

During the reporting period, National Treasury issued an instruction no. 4 of 2022/2023: PFMA COMPLIANCE AND REPORTING FRAMEWORK. The purpose of this National Treasury Instruction (“the Instruction”) is to prescribe, as set out in the Annexure (PFMA Compliance and Reporting

Framework), principles and compliance reporting requirements for departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999 – “PFMA”) on matters related to application, implementation and

reporting of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure.

The table below is the required reporting template for irregular expenditure that must be disclosed in the annual report.

1.1 Irregular expenditure

a. Reconciliation of irregular expenditure

| Description | 2023 R | 2022 R |
|---|-------------------|-------------------|
| Opening balance | 58 320 858 | 62 032 749 |
| Add: Irregular Expenditure – confirmed | 1 073 584 | 2 946 187 |
| Add: Irregular (Unauthorised) Expenditure - confirmed | 11 708 383 | - |
| Less: Irregular expenditure condoned | - | - |
| Less: Irregular expenditure not condoned and removed | - | - |
| Less: irregular expenditure recoverable | - | - |
| Less: irregular expenditure condoned and removed | - | (6 658 078) |
| Closing balance | 71 102 824 | 58 320 858 |

The irregular expenditure that was condoned in 2021/2022 financial year of R6 658 078 related to irregular expenditure incurred in prior years.

Reconciling notes to the annual financial statement disclosure

| Description | 2023 R | 2022 R |
|---|-------------------|------------------|
| Irregular expenditure that was under assessment in 2021/2022 | | |
| Irregular expenditure that relates to 2021/2022 and identified in 2022/23 | | 840 727 |
| Irregular expenditure for the current year | 1 073 584 | 2 105 460 |
| Irregular (unauthorised) expenditure for the current year | 11 708 383 | |
| Total | 12 781 967 | 2 946 187 |

Irregular expenditure of R840 727 is made up of disbursement amounting to R143 823 for payments made on a contract, which was declared irregular in prior years, as a result of non-disclosure by the service provider in respect of subcontracting the tender in whole as per SBD 6,1, and R696 904 in lieu of two contracts for emergency repairs that were submitted for approval after the services were rendered. These were only identified in the current year but relate to the prior year.

PART E: PFMA COMPLIANCE REPORT

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

| Description | 2023 R | 2022 R |
|---|-------------------|-----------|
| Irregular expenditure under assessment | 71 660 156 | |
| Irregular expenditure under determination | | |
| Irregular expenditure under investigation | | |
| Total | 71 660 156 | |

c. Details of current and previous year irregular expenditure condoned

| Description | 2023 R | 2022 R |
|--------------------------------|-----------|-----------|
| Irregular expenditure condoned | | |
| Total | | |

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

| Description | 2023 R | 2022 R |
|--|-----------|-----------|
| Irregular expenditure NOT condoned and removed | | |
| Total | | |

e. Details of current and previous year irregular expenditure recovered

| | 2023 R | 2022 R |
|---------------------------------|-----------|-----------|
| Irregular expenditure recovered | | |
| Total | | |

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

| | 2023 R | 2022 R |
|--|-----------|---------------------|
| Irregular expenditure condoned and removed | | (6 658 078) |
| Total | | (6 658 078) |

g. Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

| Details | 2023 R | 2022 R |
|---|------------------|------------------|
| Non-disclosure by service provider of subcontracting of tender in whole as per SBD 6,1 - Verbal warning issued to implicated staff | 516 178 | 2 126 983 |
| No proof of specifications approved by BSC, no proof of tender advert - Written warnings issued | | 95 040 |
| No proof of specifications approved by BSC, names of bidders not published on DMSA website within 10 working days after closure of tender - Written warnings issued | | 27 260 |
| Good and services provided at rates higher than market related rates | 553 988 | |
| SBD 4 form completed after the goods and services were procured. The service provider was appointed on an emergency basis. | 700 321 | |
| Total | 1 770 487 | 2 249 283 |

1.2 Fruitless and wasteful expenditure

a. Reconciliation of fruitless and wasteful expenditure

| | 2023 R | 2022 R |
|--|------------------|------------------|
| Opening balance | 3 338 183 | 2 819 855 |
| Add: Fruitless and wasteful expenditure – confirmed | 925 314 | 518 328 |
| Less: Fruitless and wasteful expenditure written off | - | - |
| Less: Fruitless and wasteful expenditure recoverable | - | - |
| Closing balance | 4 263 497 | 3 338 183 |

b. Reconciling notes to the annual financial statement disclosure

| Description | 2023 R | 2022 R |
|--|----------------|----------------|
| Fruitless and wasteful expenditure that was under assessment in 2021/2022 | | |
| Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/23 | | |
| Fruitless and wasteful expenditure for the current year | 925 314 | 518 328 |
| Total | 925 314 | 518 328 |

c. Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| Description | 2023 R | 2022 R |
|--|-------------------|-----------|
| Fruitless and wasteful expenditure under assessment | 30 914 814 | |
| Fruitless and wasteful expenditure under determination | | |
| Fruitless and wasteful expenditure under investigation | | |
| Closing balance | 30 914 814 | |

d. Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

| Details | 2023 R | 2022 R |
|--|----------------|----------------|
| Interest charged on late payment of invoice - Due to cash flow challenges faced by the entity | 870 197 | 390 274 |
| Payments made after services were cancelled - Recovered from supplier | | 26 000 |
| Interest and penalties on late payment to SARS - Due to cash flow challenges faced by the entity | | |
| Heritage assets valuation work not utilised due to contract cancellation | 50 175 | 50 175 |
| New booking for a missed flight | 3 386 | 3 386 |
| Flight amendment fees | 1 556 | 1 556 |
| Closing balance | 925 314 | 518 328 |

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

There have been no material losses through criminal or other means that have been reported in the current and previous year. There have been no material losses recovered or written off over the reporting periods.

PART E: PFMA COMPLIANCE REPORT

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

| Description | Number of invoices | Consolidated Value |
|---|--------------------|--------------------|
| | | R'000 |
| Valid invoices received | 374 | 63 850 |
| Invoices paid within 30 days or agreed period | 335 | 47 645 |
| Invoices paid after 30 days or agreed period | 11 | 3 477 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 26 | 4 657 |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | 2 | 8 071 |

Late Payments were due to cash flow challenges. The invoices in dispute relate to billing inconsistencies on utilities accounts with the matter still under investigation.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

| Project description | Name of supplier | Type of procurement by other means | Contract number | Value of contract R'000 |
|---|---|------------------------------------|-----------------|-------------------------|
| Appointment of Bakgone Chartered Accountants on an urgent basis to provide GRAP technical opinion in the finalisation of the draft 2021/22 annual financial statements. | Bakgone Chartered Accountants | Emergency | PO018686 | 48 000 |
| Appointment of Ismail & Dahya Attorneys on an urgent case for the attorney to provide legal opinion services to DITSONG Museums of South Africa (DMSA) | Ismail & Dahya Attorneys | Emergency | PO018747 | 29 600 |
| Appointment of University of Pretoria: Faculty of Veterinary Science to assess and treat zebras injured by snares at DITSONG: Tswaing Meteorite Crater | University of Pretoria: Faculty of Veterinary Science | Emergency | PO018699 | 3 418 |
| Total | | | | 81 018 |

3.2. Contract variations and expansions

| Project description | Name of supplier | Contract modification type (Expansion or Variation) | Contract number | Original contract value R'000 | Value of previous contract expansion/s or variation/s (if applicable) R'000 | Value of current contract expansion or variation R'000 |
|---|---------------------------|---|-----------------|-------------------------------|---|--|
| Appointment of a service provider to provide twenty-four hour security service to Ditsong Museums of South Africa (DMSA) for a period of thirty-six (36) months | Senegal Security | Variation | PO018233 | 49 185,20 | 0 | 9 886,60 |
| Appointment of internal auditors to undertake an ad hoc assignment / special investigation into SCM following from allegations contained in the whistleblower report. | OMA Chartered Accountants | Variation | DMSA 001/2021 | 5 427,90 | 0 | 200,40 |
| Total | | | | 54 613,10 | 0 | 10 087 |





Part F: Financial Information

DITSONG: Museums of South Africa
Annual Financial Statements for the year ended 31 March 2023

1. PUBLIC ENTITY'S GENERAL INFORMATION

Country of incorporation and domicile: South Africa
Nature of business and principal activities: Safeguarding, preserving and conserving the heritage of South African citizen
Registered office: 70 WF Nkomo Street
Pretoria
0002
Business address: 70 WF Nkomo Street
Pretoria
0002
Postal address: PO Box 4197
Pretoria
0001
Bankers: First National Bank
Auditors: Auditor General South Africa
Chartered Accountants (S.A.)
Registered Auditors
Secretary: Mr Frans Mashilo
Preparer: The annual financial statements were internally compiled by: Nkosinathi Hlophe Acting CFO

PART F: FINANCIAL INFORMATION

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The reports and statements set out below comprise the annual financial statements presented to the Department of Sport, Arts and Culture and Parliament.

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ABBREVIATIONS USED:

| | |
|--------|---|
| AFS | Annual Financial Statements |
| DMSA | DITSONG: Museums of South Africa |
| DNMCH | DITSONG: National Museum of Cultural History |
| DNMMH | DITSONG: National Museum of Military History |
| DNMNH | DITSONG: National Museum of Natural History |
| DPWI | Department of Public Works and Infrastructure |
| DSAC | Department of Sport, Arts and Culture |
| GRAP | Generally Recognised Accounting Practice |
| NRF | National Research Foundation |
| PFMA | Public Finance Management Act |
| SAASTA | South African Agency for Science and Technology Advancement |

Report of the auditor-general to Parliament on DITSONG: Museums of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the DITSONG: Museums of South Africa set out on pages 91 to 149, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net asset, cash flow statement and statement of comparison of budget and actual amount for the year then ended, as well as 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 DITSONG: Museums of South Africa as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my 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.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 29 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of DITSONG: Museums of South Africa. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
8. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the

requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. 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.
12. 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 annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must

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audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following material performance indicators related to Programme 2: Business Development presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- **Indicator 1.1:** Number of peer-reviewed articles submitted for publication.
- **Indicator 1.2:** Number of popular articles published or posted.
- **Indicator 1.3:** Number of public lectures presented.
- **Indicator 1.4:** Number of internal research seminars presented.
- **Indicator 2.1:** Percentage of heritage objects accessioned per annum.
- **Indicator 2.2:** Percentage of high-value heritage assets verified per annum.
- **Indicator 2.3:** Percentage implementation of conservation plans per annum.

15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only.

18. I did not identify any material findings on the reported performance information for the selected material performance indicators

Other matter

I draw attention to the matter below.

Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2 : business development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on

compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Procurement and contract management

24. I was unable to obtain sufficient appropriate audit evidence that all quotations were awarded in accordance with the legislative requirements as not all quotations requested were provided for audit.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover

the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

31. Management did not implement adequate internal controls for review and monitoring of compliance with applicable legislation relating to procurement processes.

Other reports

32. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Annexure to the auditor's report

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 public entity's internal control
- evaluate the appropriateness of accounting policies

33. An investigation report has been issued investigating allegations that were received by the public entity through a whistleblowing report which suggested that there may have been fraudulent activities with the procurement processes of the public entity. The report highlights possible irregular and fruitless and wasteful expenditure which has not been disclosed in the financial statements as management is still assessing the outcomes of the report.

Auditor-General

Auditor General South Africa

Pretoria

28 July 2023



used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

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

Communication with those charged with governance

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them

all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|---|--|
| Public Finance Management Act 1 of 1999 (PFMA) | Sections – 51(1)(b)(i), 51(1)(b)(ii), 51(1)(e)(iii), 53(4), 54(2)(c) Sections – 54(2)(d), 55(1)(a), 55(1)(b), 55(1)(c)(i); 57(b) |
| National Treasury Regulations issued in terms of the PFMA | Regulations – 16A3.2, 16A6.1, 16A6.2(a) & (b) Regulations – 16A6.3 (a) &(b), 16A6.3(c), 16A6.6,16A.7.1 Regulations – 16A.7.3, 16A.7.6, 16A.7.7, 16A8.3; 16A8.4, Regulations – 16A9.1(b)(ii), 16A9.1(d), 16A9.1(e); 16A9.1(f), Regulations – 16A9.2(a)(ii), 8.2.1 and 8.2.2, 30.1.1, 30.1.3(a) Regulations – 30.1.3(b) , 30.1.3(d), 30.2.1, 31.1.2(c) Regulations – 31.2.1; 31.3.3; 33.1.1, 33.1. |
| Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) | Section – 2(1)(a) and (b); 2(1)(f) |
| Preferential Procurement Regulations of 2017 (PPR) | Regulations – 4(1) & 4(2); 5(1) & 5(3); 5(6); 5(7) ; 6(8), 7(8), Regulations – 8(2); 8(5); 9(1); 10(1)&(2) & 11(1) |
| Preferential Procurement Regulations of 2022 (PPR) | Regulation 4(4) |
| Construction Industry Development Board Act 38 of 2000 | Section – 18(1) |
| Construction Industry Development Board Regulations | Regulations – 17, 25(7A) |
| Prevention and Combatting of Corrupt Activities Act 12 of 2004 | PRECCA 34(1) |
| National Treasury Instruction note 4 of 2015/16 | Paragraphs – 3.4 |
| National Treasury Instruction 4A of 2016/17 | Paragraphs – 6 |
| National Treasury Instruction 07 of 2017/18 | Paragraphs – 4.3 |
| National Treasury Instruction 01 of 2021-22 | Paragraphs – 4.1 |
| SCM Instruction Note 02 of 2021-22 | Paragraphs – 3.2.1, 3.2.4, 3.3.1, |
| PFMA SCM instruction note 03 of 2021/22 | Paragraphs – 4.1, 4.2 (b), 4.3, 4.4, 7.2, 3.2.4 (b) |

COUNCIL'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members 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 was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment.

To enable the members to meet these responsibilities, the council of members sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the 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 members are 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 absolute, assurance against material misstatement or deficit.


The members have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is dependent on the Department of Sport, Arts and Culture for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the council of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 86.

The annual financial statements set out on page 91, which have been prepared on the going concern basis, were approved by the council of members on 30 May 2023 and were signed on its behalf by:



Adv M. Ralefatane
Chairperson of Council



Dr M. Mohapi
Acting Chief Executive Officer

PART F: FINANCIAL INFORMATION

Annual Financial Statements

Statement of Financial Position as at 31 March 2023

| Figures in Rand | Note(s) | 2023 R | 2022 R |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 2 | 11 558 012 | 8 504 842 |
| Trade and other receivables from exchange transactions | 3 | 1 061 006 | 697 047 |
| Inventories | 4 | 312 271 | 63 139 |
| | | 12 931 289 | 9 265 028 |
| Non Current Assets | | | |
| Property, plant and equipment | 5 | 31 079 605 | 32 918 049 |
| Intangible assets | 6 | 2 858 834 | 2 111 179 |
| Heritage assets | 7 | 895 145 984 | 893 435 244 |
| Living resources | 8 | 100 885 | 200 615 |
| | | 929 185 308 | 928 665 087 |
| Total Assets | | 942 116 597 | 937 930 115 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 10 | 32 162 528 | 17 997 516 |
| Income received in advance from non exchange | 11 | 9 913 111 | 6 194 813 |
| Provisions | 12 | 2 303 020 | 2 208 135 |
| | | 44 378 659 | 26 400 464 |
| Non Current Liabilities | | | |
| Employee benefit obligation | 9 | 47 572 000 | 44 805 000 |
| Total Liabilities | | 91 950 659 | 71 205 464 |
| Net Assets | | 850 165 938 | 866 724 648 |
| Accumulated surplus | | 850 165 938 | 866 724 648 |
| Total Net Assets | | 850 165 938 | 866 724 648 |



Statement of Financial Performance

| Figures in Rand | Note(s) | 2023 R | 2022 R |
|---|-----------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Admission fees | 13.3 | 2 903 438 | 1 429 344 |
| Rental income | | 2 145 793 | 1 776 708 |
| Sales curios, refreshments and festivals | 13.3 | 446 680 | 72 034 |
| Other income | 19 | 864 645 | 1 604 039 |
| Interest received | 15 | 1 386 090 | 335 271 |
| Total revenue from exchange transactions | | 7 746 646 | 5 217 396 |
| Revenue from non exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and donations | 13.1 | 106 981 122 | 121 458 803 |
| Services in kind | 13.2 | 18 628 841 | 13 193 230 |
| Total revenue from non exchange transactions | | 125 609 963 | 134 652 033 |
| Total revenue | 13 | 133 356 609 | 139 869 429 |
| Expenditure | | | |
| Employee related costs | 14.2 | (64 720 842) | (66 390 044) |
| Administration costs | 14.1 | (22 478 015) | (24 248 159) |
| Depreciation and amortisation | 21 | (3 397 830) | (3 590 409) |
| Finance costs | 22 | (870 197) | (492 328) |
| Cost of sales | 13.3 | (22 375) | (41 014) |
| Operating expenses | 14.3 | (55 426 363) | (46 714 966) |
| Interest service cost | 9.2 | (4 962 000) | (5 745 000) |
| Current service cost | 9.2 | (882 000) | (840 000) |
| Total expenditure | | (152 759 622) | (148 061 920) |
| Operating deficit | 14 | (19 403 013) | (8 192 491) |
| Gain (loss) on disposal of assets and liabilities | 14.4 | 14 264 | (132 122) |
| Actuarial gains | 9.2 | 970 000 | 5 489 000 |
| Inventories losses/write downs | | (245 463) | (109 988) |
| | | 738 801 | 5 246 890 |
| Deficit for the year | | (18 664 212) | (2 945 601) |



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Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus / deficit R | Total net assets R |
|---|---------------------------------|--------------------|
| Balance at 01 April 2021 | 869 830 997 | 869 830 997 |
| Changes in net assets | | |
| Heritage assets – duplicates removed | (24 700) | (24 700) |
| Trade and other receivables | (136 048) | (136 048) |
| Net income (losses) recognised directly in net assets | (160 748) | (160 748) |
| Surplus for the year | (2 945 601) | (2 945 601) |
| Total recognised income and expenses for the year | (3 106 349) | (3 106 349) |
| Total changes | (3 106 349) | (3 106 349) |
| Balance at 01 April 2022 | 866 724 648 | 866 724 648 |
| Changes in net assets | | |
| Heritage assets non-cash additions | 1 710 740 | 1 710 740 |
| Trade and other receivables | 394 762 | 394 762 |
| Net income (losses) recognised directly in net assets | 2 105 502 | 2 105 502 |
| Surplus for the year | (18 664 212) | (18 664 212) |
| Total recognised income and expenses for the year | (16 558 710) | (16 558 710) |
| Total changes | (16 558 710) | (16 558 710) |
| Balance at 31 March 2023 | 850 165 938 | 850 165 938 |



Cash Flow Statement

| Figures in Rand | Note(s) | 2023 R | 2022 R |
|---|-----------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 2 986 159 | 3 215 758 |
| Grants | | 110 699 420 | 124 293 922 |
| Interest received | | 1 386 090 | 335 271 |
| Other receipts | | 3 010 438 | 1 794 008 |
| | | 118 082 107 | 129 638 959 |
| Payments | | | |
| Employee costs | | (66 629 035) | (68 407 009) |
| Suppliers | | (45 271 641) | (51 833 456) |
| Finance costs | | - | (8 822) |
| | | (111 900 676) | (120 249 287) |
| Net cash flows from operating activities | 26 | 6 181 431 | 9 389 672 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 5 | (1 757 348) | (1 655 421) |
| Proceeds from sale of property, plant and equipment | | 142 678 | 511 916 |
| Purchase of other intangible assets | 6 | - | (1 795 964) |
| Capitalised development costs | 6 | (735 235) | - |
| Proceeds from sale of living resources | 8 | 83 604 | 8 786 |
| Net cash flows from investing activities | | (2 266 301) | (2 930 683) |
| Net increase in cash and cash equivalents | | 3 053 170 | 6 492 553 |
| Cash and cash equivalents at the beginning of the year | | 8 504 842 | 2 012 289 |
| Cash and cash equivalents at the end of the year | 2 | 11 558 012 | 8 504 842 |

The accounting policies on pages 102 to 120 and the notes on pages 121 to 149 form an integral part of the annual financial statements.



PART F: FINANCIAL INFORMATION

Statement of Comparison of Budget and Actual Amounts

| Figures in Rand | Final budget R | Actual R | Variance R | Variance % | Reference |
|--|----------------------|----------------------|---------------------|---------------|-----------|
| Income | | | | | |
| Revenue from non exchange transactions | | | | | |
| Government grant | 101 109 000 | 101 109 000 | - | - | % |
| Other grant income | 500 000 | 5 859 023 | 5 359 023 | 1 072% | N1 |
| Service in kind | - | 18 628 841 | 18 628 841 | 100% | N2 |
| Donations | 36 000 | 13 099 | (22 901) | (64)% | N3 |
| Total revenue from non exchange transactions | 101 645 000 | 125 609 963 | 23 964 963 | 24% | |
| Revenue from exchange transactions | | | | | |
| Admission fees | 2 390 000 | 2 903 438 | 513 438 | 21% | N4 |
| Interest received | 385 000 | 1 386 090 | 1 001 090 | 260% | N5 |
| Other income | 1 086 779 | 864 645 | (222 134) | (20)% | N6 |
| Rental income | 2 200 000 | 2 145 793 | (54 207) | (2)% | |
| Sales, curios, refreshments and festivals | 1 640 500 | 446 680 | (1 193 820) | (73)% | N7 |
| Total revenue from exchange transactions | 7 702 279 | 7 746 646 | 44 367 | 1% | |
| Total revenue | 109 347 279 | 133 356 609 | 24 009 330 | 22% | |
| Expenditure | | | | | |
| Personnel | (66 402 521) | (64 720 842) | 1 681 679 | (3)% | |
| Administration | (15 125 510) | (22 478 015) | (7 352 505) | 49% | N8 |
| Depreciation and amortisation | (3 193 250) | (3 397 830) | (204 580) | 6% | N9 |
| Finance costs | - | (870 197) | (870 197) | 100% | N10 |
| Cost of sales | (25 750) | (22 375) | 3 375 | (13)% | N11 |
| Operating expenses | (26 143 498) | (55 426 363) | (29 282 865) | 112% | N12 |
| Interest service cost | - | (4 962 000) | (4 962 000) | 100% | N13 |
| Current service cost | - | (882 000) | (882 000) | 100% | N14 |
| Total expenditure | (110 890 529) | (152 759 622) | (41 869 093) | 38% | |
| Operating deficit | (1 543 250) | (19 403 013) | (17 859 763) | 1 157% | |
| Gain on disposal of assets and liabilities | - | 14 264 | 14 264 | 100% | N15 |
| Actuarial gains | - | 970 000 | 970 000 | 100% | N16 |
| Inventories losses/write downs | - | (245 463) | (245 463) | 100% | N17 |
| | - | 738 801 | 738 801 | 300% | |
| Deficit before taxation | (1 543 250) | (18 664 212) | (17 120 962) | 1 109% | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (1 543 250) | (18 664 212) | (17 120 962) | 1 109% | |

- N1 The budget included R500 000 for a research grant. The actual grant awarded was R200 000 of which R140 615 was used during the year. An additional grant of R99 935 was received to fund a Jazz Festival and R138 372 for science week. The entity also received a grant for infrastructure maintenance: this grant was not included in the budget as there was insufficient evidence to reasonably determine how much of the grant would be recognised during the year. As at year end, a total of R5 452 848 was recognised after the conditions of the grant were met.
- N2 This line item was omitted during the budget process. It relates to the value of free use of properties owned by DPWI. This value is determined by NT and recognised in the AFS at year end. The actual value determined for free use of the 11 properties occupied by the entity amounted to R18 628 841
- N3 Visitors did not have disposable income to donate.
- N4 Increased due to increase in visitor numbers to museum.
- N5 Increase in available cash resulted in more interest being received from grant income.
- N6 Cashflow challenges hampered the implementation of alternative revenue streams (financial sustainability projects).
- N7 Lower than expected turn out to events and festivals.
- N8 Increased largely due to underfunded municipal charges.
- N9 Actual expenditure recognised in par with budget.
- N10 Interest charged on overdue accounts with DPWI and City of Tshwane.
- N11 Managed within available budget.
- N12 The variance is due to expenses incurred that were not budgeted for, such as externally funded projects of R5 452 848, services in kind of R18 628 841 and increase in security contract
- N13 Expenditure not budgeted as it could not be estimated reliably.
- N14 Expenditure not budgeted as it could not be estimated reliably.
- N15 Could not reliably measure the budget for gain on disposals.
- N16 Gain not budgeted for as it could not be estimated reliable.
- N17 Could not reliable measure the budget for write downs.



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Statement of segment reporting – 2023

| | Administration | Kruger Museum | National Museum of Cultural History | National Museum of Military History | National Museum of Natural History | Pioneer Museum | Sammy Marks Museum | Tswaing Meteorite Crater | Willem Prinsloo Agricultural Museum | Total |
|--|---------------------|--------------------|-------------------------------------|-------------------------------------|------------------------------------|------------------|--------------------|--------------------------|-------------------------------------|----------------------|
| Revenue | | | | | | | | | | |
| Revenue from non exchange transactions | 125 217 941 | 546 | 40 | 9 846 | 380 463 | 1 | 1 100 | 1 | 25 | 125 609 963 |
| Revenue from exchange transactions | 478 880 | 332 434 | 997 887 | 1 098 870 | 2 058 120 | 547 660 | 266 777 | 147 189 | 432 741 | 6 360 558 |
| Interest received | 1 293 591 | 5 773 | 68 251 | 6 299 | 1 411 | 2 | 10 257 | 75 | 431 | 1 386 090 |
| Total segment revenue | 126 990 412 | 338 753 | 1 066 178 | 1 115 015 | 2 439 994 | 547 663 | 278 134 | 147 265 | 433 197 | 133 356 611 |
| Expenses | | | | | | | | | | |
| Salaries and wages | (20 107 534) | (2 376 997) | (11 236 515) | (9 913 332) | (15 782 134) | - | - | (2 412 218) | (2 892 113) | (64 720 843) |
| Administrative | (8 965 459) | (336 290) | (7 764 960) | (1 386 798) | (1 552 335) | (817 820) | (564 125) | (182 660) | (907 567) | (22 478 014) |
| Operating expenses | (48 645 474) | (10 685) | (5 897 723) | (27 393) | (621 251) | (10 585) | (15 708) | (40 253) | (157 294) | (55 426 366) |
| Total segment expenses | (77 718 467) | (2 723 972) | (24 899 198) | (11 327 523) | (17 955 720) | (828 405) | (579 833) | (2 635 131) | (3 956 974) | (142 625 223) |
| Total segment surplus (deficit) | 49 271 945 | (2 385 219) | (23 833 020) | (10 212 508) | (15 515 726) | (280 742) | (301 699) | (2 487 866) | (3 523 777) | (9 268 612) |
| Cost of sales | - | (44) | - | (4 687) | (7 889) | (1 884) | (5 173) | (1 500) | (1 198) | (22 375) |
| Amortisation | (78 470) | - | - | - | - | - | - | - | - | (78 470) |
| Depreciation | (3 319 360) | - | - | - | - | - | - | - | - | (3 319 360) |
| Impairment of assets | (245 463) | - | - | - | - | - | - | - | - | (245 463) |
| Actuarial gain | 970 000 | - | - | - | - | - | - | - | - | 970 000 |
| Profit on sale of assets | 14 264 | - | - | - | - | - | - | - | - | 14 264 |
| Interest service cost | (4 962 000) | - | - | - | - | - | - | - | - | (4 962 000) |
| Finance cost | (870 197) | - | - | - | - | - | - | - | - | (870 197) |
| Current service cost | (882 000) | - | - | - | - | - | - | - | - | (882 000) |
| Surplus/(Loss) for the period | 39 898 719 | (2 385 263) | (23 833 020) | (10 217 195) | (15 523 615) | (282 626) | (306 872) | (2 489 366) | (3 524 975) | (18 664 213) |

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Statement of segment reporting – 2022

| | Administration | Kruger Museum | National Museum of Cultural History | National Museum of Military History | National Museum of Natural History | Pioneer Museum | Sammy Marks Museum | Tswaing Meteorite Crater | Willem Prinsloo Agricultural Museum | Total |
|--|---------------------|--------------------|-------------------------------------|-------------------------------------|------------------------------------|--------------------|--------------------|--------------------------|-------------------------------------|----------------------|
| Revenue | | | | | | | | | | |
| Revenue from non exchange transactions | 134 560 457 | 325 | 385 | 2 525 | 87 500 | 10 | 401 | 400 | 30 | 134 652 033 |
| Revenue from exchange transactions | 1 061 605 | 42 289 | 706 484 | 918 521 | 1 209 978 | 278 263 | 235 898 | 152 105 | 235 968 | 4 841 111 |
| Total segment revenue | 135 622 062 | 42 614 | 706 869 | 921 046 | 1 297 478 | 278 273 | 236 299 | 152 505 | 235 998 | 139 493 144 |
| Expenses | | | | | | | | | | |
| Salaries and wages | (20 953 536) | (324 762) | (11 514 476) | (10 172 780) | (16 033 699) | (1 085 259) | (1 947 003) | (2 343 575) | (2 014 955) | (66 390 045) |
| Administrative | (14 177 726) | (776 115) | (6 990 862) | (1 457 900) | (531 483) | (4 603) | (218 437) | (40 624) | (50 408) | (24 248 158) |
| Operating expenses | (39 768 040) | (63 004) | (5 377 655) | (174 944) | (1 177 103) | (13 205) | (10 324) | (44 857) | (85 833) | (46 714 965) |
| Total segment expenses | (74 899 302) | (1 163 881) | (23 882 993) | (11 805 624) | (17 742 285) | (1 103 067) | (2 175 764) | (2 429 056) | (2 151 196) | (137 353 168) |
| Total segment surplus (deficit) | 60 722 760 | (1 121 267) | (23 176 124) | (10 884 578) | (16 444 807) | (824 794) | (1 939 465) | (2 276 551) | (1 915 198) | 2 139 976 |
| Interest received | 265 345 | 5 675 | 51 338 | 3 998 | 982 | - | 3 984 | 57 | 3 892 | 335 271 |
| Amortisation | (65 098) | - | - | - | - | - | - | - | - | (65 098) |
| Depreciation | (3 525 312) | - | - | - | - | - | - | - | - | (3 525 312) |
| Impairment of assets | (109 988) | - | - | - | - | - | - | - | - | (109 988) |
| Actuarial loss | 5 489 000 | - | - | - | - | - | - | - | - | 5 489 000 |
| Profit / (Loss) on sale of assets | (132 122) | - | - | - | - | - | - | - | - | (132 122) |
| Finance cost | (492 328) | - | - | - | - | - | - | - | - | (492 328) |
| Interest expense | (5 745 000) | - | - | - | - | - | - | - | - | (5 745 000) |
| Current service cost | (840 000) | - | - | - | - | - | - | - | - | (840 000) |
| Surplus/(Loss) for the period | 55 567 257 | (1 115 592) | (23 124 786) | (10 880 580) | (16 443 825) | (824 794) | (1 935 481) | (2 276 494) | (1 911 306) | (2 945 601) |



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Types of goods and/or services delivered by each segment.

Administration

Administration offers strategic leadership and support services needed for running the museums. Departments include Human Capital Management; Information Communications Technology; Supply Chain Management; Finance and Marketing and Communication.

Kruger Museum

The Museum consists of the original house in which S.J.P. Kruger, the President of the old Zuid-Afrikaansche Republiek (ZAR), and his family lived during the last years of the 19th century, as well as two display halls and President Kruger's state railway coach.

National Museum of Cultural History

Exhibitions include the following:

- Rock paintings and engravings of the San people.
- Thousand year old Iron Age figurines from Schroda in the Limpopo Province (described as "the best known artefacts indicating ritual behaviour in the Early Iron Age").
- An exhibition on Marabastad, which is a true example of a cosmopolitan and fully integrated rainbow nation before apartheid.

National Museum of Military History

Services on offer include:

- An opportunity to study relevant artefacts on display.
- A guided tour, available on request during the week.
- An opportunity on weekdays to use our extensive library and photographic facilities for research purposes.

The Museum is also regarded as the spiritual and symbolic home for all soldiers and veterans in South Africa. As a result, a number of veterans' organisations use the Museum as their headquarters. The South African Military History Society, the South African Arms and Ammunition Collectors Association, the South African Arms and Armour Society, the Gold Reef Scale Modelers and the Warsaw Flights Commemoration

Committee use the Museum for monthly and annual meetings and are considered to be part of the 20 organisations that are stakeholders.

National Museum of Natural History

The Museum's collections and exhibits include hominid fossils from the Cradle of Humankind World Heritage Site and associated fauna, including Mrs Ples [the nickname attributed to a fossil skull believed to represent a distant relative of all humankind]; fossils, skeletons, skins and mounted specimens of amphibians, fish, invertebrates, reptiles and mammals.

Pioneer Museum

While enjoying a cup of coffee and homemade bread, visitors can experience a way of life that has irrevocably passed. The stories of the Pioneer Museum and the 1848 house, and of the people who lived on the farm, Hartebeestpoort, are enacted with the background of the pioneer years in South Africa.

The house is surrounded by a traditional herb and vegetable garden, an orchard, a furnished wagon house and a vineyard. Well-trained guides in period clothing present adult programmes and curriculum-based educational programmes. Visitors can make use of the picnic and braai facilities. The two lapas and the hall can be rented for family celebrations and work-related functions. A New Year's Festival is held on 1 January every year.

Sammy Marks Museum

Products on offer at the museum include:

- House tours from Tuesday to Sunday
- Bird walks: February, May and November
- Annual event: Sammy Marks' birthday celebration
- Education programmes
- Victorian picnics
- Wedding chapel
- Site available for photo shoots
- Tea garden/restaurant
- Bird walks are presented on selected Sunday mornings. After an early morning cup of coffee bird watchers go

on a walk with a bird guide. Afterwards a well-deserved breakfast is served at the croquet court.

Tswaing Meteorite Crater

Services on offer include the following:

- Annual Heritage Day event involving local dance, song and cuisine.
- Annual careers week for older school learners and the public with a focus on heritage, the environment and tourism.
- Education programmes including map work.
- Guided tours that include indigenous knowledge of the local beliefs, plants and area as well as the history of Tswaing.
- Salt mine ruins.
- Site available for film and photo shoots.
- Overnight accommodation: Kgotla in traditional style huts situated around a lapa area (accommodates 64 people).
- Well-established picnic area with basic camping facilities.

Willem Prinsloo Agricultural Museum

Services on offer include the following:

Indoor exhibition area – exhibitions include a formal display on the history of the development of agriculture in South Africa and displays of vehicles of yesteryear such as donkey and horse carts, carriages, coaches and spider carriages. Various old agricultural implements will bring back pleasant memories to many visitors.

Visitors are offered unique public and curriculum based educational programmes. Guided tours are presented to school groups (of all ages) and adult groups.

Visitors can explore the 1880 and 1913 dwellings, outbuildings and three reconstructed Ndebele homesteads from various eras. The historic farmyard also has a variety of domesticated farm animals such as Colebrook pigs, Painted Persian sheep, Afrikaner cattle and indigenous chickens.

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (No. 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

The accounting policies applied in the preparation of the annual financial statements are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

Council approved DMSA's budgets and reviewed cash flow forecasts for the year ended 31 March 2024. On the basis of the review, and in view of the current financial position, Council believes that DMSA will be a going concern in the year ahead, and has continued to adopt the going concern assumption in preparing the annual financial statements.

In arriving at the conclusion that DMSA is a going concern

for the year ending 31 March 2023, Management has assessed the following factors:

- DMSA is founded by the Cultural Institutions Act of 1998;
- Funding from the Department of Sport, Arts and Culture (DSAC);
- Assessment of net monthly cash flows;
- Surplus/deficit for the year ended 31 March 2023;
- Net current assets (liquidity position);
- Assessment of risks; and
- Changes in government priorities or legislation (if any).

DSAC, as a shareholder, has demonstrated commitment that it will support DMSA to ensure that the entity is a going concern in fulfilling its mandate.

1.3 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Offsetting

Assets, liabilities, revenues and expenses have not been offset. These items have been reported separately. Offsetting is only allowed if the entity has the intention (it reflects the substance of the transaction or event) to settle on a net basis or a legal enforceable right to set off the amounts either on a net basis or to realise the financial asset (gross basis) and settle the financial liability simultaneously.

1.5 Significant judgements and sources of estimation uncertainty

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

• Trade and other receivables

The entity assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

• Fair value estimation

The carrying value, less impairment provision of trade receivables, is assumed to approximate their fair value.

• Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The

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following are considered to be indicators of impairment for the various classes of assets:

- Property, plant and equipment - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised.
- Intangible assets - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised. Financial assets - The credit quality of financial assets that are neither past due nor impaired are monitored by reference to historical information about counterparty default rates.

The following are the criteria and indicators that are applied to assess whether or not financial assets may be impaired:

- financial difficulties identified from an analysis of the counter party's financial position that would indicate that the recoverability of the outstanding balance of cash and cash equivalents are doubtful.
- counter party has evidenced a trend of defaults that indicates that the recoverability of the outstanding balance of financial assets are doubtful.

• Useful lives and residual values

The entity re-assess the useful lives and residual values of property, plant and equipment on an annual basis. These assessments require judgements and assumptions to be made by management, related to the condition and expected use of the asset.

• Effective interest rate

An impairment loss in respect of trade debtors measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

• Provisions

Provisions are measured at the present value at

the reporting date. In arriving at the present value management estimates the period over which it expects the provision to be settled and discounts the provision using the effective interest rate. The effective interest rate applied uses the risk free rate as the base of the rate, which is then adjusted for the risks related to the specific provision. This rate is a pre-tax rate.

1.6 Property, plant and equipment

1.6.1 Property, plant and equipment are tangible assets that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one financial period.

1.6.2 Items of property, plant and equipment are initially recognised as assets on the acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing 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, if any, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

1.6.3 Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.6.4 Items of property, plant and equipment are recognised as assets when it is probable that:

1.6.4.1 The future economic benefits or service potential associated with the asset will flow to the entity and

1.6.4.2 The cost of the asset can be measured reliably.

1.6.5 Land and buildings are made available to DITSONG: Museums of South Africa (DMSA) under section 9 of the Cultural Institutions Act and are therefore not included under fixed assets.

1.6.6 DMSA occupies and controls economic benefits arising from certain properties which are owned by other parties. Sammy Marks Museum (asset number 9/2/258/055), Kruger Museum (asset number 9/2/258/0010), Pioneer Museum (asset number 9/2/258/0027) and Natural History Museum (asset number 9/2/258/0100) are classified as heritage assets and no valuation is performed on these assets.

1.6.7 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

1.6.8 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is recognised.

1.6.9 Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.



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Depreciation is charged so as to write off the cost or valuation of the assets, over their estimated useful lives, using straight-line method, on the following basis:

- Motor vehicles - Cars 6.7%
- Motor vehicles - Canopy and bike 6.7%
- Motor vehicles - Trailer 6.7%
- Office Equipment - Digital cameras; fax machines; photocopiers; telephones; other 8.3%
- Computer equipment - Hubs; monitors; other 14.3%
- Computer equipment - Printers; scanners; servers 14.3%
- Furniture and fixtures 5.0%

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The residual value and the useful lives of DMSA assets shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fixtures | Straight line | 20 years |
| Motor vehicles | Straight line | 15 years |
| Office equipment | Straight line | 12 years |
| Computer equipment | Straight line | 7 years |

1.7 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for:

a. sale;

- b. distribution at no charge or for a nominal charge; or
 c. conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- a. is used in the production or supply of agricultural produce;
 b. is expected to bear produce for more than one period; and
 c. has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by an entity.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

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

Where the entity is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information is disclosed in the notes to the annual financial statements.

Where the entity holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information is disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the entity recognises, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

Where a living resource is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.



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The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after recognition

When the DMSA holds a living resource for less than twelve months from the reporting date, it shall apply the principles in GRAP 12 to account for the living resource.

Where the DMSA holds a living resource for more than twelve months from the reporting date, it shall apply the cost model in accounting for the living resources.

Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

Disclosure of living resources

The DMSA shall disclose the following, for each class of living resource recognised in the financial statements:

- a. the measurement bases used for determining the gross carrying amount;
- b. the depreciation method used;
- c. the useful lives or the depreciation rates used;
- d. the gross carrying amount aggregated with accumulated depreciation and accumulated impairment losses at the beginning and end of the period;
- e. a reconciliation of the carrying amount at the beginning and end of the period showing:
 - i. increases due to purchases;
 - ii. increases due to resources acquired through non-exchange transactions;

- iii. decreases due to sale;
- iv. decreases due to death;
- v. decreases due to distributions through non-exchange transactions;
- vi. decreases due to harvest;
- vii. impairment losses recognised in surplus or deficit.

1.8 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, shall be measured at its fair value as at that date. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Where an intangible asset is acquired at no or for a nominal cost, the cost shall be its fair value as at the date of acquisition.

An intangible asset shall be recognised if, and only if:

- a. it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- b. the cost or fair value of the asset can be measured reliably.

Expenditure on an intangible item shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria;

1.8.1 Amortisation of assets

Intangible assets are amortised on a straight-line basis over the estimated economic life. The estimated economic lives are as follows:

| | | |
|---------------------------|----------|----------------------------|
| Computer software | 12 years | Amortisation rate at 8.3% |
| Computer operating system | 7 years | Amortisation rate at 14.3% |
| Software licence | 1 year | Amortisation rate at 100% |
| Website | 5 years | Amortisation rate at 20% |

Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The amortisation period for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly.

1.8.2 Retirements and disposals

An intangible asset shall be derecognised:

- a. on disposal; or
- b. 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 intangible asset shall be included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback)

1.8.3 Intangible assets under development

Intangible assets under development shall be capitalised at the costs incurred to date. Once the intangible asset under development is ready for use, it will be reclassified to the appropriate class and will be amortised as per the useful life applicable to that class.

1.9 Heritage assets

Heritage assets are assets that have cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of the present and future generations.

1.9.1 Recognition

The DMSA recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity and where cost or fair value of the asset can be reliably measured.

DMSA will assess the degree of certainty attached to the flow of future service potential or economic benefits:

- a. If the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because of the need to analyse the proposed collection items to determine if they conform to the set collection criteria through evaluation and research.
- b. For recognition of heritage assets, the asset needs to be controlled by DMSA as a result of past events. Such events may include: Purchase, donation, bequeathal, loan or transfer.
- c. Particularly within the Natural History Collection, material is often retrieved in a fragmentary state – finding a completely articulated specimen is the exception rather than the rule. A great deal of knowledge is thus required to identify and systematise the collections.
- d. The research required to identify, analyse and classify heritage items is often a collaborative effort between local and international experts that span several months, even years. These items cannot be recognised in the financial statements, but will be recorded and controlled in the register. Relevant and useful information about them shall be disclosed in the notes to the financial statements.

1.9.2 Measurement

The value of assets has been determined using either cost or fair value.

Values have been assigned to the heritage assets, which are considered to be appreciating in value, and which values are to be reviewed from time to time. Wherever possible, the appraisers have adopted the discipline of 'Open Market' principles in determining value; however, values derived are largely determined by the skill and experience applied by the appraiser at the date of valuation.

1.9.3 Directive 7 - Use of deemed cost for heritage assets upon initial recognition and adoption of a standard.

The following terms are used in this Directive with the meanings specified:

- a. Acquisition cost: When an entity initially recognises assets such as items of property, plant and equipment, investment properties, intangible assets and heritage assets using the Standards of GRAP, it measures those assets using either cost (if the asset is acquired in an exchange transaction) or at fair value (if the asset is acquired in a nonexchange transaction). This cost or fair value on initial acquisition of an asset is the acquisition cost.
- b. Deemed cost: Deemed cost is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).
- c. Measurement date (for purposes of this Directive): Measurement date is the date that an entity adopts the Standards of GRAP and is the beginning of the earliest period for which an entity presents full comparative information, in its first financial statements prepared using Standards of GRAP.

For the purposes of this Directive, the measurement of assets at fair value on the adoption of the

Standards of GRAP, does not constitute:

- a. a revaluation in accordance with the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets; or
- b. the application of the fair value model in the Standard of GRAP on Investment Property, paragraph A4, which states that subsequent depreciation, if applicable, is based on that deemed cost, and starts from the measurement date.

1.9.4 Initial entries using deemed cost.

When an entity initially measures assets using the deemed cost approach in this Directive, it recognises the effect:

- a. as an adjustment to the opening balance of accumulated surpluses or deficits in the opening statement of financial position prepared using Standards of GRAP; or
- b. in revaluation surplus if an entity adopts the revaluation model in the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets.

The Museum has adopted the cost model for Heritage Assets. Heritage assets shall not be depreciated but the Museum shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset

1.9.5 Valuation of heritage assets

The existence of published price quotations in an active market is the best evidence of the fair value, such as the quoted price from recent auctions published in local newspapers; however, if the fair value cannot readily be ascertained by reference to quoted prices in an active and liquid market; the fair value of a heritage asset can be determined from market-based evidence arrived at by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the

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valuation profession, who holds a recognised and relevant professional qualification.

The fair value will be ascertained by reference to quoted prices in an active and liquid market. (GRAP 103.46). The valuation of heritage assets was performed by a member of the valuation profession.

1.9.6 Valuation of heritage assets

a. Valuation techniques

Where the fair value of an asset cannot be determined, and where no evidence is available to determine the market value in an active market of a heritage asset; a valuation technique may be used to determine its fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, and reference to the current fair value of other heritage assets that have substantially similar characteristics in similar circumstances and locations, adjusted for any specific differences in circumstances. If there is a valuation technique commonly used by market participants to price such an asset, and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity may use that technique in determining the fair value (GRAP 103.47).

b. Inability to value

Where no value can be placed on an item, it will not be recognised, but information should be disclosed about such items and the reason why such items cannot be valued (GRAP 103.17). Where the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements. These items are controlled in the asset register.

c. Valuing an entire collection

In determining the fair value of a collection, the entity has considered where appropriate, whether the entire collection has a higher value than the sum of the values of the individual items making up that collection. Under such circumstances, the carrying value of the entire collection may need to be reassessed, when a group of individual heritage assets constitutes a collection. If items are removed from the collection, the value of the collection may also need to be reassessed. (GRAP 103.45)

1.9.7 Heritage asset classification

A class of heritage assets is a grouping of heritage assets of a similar nature or function in the museums operations, that is shown as a single item for the purpose of disclosure in the financial statements. The museum has recognised the following classes of heritage assets:

- Natural History
- Cultural History
- Military History

Object collections in the Cultural History Collection consist of tangible artefacts that reflect the cultural and artistic knowledge, expressions, and behaviour of their makers and users, and comprise archaeological, historical and contemporary cultural artefacts and artworks. The Library Collections consists of both published and unpublished material, as well as research material.

1.9.8 Heritage assets on loan to other institutions

These financial statements shall also disclose information on heritage assets that are borrowed from, or on loan to other entities.

1.9.9 Retrospective application

Transitional provisions in other Standards of GRAP take precedence over the requirements of GRAP 1. The requirements of GRAP 1 will therefore not apply to

an item until the transitional provisions in those other Standards of GRAP expire, and the item is measured in the financial statements. Where entities have not yet determined the deemed cost of those assets within the scope of Directive 7, they should consider GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors, and consider whether this change in accounting policy can be applied retrospectively from this date, or whether it is impracticable to do so. GRAP 3 states that: "When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable..." It may be impracticable to determine the deemed cost retrospectively if, for example, the following circumstances exist:

- a. Relevant data may not have been collected in the prior period and cannot be obtained by alternative means that allows for retrospective application.
- b. The entity is required to make significant estimates and assumptions about conditions that existed at a point in time in the past and cannot do so objectively without using hind-sight.

1.9.10 Impairment

At each reporting date, the entity assesses whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.9.11 Transfers

Transfers from heritage assets are made when, and only when, the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are made when, and only when, the particular asset meets the definition of a heritage asset.



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1.9.12 Derecognition

The carrying amount of a heritage asset 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 de-recognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.10 Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or a residual interest of another.

A financial asset is:

- a. cash;
- b. a residual interest of another entity; or
- c. a contractual right to:
 - i. receive cash or another financial asset from another entity; or
 - ii. exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

A financial liability is any liability that is a contractual obligation to:

- a. deliver cash or another financial asset to another entity; or
- b. exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the DMSA becomes a party to the contractual provisions of the instrument.

All “regular way” purchases and sales of financial liabilities are recognised using trade date accounting.

Classification

Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm’s length transaction.

Initial measurement

Financial instruments are initially measured at fair value, which includes transaction costs when the entity is a party to contractual arrangement.

Gains and losses

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which they arise.

Impairment and uncollectability of financial assets

At the end of the reporting period, the entity assesses all financial assets, other than those carried at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised as a reduction to the surplus. Impairment losses are reversed when an increase in the financial asset’s recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in the surplus.

Derecognition

The DMSA derecognises a financial asset (or where applicable part thereof) only when: the right to receive cash flows from the asset have expired, the DMSA

retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or the DMSA has transferred its rights to receive cash flows from the asset and has either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit for the year.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when the DMSA has a legally enforceable right to set off recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent measurement

Receivables from exchange transactions

Receivables from exchange transactions are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximates fair value due to the short period to maturity of these instruments.

Payables from exchange transactions

Accounts and other payables are stated at their nominal value. Short-term payables with no interest rate are measured at the original invoice amount if the effect of discounting on individual transactions is immaterial. All

payables are settled within 30 days. Where there is a delay in payment, it is usually due to a dispute on the transaction. Under such circumstances, the time delay is not regarded as being material. The obligation to pay goods and services that have been acquired in the ordinary course of business from suppliers are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Income received in advance from non-exchange transactions

Income received in advance arises from conditional grants received. Income received in advance from non-exchange transactions are stated at their nominal value. Short-term payables with no interest rate are measured at the original transferred amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days. Payables are also settled when conditions are not met and the granter has requested a refund of unused grant. Where there is a delay in payment, it is usually due to a dispute on the transaction. Under such circumstances, the time delay is not regarded as being material. The obligation to pay goods and services that have been acquired in the ordinary course of business from suppliers are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the DMSA unless otherwise advised or required.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Items of inventory are recognised as assets when it is probable that:

- The future economic benefits or service potential associated with the asset will flow to the entity, and
- The cost of the asset can be measured reliably.

Inventories consist of merchandise held for re-sale at the various museum shops. Inventories are stated at the lower of cost and net realisable value, using a First In First Out method.

Where cost cannot be determined, the net realisable value is used. Net realisable value is the estimated selling price in the ordinary course of business.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction

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between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to

other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

DMSA offers post-employment benefits, comprising retirement benefits and post-retirement medical aid to their employees and their dependents in terms of defined-benefit and defined-contribution plans.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.



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Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded.

The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other longterm employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

- past service cost; and
- the effect of any curtailments or settlements.

1.15 Provisions and contingencies

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of

the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or an amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised and are only disclosed in the notes to the financial statements due to the uncertain nature thereof.

1.15.1 Leave and bonus provisions

The liability for accumulated leave and bonus is recognised and measured at the estimated future cash flows to be made in respect of all employees at the reporting date.

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16.1 Disclosure

The following should be disclosed in the notes to the financial statements for commitments:

- Distinction between operational and capital commitments;
- The aggregate amount of operational and capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year, it should be stated in the note.

1.17 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered or goods sold, the value of which approximates the fair value of the consideration received or receivable. At the time of initial recognition, the full amount of revenue is recognised.

When goods or services are exchanged or swapped for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Admission fees and sales have been classified as revenue from the sale of goods. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- a. the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. the entity does not retain:
 - i. effective control over the goods sold; or
 - ii. continuing managerial involvement to the degree usually associated with ownership;
- c. the amount of revenue can be measured reliably; and
- d. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from admission fees is recognised when the event takes place. When a subscription to a number of

events is sold, the fee is allocated to the event that has the most services performed.

Contract income, exhibition income, restoration income and venue rentals for functions have been classified as revenue from the rendering of services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably;
- b. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- c. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest revenue, arising from the use by others of the entity's assets, is recognised using the effective interest method when the amount of the revenue can be measured reliably.

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

1.18 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity receives revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions consist of public donations and government grants. Revenue from public contributions and donations 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 qualifies for recognition and first becomes available for use by the entity. Where public contributions have been received but the entity

has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for nonexchange revenue.

Services in-kind

Except for financial guarantee contracts, the institution recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that future economic benefits or service potential will flow to the institution and the fair value of the assets can be measured reliably. Services in kind are measured at the fair value amount calculated as user charges by the Department of Public Works and Infrastructure and approved by National Treasury.

Where services in-kind are not significant to the institution's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the

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institution disclose the nature and type of services in-kind received during the reporting period.

1.19 Revenue

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.21 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

1.22 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual finance costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the finance costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The finance costs capitalised do not exceed the total finance costs incurred.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific finance pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation.

The capitalisation of finance costs commences when:

- Expenditures for the asset have occurred; finance costs have been incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress.
- Capitalisation is suspended during extended periods in which active development is interrupted.
- Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- All other finance costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 Fruitless and wasteful expenditure

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

the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.25 Irregular expenditure

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

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are derecognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either

- a. condoned by the relevant authority if no official was found to be liable in law;
- b. recovered from an official liable in law;
- c. written-off if it's irrecoverable from an official liable in law; or
- d. written-off if it's not condoned and not recoverable.

Irregular expenditure that is not recoverable because no official was found to be liable in law for such a transgression and was also not condoned by the relevant authority must be derecognised in the balance of the irregular expenditure note. The accounting officer or accounting authority must only derecognise the irregular expenditure referred to above when he or she is satisfied that:

- a. reasonable steps have been taken to confirm that such irregular expenditure did not result in any loss or damages to the state and that the state did obtain value from such a transaction, condition or event;
- b. the non-compliance that lead to the irregular expenditure is being addressed; and
- c. transactions, conditions or events of a similar nature are regularly reviewed to ensure that there are no possible future non-compliance cases reported.



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The Accounting Officer or Accounting Authority may proceed with the “write-off” of the irregular expenditure after confirmation of the controls indicated above have been met and by informing the relevant delegated official in writing to derecognise the irregular expenditure in the notes to the financial statements.

1.26 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The entity is organised and reports to management on the basis of two major functional areas: corporate services and museum operations. The segments were organised around the type of museological history specialisation.

Management uses these same segments for determining strategic objectives. Segments were aggregated as per below.

Information reported about these segments is used by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

1.26.1 Measurement of segment surplus or deficit, assets and liabilities

The accounting policies of the segments are the same as those described in these significant accounting policies, except that pension expense for

each segment is recognised and measured on the basis of cash payments to the pension plan.

1.26.2 Aggregation criteria

The entity has elected not to aggregate the operations of the site museums into the flagship museums operations.

Each heritage site, consisting of Tswaing Meteorite Crater, Natural History Museum, Military History Museum, Kruger Museum, Pioneer Museum, Sammy Marks Museum, Willem Prinsloo Agricultural Museum and Cultural History Museum, is reported separately.

Corporate services is also a segment.

1.27 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of budget information.

1.28 Related parties

Related parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

- a. DMSA 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 three spheres of government in South Africa, only entities within the national/provincial/local spheres of government are considered to be related parties. This includes the Department of Sport, Arts and Culture, all the entities

of DSAC, the Auditor General of South Africa, the Department of Public Works and Infrastructure, City of Tshwane, and the Parliament of South Africa,

- b. Individuals owning, directly or indirectly, an interest in the DMSA that gives them significant influence, and close members of the family of any such individual;
- c. Key management personnel, and close members of the family of key management personnel. DMSA regards all individuals from the level of Executive Director and Council Members as key management per the definition of the financial reporting standard.
- d. Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) above or over which such a person is able to exercise significant influence.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part. Where related party transactions occur, these are disclosed. Related party transactions are not disclosed if that transaction occurs within: normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by that reporting entity’s legal mandate.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

- those that are indicative of conditions that arose after the reporting date (non adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non adjusting events, where non disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.30 Effects of changes in foreign exchange rates

DMSA shall recognise exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, which shall be recognised in surplus or deficit in the period in which they arise.

1.31 Government grants

Grants received from statutory bodies are recognised

as income as and when the entity complies with the conditions of the grant.

Grants received without any conditions attached are recognised as revenue when the asset is recognised. Revenue from a grant is measured at the amount of the increase in net assets recognised by the entity.

An asset, e.g., property, plant and equipment, investment property and inventory acquired through a grant is initially measured at its fair value as at the date of acquisition.

Monetary assets that would otherwise meet the definition of a financial instrument, e.g., cash and transfers receivable, will also be measured at fair value as at the date of acquisition. These assets are subsequently measured, derecognised and disclosed in accordance with the standards on financial instruments.

1.32 New standards and interpretation Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

| Standard/ Interpretation: | Effective date: | Expected impact: Years beginning on or after |
|--|-----------------|--|
| * GRAP 103 (as revised): Heritage Assets | 01 April 2023 | Unable to reliably estimate the impact |
| * GRAP 25 (as revised): Employee Benefits | 01 April 2023 | Unlikely there will be a material impact |
| * GRAP 104 (as revised): Financial Instruments | 01 April 2023 | Unlikely there will be a material impact |
| * iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | Unlikely there will be a material impact |
| * Improvements to the standards of GRAP, 2020 | 01 April 2023 | Impact is currently being assessed |
| * GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | Impact is currently being assessed |
| * GRAP 108: Statutory Receivables | 01 April 2023 | Impact is currently being assessed |



PART F: FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

| | 2023 R | 2022 R |
|---|-------------------|------------------|
| Cash float | 2 550 | 1 500 |
| Bank balances (current account) | 534 904 | 1 371 442 |
| Corporation for public deposits account | 83 102 | 807 213 |
| Petty cash | 64 500 | 73 000 |
| Infrastructure call account | 10 872 956 | 6 251 687 |
| TOTALS | 11 558 012 | 8 504 842 |

2.1 Pledged as security

None of the cash and cash equivalents have been pledged as security and are therefore not encumbered. Furthermore, none of the cash and cash equivalents are

denominated in foreign currency.

2.2 Credit quality cash and cash equivalents

The credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions, as endorsed by National Treasury.

The credit quality rating of these cash and bank balances are as follows:

| Class | Rating | 2023 | | 2022 | |
|-----------------------|-------------------|--------|------------|-------------------|-----------|
| | | Rating | R | Rating | R |
| Bank balances | High grade | | 534 904 | High grade | 1 371 442 |
| Short term deposits | High grade | | 10 956 058 | High grade | 7 058 900 |
| Petty cash and floats | Not rated | | 67 050 | Not rated | 74 500 |

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re negotiations

of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

2.3 Fair value of cash and cash equivalents

The carrying value, which the cash and cash equivalents are disclosed, approximate their fair values. The maximum exposure to credit risk, as a result of carrying cash and cash equivalents is limited to the carrying value of the cash as disclosed above.

2.4 Impairment of cash and cash equivalents

None of the cash and cash equivalents are considered to be impaired and consequently no provision was raised for the irrecoverability of these financial assets.

2.5 Restriction on the use of cash and cash equivalents

The cash and cash equivalents held by the entity may only be used in accordance with its mandate, as such no restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.



3. Trade and other receivables from exchange transactions

| | | |
|-------------------------|------------------|----------------|
| Trade receivables | 768 434 | 1 905 992 |
| Provision for bad debts | (1 889 471) | (3 052 641) |
| Sundry receivables | 2 182 043 | 1 843 696 |
| | 1 061 006 | 697 047 |

2023

| | Opening balance R | Amounts received / used R | Receivables raised R | Closing balance R |
|------------------------------------|----------------------|------------------------------|-------------------------|----------------------|
| Gross accounts receivable | 1 905 992 | (5 334 570) | 4 197 012 | 768 434 |
| Sundry receivables | 1 843 696 | (134 040) | 410 710 | 2 120 366 |
| Less: Provision for doubtful debts | (3 052 641) | 1 163 170 | - | (1 889 471) |
| | 697 047 | (4 305 440) | 4 607 722 | 999 329 |

2022

| | Opening balance R | Amounts received / used R | Receivables raised R | Closing balance R |
|------------------------------------|----------------------|------------------------------|-------------------------|----------------------|
| Gross accounts receivable | 1 316 754 | (4 190 905) | 4 780 143 | 1 905 992 |
| Sundry receivables | 2 160 091 | (539 098) | 222 703 | 1 843 696 |
| Less: Provision for doubtful debts | (2 652 156) | - | (400 485) | (3 052 641) |
| | 824 689 | (4 730 003) | 4 602 361 | 697 047 |

3.1 Pledged as security

None of the trade and other receivables have been pledged as security and are therefore not encumbered. Furthermore, none of the receivables are denominated in foreign currency. Also, no security is held for any of the receivables.



PART F: FINANCIAL INFORMATION

3.2 Credit quality and aging analysis of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired are assessed / monitored by reference to historical information about counterparty default rates. The credit quality rating of each of these financial instruments are as follows:

| Class | Aging | 2023 | | 2022 | |
|--------------------------------|---------------------------|---------------------|----------------|---------------------|----------------|
| | | Rating | R | Rating | R |
| Trade receivables (Net) | | | 890 804 | | 538 079 |
| | Current to 30 days | High grade | 282 373 | High grade | 445 688 |
| | Gross receivables | | 282 373 | | 445 688 |
| | 31 days to 60 day | High grade | 28 554 | High grade | 37 909 |
| | Gross receivables | | 28 554 | | 37 909 |
| | 61 days to 90 days | Medium grade | 99 548 | Medium grade | 54 482 |
| | Gross receivables | | 99 548 | | 105 981 |
| | Provision for bad debts | | - | | (51 499) |
| | Over 90 days | Medium grade | 480 329 | Medium grade | - |
| | Gross receivables | | 526 104 | | 1 316 414 |
| | Provision for bad debts | | (45 775) | | (1 316 414) |

| Class | Aging | 2023 | | 2022 | |
|----------------------------------|---------------------------|---------------------|----------------|---------------------|----------------|
| | | Rating | R | Rating | R |
| Other receivables Current | | | 108 525 | | 158 968 |
| | Current to 30 days | High grade | 108 525 | High grade | 158 968 |
| | Gross receivables | | 108 525 | | 158 968 |
| | Provision for bad debts | | - | | - |
| | Over 90 days | Medium grade | - | Medium grade | - |
| | Gross receivables | | 1 843 696 | | (1 684 728) |
| | Provision for bad debts | | (1 843 696) | | (1 316 414) |
| | | | 999 329 | | 697 047 |





PART F: FINANCIAL INFORMATION

Low credit grade – The counter party has evidenced high occurrences of defaults and / or re negotiations of contractual terms in prior periods. As such the counter parties included in the low credit grade category pose a high credit risk to the entity.

Medium credit grade – The counter party has evidenced instances of defaults and / or renegotiations of contractual terms in prior periods on the repayment of outstanding amounts. As such the counter parties included in the medium credit grade category pose a medium credit risk to the entity.

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re negotiations of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

3.3 Fair value of trade and other receivables

The carrying value, which the trade and other receivables are disclosed, approximate their fair values. The maximum exposure

to credit risk, as a result of carrying receivables, is limited to the carrying value of the receivables as disclosed above.

3.4 Impairment of trade and other receivables

None of the trade and other receivables were renegotiated.

Process for impairment of trade receivables at DMSA

In assessing whether there is an indication that trade receivables may be impaired, the DMSA shall consider, as a minimum, the following indications in line with Instruments: GRAP 104 – Financial Instruments.

- a. An impairment loss shall be recognised on receivables only when they are incurred. This means that there has to be objective evidence that a ‘loss event’ has occurred.
- b. Loss events can be considered to be events that crystallise to form objective evidence of impairment; and examples include:
 - i. Death of the debtor (individual).
 - ii. Bankruptcy of the debtor.
 - iii. Reports of an accident on a customer’s major factory.

- iv. Significant financial difficulty of the parties involved.

Group Assets

In this case, trade receivables are assessed on a group basis.

Individual assessment

It is necessary to consider whether there is objective evidence of an impairment for financial assets that are ‘individually significant’. Assets that are not individually significant may be assessed either individually or collectively.

Collective assessment

When assessing a group of trade receivables collectively for impairment, asset groups used should include receivables with similar credit risk characteristics.

3.5 Reconciliation of provision for bad debts

| | | |
|---------------------------|--------------------|--------------------|
| Opening balance | (3 052 641) | (2 652 156) |
| Amounts used | 1 097 804 | - |
| Amounts (raised) reversed | 65 367 | (400 485) |
| Closing balance | (1 889 470) | (3 052 641) |

4. Inventories

| | | |
|-------------|---------|--------|
| Inventories | 312 271 | 63 139 |
|-------------|---------|--------|

5. Property, plant and equipment

| | 2023 | | | 2022 | | |
|------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 17 338 092 | (7 606 222) | 9 731 870 | 17 275 922 | (6 798 563) | 10 477 359 |
| Motor vehicles | 4 434 227 | (2 933 831) | 1 500 396 | 4 434 227 | (2 777 211) | 1 657 016 |
| Office equipment | 24 649 394 | (6 594 937) | 18 054 457 | 23 818 120 | (4 393 002) | 19 425 118 |
| Computer equipment | 5 523 384 | (3 730 502) | 1 792 882 | 4 679 641 | (3 321 085) | 1 358 556 |
| Total | 51 945 097 | (20 865 492) | 31 079 605 | 50 207 910 | (17 289 861) | 32 918 049 |

Reconciliation of property, plant and equipment 2023

| | Opening balance | Additions | Disposals | Other changes, movements | Depreciation | Impairment loss | Total |
|------------------------|-------------------|------------------|------------------|--------------------------|--------------------|------------------|-------------------|
| Furniture and fixtures | 10 477 359 | - | - | - | (745 489) | - | 9 731 870 |
| Motor vehicles | 1 657 016 | - | - | 13 420 | (170 040) | - | 1 500 396 |
| Office equipment | 19 425 118 | 868 763 | (96 588) | 21 817 | (1 917 483) | (247 170) | 18 054 457 |
| Computer equipment | 1 358 556 | 888 585 | (31 826) | 45 004 | (470 037) | 2 600 | 1 792 882 |
| | 32 918 049 | 1 757 348 | (128 414) | 80 241 | (3 303 049) | (244 570) | 31 079 605 |

Reconciliation of property, plant and equipment 2022

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|------------------------|-------------------|------------------|------------------|--------------------|------------------|-------------------|
| Furniture and fixtures | 11 110 535 | 180 735 | (58 193) | (744 234) | (11 484) | 10 477 359 |
| Motor vehicles | 2 278 206 | - | (328 138) | (293 052) | - | 1 657 016 |
| Office equipment | 20 122 742 | 1 321 512 | (58 707) | (1 883 283) | (77 146) | 19 425 118 |
| Computer equipment | 1 882 008 | 153 174 | (66 878) | (588 390) | (21 358) | 1 358 556 |
| | 35 393 491 | 1 655 421 | (511 916) | (3 508 959) | (109 988) | 32 918 049 |

Pledged as security

During the year, no items of property, plant and equipment were pledged as security.

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

| | | |
|------------------------|---|------------|
| Computer equipment | - | 280 |
| Office equipment | - | 69 |
| Furniture and fixtures | - | 441 |
| Motor vehicles | - | 20 |
| | - | 810 |

At year end, DMSA assessed the useful lives, residual values and deprecation methods of assets to determine whether there is any indication that the expectations about the useful lives and residual values of an asset

have changed since the preceding reporting date. This assessment indicated that there were no changes, hence no adjustments were made to the useful lives, residual values and depreciation methods.



PART F: FINANCIAL INFORMATION

6. Intangible assets

| | 2023 | | | 2022 | | |
|-------------------------------------|------------------|---|------------------|------------------|---|------------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Licenses | 92 703 | (92 703) | - | 92 703 | (92 703) | - |
| Website | 2 091 618 | 657 | 2 092 275 | 167 400 | (166 620) | 780 |
| Computer software | 1 159 838 | (399 232) | 760 606 | 581 010 | (275 550) | 305 460 |
| Intangible assets under development | - | - | - | 1 795 964 | - | 1 795 964 |
| Computer operating system | 21 155 | (15 202) | 5 953 | 21 155 | (12 180) | 8 975 |
| Total | 3 365 314 | (506 480) | 2 858 834 | 2 658 232 | (547 053) | 2 111 179 |

Reconciliation of intangible assets 2023

| | Opening balance | Additions through transfer of functions / mergers | Internally generated | Revaluations | Other changes, movements | Amortisation | Total |
|-------------------------------------|------------------|---|----------------------|--------------|--------------------------|-----------------|------------------|
| Website | 780 | 1 795 964 | 735 235 | 779 | (440 361) | (779) | 2 092 275 |
| Computer software | 305 460 | - | - | - | 531 254 | (76 109) | 760 606 |
| Intangible assets under development | 1 795 964 | (1 795 964) | - | - | - | - | - |
| Computer operating system | 8 975 | - | - | - | - | (3 022) | 5 953 |
| | 2 111 179 | - | 735 235 | 779 | 90 893 | (79 910) | 2 858 834 |

Reconciliation of intangible assets 2022

| | Opening balance | Additions | Amortisation | Total |
|-------------------------------------|-----------------|------------------|-----------------|------------------|
| Website | 34 260 | - | (33 480) | 780 |
| Computer software, other | 334 056 | - | (28 596) | 305 460 |
| Intangible assets under development | - | 1 795 964 | - | 1 795 964 |
| Computer operating system | 11 997 | - | (3 022) | 8 975 |
| | 380 313 | 1 795 964 | (65 098) | 2 111 179 |

Other information

The entity is in the process of developing a virtual museum. This is a multi-year project which is expected to be finalised in 2023/24 financial year. The expenses incurred towards this project amounted to R735 235.

The cost to complete the project is estimated at R3 217 948 and the commitment has been included in the commitment note 30 below. Once the project is completed the total costs will capitalised and classified as intangible assets.

Intangible assets with indefinite lives:

The useful life of a virtual museum (website) is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.



PART F: FINANCIAL INFORMATION

7. Heritage assets

| | 2023 | | | 2022 | | |
|------------------|--------------------|-------------------------------|--------------------|--------------------|-------------------------------|--------------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Cultural History | 355 891 136 | - | 355 891 136 | 355 690 116 | - | 355 690 116 |
| Military History | 528 251 699 | - | 528 251 699 | 526 741 979 | - | 526 741 979 |
| Natural History | 11 003 149 | - | 11 003 149 | 11 003 149 | - | 11 003 149 |
| Total | 895 145 984 | - | 895 145 984 | 893 435 244 | - | 893 435 244 |

Reconciliation of heritage assets 2023

| | Opening balance | Other changes, movements | Total |
|------------------|--------------------|--------------------------|--------------------|
| Cultural History | 355 690 116 | 201 020 | 355 891 136 |
| Military History | 526 741 979 | 1 509 720 | 528 251 699 |
| Natural History | 11 003 149 | - | 11 003 149 |
| | 893 435 244 | 1 710 740 | 895 145 984 |

Reconciliation of heritage assets 2022

| | Opening balance | Other changes, movements | Total |
|------------------|--------------------|--------------------------|--------------------|
| Cultural History | 355 714 817 | (24 701) | 355 690 116 |
| Military History | 526 741 979 | - | 526 741 979 |
| Natural History | 11 003 149 | - | 11 003 149 |
| | 893 459 945 | (24 701) | 893 435 244 |

Heritage assets held by the DMSA that cannot be recognised due to reliable measurement not being available on initial recognition (GRAP 103, para .17 & .96)

The following heritage assets are held by the DMSA but on initial recognition, do not meet the recognition of a heritage asset because they cannot be reliably measured at the reporting date. These assets are still being investigated to provide sufficient information for a reliable valuation at a later stage.

There are assets on the floor that cannot be quantified, described or reliably measured which are under investigation in the intervening financial years. These assets are identified during the execution of an ongoing physical verification exercise. The number of such assets identified during the year are listed below as acquired in prior year

| Class | Acquired in prior years | Current year additions | Total assets |
|------------------|-------------------------|------------------------|--------------|
| Military history | 19 | 235 | 254 |
| Cultural history | | 2 774 | 2 774 |



8. Living resources

| | 2023 | | | 2022 | | |
|-----------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Skilder sheep | 1 400 | (957) | 443 | 15 200 | (5 236) | 9 964 |
| Cattle | 103 270 | (44 792) | 58 478 | 189 470 | (51 254) | 138 216 |
| Horses | 3 000 | (1 786) | 1 214 | 3 000 | (1 666) | 1 334 |
| Poultry | 10 700 | (3 840) | 6 860 | 10 700 | (2 815) | 7 885 |
| Afrikaner sheep | 27 000 | (8 448) | 18 552 | 30 300 | (8 933) | 21 367 |
| Zebra | 141 500 | (126 530) | 14 970 | 141 500 | (120 098) | 21 402 |
| Impala | 18 600 | (18 591) | 9 | 18 600 | (18 552) | 48 |
| Donkeys | 1 200 | (841) | 359 | 1 200 | (801) | 399 |
| Total | 306 670 | (205 785) | 100 885 | 409 970 | (209 355) | 200 615 |

Reconciliation of living resources 2023

| | Opening balance | Decrease due to sale / death / harvest | Depreciation | Total |
|-----------------|-----------------|--|-----------------|----------------|
| Skilder sheep | 9 964 | (6 580) | (2 941) | 443 |
| Cattle | 138 216 | (74 249) | (5 489) | 58 478 |
| Horses | 1 334 | - | (120) | 1 214 |
| Poultry | 7 885 | - | (1 025) | 6 860 |
| Afrikaner sheep | 21 367 | (2 775) | (40) | 18 552 |
| Zebra | 21 402 | - | (6 432) | 14 970 |
| Impala | 48 | - | (39) | 9 |
| Donkeys | 399 | - | (40) | 359 |
| | 200 615 | (83 604) | (16 126) | 100 885 |

Reconciliation of living resources 2022

| | Opening balance | Decrease due to sale / death / harvest | Increase through non exchange functions | Depreciation | Total |
|-----------------|-----------------|--|---|-----------------|----------------|
| Sheep | 11 484 | - | - | (1 520) | 9 964 |
| Cattle | 52 096 | (7 337) | 98 300 | (4 843) | 138 216 |
| Horses | 1 454 | - | - | (120) | 1 334 |
| Poultry | 4 673 | (299) | 4 500 | (989) | 7 885 |
| Afrikaner sheep | 1 979 | - | 20 400 | (1 012) | 21 367 |
| Zebra | 29 061 | (1 086) | - | (6 573) | 21 402 |
| Impala | 1 288 | - | - | (1 240) | 48 |
| Donkeys | 509 | (64) | - | (46) | 399 |
| | 102 544 | (8 786) | 123 200 | (16 343) | 200 615 |

PART F: FINANCIAL INFORMATION

9. Employee benefit obligations

9.1 Pension fund

| | 2023 R | 2022 R |
|--|-----------|-----------|
| Expenditure recognised during the year | 906 308 | 1 188 518 |

DITSONG: Museums of South Africa's employees are members of the Museums Pension Fund which covers employees who are either on defined benefit or defined contribution plans. The Museums Pension Fund is administered on behalf of DMSA by pension fund administrators and is governed by the Pensions Fund Act, 1956 (Act No 24 of 1956), as amended. An independent Board of Trustees manages the fund.

The Museums Pension Fund is a multi employer plan. The actuarial valuation is done for the plan in its entirety and does not specify, as a separate entity, DMSA's obligation, plan assets or liability in terms of the fund.

The following rates of contribution are applied:

- Defined Benefit category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 20%
- Defined Contribution category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 15%. The employer contribution rates can fluctuate as a result of changes to the insured benefit rate.

The Museums Pension Fund requires an actuarial valuation every three years. The defined benefit contribution plan fund was actuarially valued, using the projected unit credit method at 31 March 2021 and it revealed that the assets of the fund represented a funding position of 100% for the Museums Pension Fund. Any deficit advised by the actuaries is funded through increased contributions to ensure the ongoing soundness of the pension fund. At the time of the valuation, the actuary reported that he was satisfied that the current composition of the investments of

the Fund can be considered reasonable for the purpose of matching its assets and liabilities.

DMSA is fully funded and therefore has no liability.

9.2 Post employment benefit costs

| | 2023 R | 2022 R |
|--------------------------|------------|------------|
| Health care costs | 47 572 000 | 44 805 000 |

The assets are generally held in separate trustee administered medical aid funds, namely Bestmed, Bonitas, Medshield, Medihelp, Fedhealth, Key Health and Discovery Health.

The liabilities for the DMSA with regard to subsidies in respect of continuation member health care costs can reasonably be regarded as the following:

- Total liability in respect of existing continuation members.
- Total liability in respect of members in active employment.

The DMSA 's contributions to the medical schemes are charged to the income statement in the year to which they relate. Provision is made for future liability in the financial statements. The defined benefit obligation is determined by making use of the projected unit credit method. All actuarial profits and losses are recognised immediately.

The actuarial valuation was as at 31 March 2023.

| Accrued liabilities | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Liabilities in respect of: | | |
| Members in active employment | 22 663 000 | 23 941 000 |
| Current continuation members | 24 909 000 | 20 864 000 |
| Total Liability Recognised in Balance Sheet | 47 572 000 | 44 805 000 |

The reconciliation of the opening and closing balances is as follows:

| | 2023 R | 2022 R |
|---------------------------------|-------------------|-------------------|
| Liability as at 1 April | 44 805 000 | 46 005 000 |
| Interest service cost | 4 962 000 | 5 745 000 |
| Current service cost | 882 000 | 840 000 |
| Disbursements (benefits paid) | (2 107 000) | (2 296 000) |
| Actuarial gain | (970 000) | (5 489 000) |
| Liability as at 31 March | 47 572 000 | 44 805 000 |

Projections

The projections of the expected change in the obligation over the period 1 April 2023 to 31 March 2024 is as follows:

| Benefit projection | R |
|---|-------------------|
| PBO at start of period (1 April 2023) | 47 572 000 |
| Interest service cost | 5 621 000 |
| Current service cost | 811 000 |
| Benefit payments | (2 936 000) |
| PBO at end of period (31 March 2024) | 51 068 000 |

Interest and Inflation Rate

The actuary took into account the following assumptions in their calculation:

| | 2023 R | 2022 R |
|---|------------|------------|
| Discount rate | 11,97% p.a | 11,22% p.a |
| Post retirement interest rate | 3,19% p.a. | 2,72% p.a |
| Expected return on plan assets | N/A | N/A |
| Long term price inflation | 7,01% p.a. | 6,78% p.a |
| Medical inflation rate | 8,51% p.a. | 8,28% p.a |
| Average longevity for current pensioners aged 76 years (2022:23; 77,4 years) | | |
| Males | 9 | 9 |
| Females | 11 | 11,3 |
| Average longevity at retirement age for current employees (future pensioners) Age 63 years (2021:22; 63 years) | | |
| Males | 16,6 | 16,6 |
| Females | 20,8 | 20,8 |

Benefit cost in profit and loss

| | 2023 R | 2022 R |
|---|------------------|------------------|
| Net Interest cost | 4 962 000 | 5 745 000 |
| Service cost | 882 000 | 840 000 |
| Profit and loss expense | 5 844 000 | 6 585 000 |
| Other Comprehensive Income | | |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amounts included in net interest expense) | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - |
| Actuarial gains and (losses) arising from changes in financial assumptions | 2 527 000 | (351 000) |
| Actuarial gains and (losses) arising from experience adjustments | (1 557 000) | 5 840 000 |
| Other (describe) | | |
| Adjustments for restrictions on the defined benefit asset | | |
| Components of defined benefit costs recognised in other comprehensive income | | |
| Total gain / (loss) on liability | 970 000 | 5 489 000 |
| Total Cost | 4 872 000 | 1 096 000 |



Sensitivity analysis

The following changes were made:

- A 1% increase / decrease in the medical inflation assumption; and
- 1 year increase / reduction in the post retirement mortality.

| Medical inflation rate | Current Assumption 11,97% | 1% decrease 10,97% | 1% increase 12,97% |
|------------------------|------------------------------|----------------------------|----------------------------|
| Liability | 47 572 000 | 51 196 000 | 41 978 000 |
| Cost / (Saving) | - | 4 993 000 | (4 225 000) |
| Mortality | Current Assumption Pa (90) 1 | 1 year reduction Pa (90) 2 | 1 year enhancement Pa (90) |
| Liability | 47 572 000 | 47 824 000 | 44 592 000 |
| Cost / (Saving) | - | 1 641 000 | (1 610 000) |

The impact on the next year's projection from a 1% increase/decrease in the discount rate is as follows:

| Benefit Projection | Current Assumptions R | Discount Rate -1% R | Discount Rate +1% R |
|---|--------------------------|------------------------|------------------------|
| PBO at start of period (1 April 2023) | 47 572 000 | 52 685 000 | 43 242 000 |
| Interest Cost | 5 621 000 | 5 726 000 | 5 516 000 |
| Service Cost | 811 000 | 938 000 | 706 000 |
| Expected benefit payments | (2 936 000) | (2 936 000) | (2 936 000) |
| PBO at end of period (31 March 2024) | 51 068 000 | 56 413 000 | 46 528 000 |



PART F: FINANCIAL INFORMATION

10. Trade and other payables

| | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Trade payables | 1 815 642 | 380 595 |
| Bonus (13 th cheque) accruals | 1 380 169 | 1 484 091 |
| Sundry payables | 28 805 466 | 15 969 391 |
| Payments received in advance | 72 602 | 77 090 |
| Deposits | 88 649 | 86 349 |
| | 32 162 528 | 17 997 516 |

2023

| | Opening balance R | Amount received/used R | Payables raised R | Closing balance R |
|--|-------------------------|------------------------------|-------------------------|-------------------------|
| Trade payables | 380 595 | (47 875 871) | 49 310 918 | 1 815 642 |
| Bonus (13 th cheque) accruals | 1 484 091 | (3 749 771) | 3 645 849 | 1 380 169 |
| Sundry payables | 15 969 391 | (7 282 468) | 20 118 543 | 28 805 466 |
| Payments received in advance | 77 090 | (4 488) | - | 72 602 |
| Deposits | 86 349 | (500) | 2 800 | 88 649 |
| | 17 997 516 | (58 913 098) | 73 078 110 | 32 162 528 |

2022

| | Opening balance R | Amount received/used R | Payables raised R | Closing balance R |
|--|-------------------------|------------------------------|-------------------------|-------------------------|
| Trade payables | 2 736 573 | (54 059 042) | 51 703 064 | 380 595 |
| Bonus (13 th cheque) accruals | 1 287 675 | (3 997 100) | 4 193 516 | 1 484 091 |
| Sundry payables | 6 785 479 | (6 959 550) | 16 143 462 | 15 969 391 |
| Payments received in advance | 79 090 | (2 000) | - | 77 090 |
| Deposits | 86 749 | (4 400) | 4 000 | 86 349 |
| | 10 975 566 | (65 022 092) | 72 044 042 | 17 997 516 |

10.1 Currency and security

None of the trade and other payables are denominated in foreign currencies. Furthermore, no financial assets or non financial assets have been pledged as security for the trade and other payables and as such the payables are unsecured.

10.2 Defaults and breaches

The procurement policy of the entity makes provision for the settlement of trade and other payables within 30 days after the receipt of the invoice. During the period the entity renegotiated certain of the contractual terms of its creditors to address cash flow challenges it encountered. As a result of the cash flow challenges during the period the entity defaulted in payment of some of its creditors.

10.3 Sundry payables

Included in the sundry payables amount of R28 682 675 are accruals for services rendered. The majority of the balance relates to water and electricity bills owing to the City of Tshwane of R10 035 071, DPWI for payments made on behalf of DMSA amounting to R12 537 191 and Eskom account of R778 550.

The balance relates to month end creditors that are paid within 30 days on invoice.

11. Income received in advance from non exchange Unspent conditional grants and receipts comprises of:

| | 2023 R | 2022 R |
|--------------------------------------|------------------|------------------|
| Unspent grants | 9 913 111 | 6 194 813 |
| Movement during the year | | |
| Balance at the beginning of the year | 6 194 813 | 3 360 069 |
| Additions during the year | 9 577 321 | 8 284 846 |
| Income recognition during the year | (5 859 023) | (5 450 102) |
| | 9 913 111 | 6 194 813 |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 13.1 for reconciliation of grants from National Government.

These amounts are invested in a ring fenced investment until utilised.

12. Provisions

Reconciliation of provisions 2023

| | Opening Balance | Additions | Utilised during the year | Total |
|-----------------|-----------------|-----------|--------------------------|-----------|
| Leave provision | 2 208 135 | 461 395 | (366 510) | 2 303 020 |

Reconciliation of provisions 2022

| | Opening Balance | Additions | Utilised during the year | Total |
|-----------------|-----------------|-----------|--------------------------|-----------|
| Leave provision | 2 103 516 | 314 338 | (209 719) | 2 208 135 |

13. Revenue

| | | 2023 R | 2022 R |
|--|---------|--------------------|--------------------|
| Admission fees | | 2 903 438 | 1 429 344 |
| Rental income | | 2 145 793 | 1 776 708 |
| Sales curios, refreshments and festivals | | 446 680 | 72 034 |
| Other income | Note 19 | 864 645 | 1 604 039 |
| Interest received | | 1 386 090 | 335 271 |
| Government grants and donations | | 106 981 122 | 121 458 803 |
| Services in kind | | 18 628 841 | 13 193 230 |
| | | 133 356 609 | 139 869 429 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | 2023 R | 2022 R |
|--|---------|------------------|------------------|
| Admission fees | | 2 903 438 | 1 429 344 |
| Rental income | | 2 145 793 | 1 776 708 |
| Sales curios, refreshments and festivals | | 446 680 | 72 034 |
| Other income | | 864 645 | 1 604 039 |
| Interest received | Note 19 | 1 386 090 | 335 271 |
| | | 7 746 646 | 5 217 396 |

The amount included in revenue arising from non exchange transactions is as follows:

| | 2023 R | 2022 R |
|---------------------------------|--------------------|--------------------|
| Taxation revenue | | |
| Transfer revenue | | |
| Government grants and donations | 106 981 122 | 121 458 803 |
| Services in kind | 18 628 841 | 13 193 230 |
| | 125 609 963 | 134 652 033 |



PART F: FINANCIAL INFORMATION

13.1 Revenue From non exchange transactions

Revenue comprises income received from the following sources:

| | 2023 R | 2022 R |
|----------------------|-------------|-------------|
| Grants and donations | 106 981 122 | 121 458 803 |

Reconciliation of grants and donations:

| Movement in grant 2023 | Balance unspent at beginning of year R | Current year receipts R | Conditions met transferred to revenue R | Conditions still to be met remain liabilities R |
|------------------------|---|----------------------------|--|--|
| State subsidy | - | 101 109 000 | 101 109 000 | - |
| Other grants | 6 194 813 | 9 577 321 | 5 859 023 | 9 913 111 |
| Donations | - | 13 099 | 13 099 | - |
| | 6 194 813 | 110 699 420 | 106 981 122 | 9 913 111 |

| Movement in grant 2022 | Balance unspent at beginning of year R | Current year receipts R | Conditions met transferred to revenue R | Conditions still to be met remain liabilities R |
|------------------------|---|----------------------------|--|--|
| State subsidy | - | 116 005 000 | 116 005 000 | - |
| Other grants | 3 360 069 | 8 284 846 | 5 450 102 | 6 194 813 |
| Donations | - | 4 076 | 4 076 | - |
| | 3 360 069 | 124 293 922 | 121 459 178 | 6 194 813 |



13.2 Services in-kind

| | 2023 R | 2022 R |
|------------------|------------|------------|
| Services in-kind | 18 628 841 | 13 193 230 |

DMSA recognises services in kind relating to the following properties:

- ERF 1694 portion 0 of Pretoria North Coert Steynberg Museum
- ERF 308 portion 0 of Pretoria – DITSONG: Kruger Museum

- ERF 309 portion 1 of Pretoria – DMSA Head Office
- ERF 328 portion 177 of JR – DITSONG: Pioneer Museum
- ERF 3419 portion 0 of Pretoria – DITSONG: National Museum of Cultural History
- ERF 714 portion 0 of Pretoria – DITSONG: National Museum of Natural History.
- ERF 3261 portion 0 Pretoria DITSONG: Pierneef Museum
- ERF 430 Saxonwold – DITSONG: Museum of Military History
- PORTION 89 of Farm 364 Zwartkoppies JR –

DITSONG: Sammy Marks Museum

- REMAINDER of Farm 149 JR – DITSONG: Tswaing Meteorite Crater
- REMAINDER of portion 88 of Farm 513 Kaalfontein JR – DITSONG: Willem Prinsloo Agricultural Museum

The Department of Sport, Arts and Culture is paying rent for these properties to the Department of Public Works on behalf of DMSA.

13.3 Revenue From exchange transactions

| | 2023 R | 2022 R |
|--|------------------|------------------|
| Sale of goods and services | 4 152 569 | 3 088 117 |
| Admission fees | 2 903 438 | 1 429 344 |
| Income sales / services | 802 451 | 1 586 739 |
| Sales curios, refreshments and festivals | 446 680 | 72 034 |
| Cost of sales | 22 375 | 41 014 |
| Opening inventory | 63 139 | 101 878 |
| Purchases | 296 867 | 2 275 |
| Less: Closing inventory | (337 631) | (63 139) |
| Other revenue | 2 207 987 | 1 794 008 |
| Other revenue streams | 57 394 | 12 500 |
| Rental income | 2 145 793 | 1 776 708 |
| Bad debts, bursary and training fees recovered | 4 800 | 4 800 |

14. Operating deficit

| | 2023 R | 2022 R |
|---|--------------|-------------|
| Operating deficit | (19 406 963) | (8 192 491) |
| Operating deficit for the year is stated after accounting for the following: | | |
| Gain (loss) on sale of property, plant and equipment | 14 264 | (132 122) |
| Depreciation on property, plant and equipment | 3 303 049 | 3 508 959 |
| Employee costs | 64 720 842 | 66 390 044 |



PART F: FINANCIAL INFORMATION

Expense items:

| | 2023 R | 2022 R |
|----------------------------------|---------------------|---------------------|
| 14.1 Administrative costs | (22 478 015) | (24 248 159) |
| Advertising and marketing | (1 015 017) | (1 589 200) |
| Bank charges | (96 877) | (199 210) |
| Insurance | (886 295) | (496 598) |
| Legal fees | (209 110) | (855 374) |
| Licence fees | (56 268) | (43 470) |
| Postage and stationery | (90 445) | (35 185) |
| Staff training | (507 347) | (299 376) |
| Telephone and internet | (5 459 241) | (6 723 835) |
| Travelling costs | (669 207) | (461 934) |
| Water and electricity | (13 488 208) | (13 543 977) |
| Current service cost | (882 000) | (840 000) |
| Depreciation | (3 397 830) | (3 590 409) |
| Interest service cost | (4 962 000) | (5 745 000) |
| Impairment | (245 463) | (109 988) |
| Finance costs | (870 197) | (492 328) |

| | 2023 R | 2022 R |
|---|---------------------|---------------------|
| 14.2 Employee costs normal cost | (64 720 842) | (66 390 044) |
| Basic salary | (55 160 777) | (55 825 611) |
| Overtime payments | (70 908) | (41 646) |
| Bonus 13 th cheques | (4 157 385) | (4 189 889) |
| Pension fund benefit | (906 308) | (1 188 518) |
| Housing benefits and allowances | (146 260) | (202 970) |
| Medical aid benefit | (722 777) | (850 157) |
| Cellphone allowance | (271 600) | (260 200) |
| UIF | (290 029) | (290 229) |
| Acting allowances | (473 642) | (798 560) |
| Travel allowance | (758 088) | - |
| Casual employees | (792 775) | (1 474 246) |
| Workmans compensation | (83 177) | (290 300) |
| Movement in accumulated leave provision | (448 599) | (314 339) |
| Pensioners' medical aid contribution | 348 | (212 328) |
| Council remuneration | (438 865) | (451 051) |

| | 2023 R | 2022 R |
|------------------------------------|----------------------|----------------------|
| 14.3 Operating expenses | (55 426 363) | (46 714 966) |
| Bad debts | 38 281 | (400 855) |
| Consulting services | (2 137 916) | (1 267 006) |
| Consumable furniture and equipment | (29 065) | (7 077) |
| Consumables | (3 934 845) | (2 721 936) |
| Restoration expenses | (10 707) | (152 200) |
| Research expenses | (94 190) | (23 133) |
| Exhibition expenses | (33 244) | (348 992) |
| External audit fees | (3 484 439) | (3 845 416) |
| Library | (333 119) | (151 454) |
| Other expenses | (6 499 346) | (6 215 598) |
| Rental expense | (1 487 373) | (1 291 296) |
| Rental expense services in-kind | (18 628 841) | (13 193 230) |
| Repairs and maintenance | (98 652) | (613 103) |
| Security services | (18 692 907) | (16 483 670) |
| Total expenses | (152 759 622) | (148 061 920) |

| | 2023 R | 2022 R |
|---|---------------|------------------|
| 14.4 Profit / (loss) on assets written off | 14 264 | (132 122) |
| Proceeds from insurance claim | 226 282 | 265 381 |
| Disposal of property, plant and equipment | (212 018) | (397 503) |



15. Interest received

| Interest revenue | 2023 R | 2022 R |
|---|------------------|----------------|
| Bank | 1 293 591 | 265 345 |
| Interest charged on trade and other receivables | 92 499 | 69 926 |
| | 1 386 090 | 335 271 |

Interest received comprises interest received from funds invested at the CPD account at interest rates ranging between 4,95% and 6,5% over the reporting period and interest on credit balances in the current account, call account and interest charged on outstanding debtors at rates of 9,75% to 10,25% per annum.

16. Other revenue

| | | 2023 R | 2022 R |
|--|---------|------------------|------------------|
| Admission fees | | 2 903 438 | 1 429 344 |
| Rental income third party | | 2 145 793 | 1 776 708 |
| Sales curios, refreshments and festivals | | 446 680 | 72 034 |
| Other income | Note 19 | 864 645 | 1 604 039 |
| | | 6 360 556 | 4 882 125 |

17. Contingencies

17.1 Contingent liabilities

2023

There were no contingent liabilities at year end.

2022

There were no contingent liabilities at year end.

17.2 Contingent assets

2023

There were no contingent assets at year end.

2022

There were no contingent assets at year end.



PART F: FINANCIAL INFORMATION

18. Operating lease

DMSA as a lessor

DMSA is currently leasing out its facilities to generate income. DMSA does not have fixed term leases with a term longer than 1 year at year end:

The following lease payments are receivable:

| | 2023 R | 2022 R |
|--------------------------------|----------------|---------------|
| Within 1 year | 412 749 | 75 766 |
| Between 1 5 years | - | - |
| Later than 5 years | - | - |
| Total lease commitments | 412 749 | 75 766 |

The contracts entered into during the year and future contracts are benchmarked against the market rates.

No contingent rental income was recognised as revenue in the reporting period.

DMSA as a lessee

DMSA entered into a lease through transversal contract RT 3 2018 with Altron Bytes Document Solutions for the lease of 9 photocopying machines for a period of 36 months for DMSA offices for a contractual value of R626 943.

The following lease payments are payable:

| | 2023 R | 2022 R |
|--------------------------------|---------------|----------------|
| Within 1 year | 22 329 | 121 048 |
| Between 1 5 years | - | - |
| Later than 5 years | - | - |
| Total lease commitments | 22 329 | 121 048 |

No contingent rental expense was recognised as expenditure in the reporting period. Property owned by the Department of Public Works and Infrastructure.

All buildings occupied by DMSA are owned by the Department of Public Works and Infrastructure and have been occupied at no cost during the year. There is no contract in place for lease of these buildings.

19. Other income

| | 2023 R | 2022 R |
|--|----------------|------------------|
| Other revenue streams | 57 394 | 12 500 |
| Income sales / services | 802 451 | 1 586 739 |
| Bad debts, bursary and training fees recovered | 4 800 | 4 800 |
| | 864 645 | 1 604 039 |



20. Emoluments of Council, Committee Members and Senior Management

Executive 2023

| | Salary/Fee | 13 th Cheque | Travel Allowance | Other Benefits | Total |
|---|------------------|-------------------------|------------------|----------------|------------------|
| Ms A. Lebethe CEO (#1) | 1 149 549 | 129 202 | 108 000 | 22 500 | 1 409 251 |
| Mr K. Kaposo CFO (#2) | 1 041 600 | 115 933 | - | 9 600 | 1 167 133 |
| Ms SR Mackenzie Director DNMMH (#3) | 979 325 | - | - | 19 200 | 998 525 |
| Dr N. Solani Director DNMCH | 874 833 | 72 903 | - | 19 200 | 966 936 |
| Dr M. Mohapi Director DNMNH / ACEO (#4) | 1 103 690 | 91 861 | 120 000 | 19 200 | 1 334 751 |
| Mr N. Hlophe ACFO (#5) | 964 260 | 30 000 | 48 960 | 12 000 | 1 055 220 |
| Dr M. Tawane Acting Director DNMNH (#6) | 574 243 | 45 368 | - | - | 619 611 |
| | 6 687 500 | 485 267 | 276 960 | 101 700 | 7 551 427 |

| | Council | Core Functions | HRREMCO | ARIC | Other | Total |
|---|----------------|----------------|---------------|---------------|---------------|----------------|
| Council: | - | - | - | - | - | - |
| Ms K. Rapoo Chairperson (#7) | 8 688 | - | - | - | 224 | 8 912 |
| Dr L. Konar Deputy Chairperson (#7) | 3 948 | - | - | 7 180 | - | 11 128 |
| Ms L.Mtshali (#7) | 3 590 | 3 590 | - | - | - | 7 180 |
| Dr. A. Mdletye Chairperson of Core Functions | 34 450 | 4 344 | 7 180 | - | 3 316 | 49 290 |
| Mr G. Ontong | 28 720 | 12 278 | - | - | - | 40 998 |
| Adv L. Nevondwe (#7) | 5 385 | - | 5 385 | - | - | 10 770 |
| Ms Y. Mashilela Chairperson of HRREMCO (#7) | 3 590 | - | 6 516 | - | - | 10 106 |
| Ms V. Menye (#7) | 3 590 | - | - | 3 590 | - | 7 180 |
| Adv M.J. Ralefatane Council Chairperson (#8) | 47 784 | - | - | - | 9 508 | 57 292 |
| Mr H. Nkanyane (#8) | 23 335 | - | - | 7 934 | 1 003 | 32 272 |
| Dr D. Ngobese (#8) | 23 335 | - | 8 688 | - | 3 670 | 35 693 |
| Mr M. Masooa (#8) | 23 335 | 7 180 | - | - | 227 | 30 742 |
| Ms C. Fani (#8) | 23 335 | - | 7 180 | - | 217 | 30 732 |
| Ms Z. Dlamini (#8) | 21 540 | - | - | 7 180 | - | 28 720 |
| Ms Z. Ngcibi (#8),(#10) | 21 540 | 7 180 | - | 4 344 | 326 | 33 390 |
| Ms F. Mudau Chairperson of Audit, Risk & ICT Committee (#9) | 13 338 | 8 892 | - | 22 230 | - | 44 460 |
| | 289 503 | 43 464 | 34 949 | 52 458 | 18 491 | 438 865 |

#1 CEO resigned effective 31 December 2022

#2 CFO's contract ended on 31 December 2022

#3 Director retired on 31 March 2023

#4 Director was appointed Acting Chief Executive Officer effective 1 January 2023

#5 Manager appointed Acting Chief Financial Officer effective October 2022

#6 Curator appointed Acting Director Natural History effective 1 February 2023

#7 Councils term of office ended 31 July 2022

#8 Council members were appointed effective 1 August 2022

#9 Chairperson's term of office ended 31 July 2022

#10 Member was appointed to serve as acting Chairperson of ARIC

PART F: FINANCIAL INFORMATION

2022

| | Salary/Fee | 13 th Cheque | Travel Allowance | Other Benefits | Total |
|--------------------------------|------------------|-------------------------|------------------|----------------|------------------|
| Ms A. Lebethe CEO | 1 406 418 | 128 056 | 144 000 | 30 000 | 1 708 474 |
| Mr K. Kaposo CFO | 1 284 178 | 107 015 | - | 19 200 | 1 410 393 |
| Ms SR Mackenzie Director DNMMH | 947 736 | - | - | 19 200 | 966 936 |
| Dr N. Solani Director DNMCH | 874 833 | 72 903 | - | 19 200 | 966 936 |
| Dr M. Mohapi Director DNMMH | 992 333 | 91 861 | 110 000 | 19 200 | 1 213 394 |
| | 5 505 498 | 399 835 | 254 000 | 106 800 | 6 266 133 |

| | Council | Core Functions | HRREMCO | ARIC | Other | Total |
|---|----------------|----------------|---------------|----------------|---------------|----------------|
| Council: | - | - | - | - | - | - |
| Ms K. Rapoo Council Chairperson | 27 417 | - | - | - | 10 500 | 37 917 |
| Dr L. Konar Deputy Chairperson | 24 921 | - | - | 26 130 | 3 500 | 54 551 |
| Ms V. Menye | 21 638 | - | - | 19 162 | 3 500 | 44 300 |
| Dr A. Mdletye Chairperson of Core Functions | 26 130 | 14 763 | 3 484 | - | 3 500 | 47 877 |
| Ms L. Mtshali | 24 388 | 12 194 | - | - | 3 500 | 40 082 |
| Mr G. Ontong | 26 130 | 12 194 | - | - | 3 500 | 41 824 |
| Ms Y Mashilela Chairperson of HRREMCO | 22 646 | - | 14 763 | - | 3 500 | 40 909 |
| Adv. L. Nevondwe | 24 388 | - | 16 412 | - | 3 500 | 44 300 |
| Ms F Mudau Chairperson of Audit, Risk & ICT Committee | 30 219 | - | - | 69 072 | - | 99 291 |
| | 227 877 | 39 151 | 34 659 | 114 364 | 35 000 | 451 051 |

21. Depreciation and amortisation

| | 2023 R | 2022 R |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 3 303 049 | 3 508 959 |
| Intangible assets | 78 470 | 65 098 |
| Living resources | 16 311 | 16 352 |
| | 3 397 830 | 3 590 409 |

22. Finance costs

| | 2023 R | 2022 R |
|------------------------------|-----------|-----------|
| Interest on overdue accounts | 870 197 | 492 328 |



23. Breakdown of other

23.1 Other expenses

| | 2023 R | 2022 R |
|----------------------------------|------------------|------------------|
| Membership fees | 20 330 | 123 326 |
| Conferences and seminars | 300 | 1 200 |
| Catering and refreshments | 116 304 | 17 592 |
| Printing | 118 157 | 324 726 |
| Mampoor expenses | 36 401 | 1 209 |
| Education | 16 820 | 46 854 |
| Collection management | 49 134 | 597 |
| Covid 19 expenses | - | 455 464 |
| Festivals | 119 052 | 7 868 |
| Events | 194 385 | 731 320 |
| Outreach programme | 8 744 | 5 137 |
| Farming expenses | 123 535 | 76 091 |
| Recruitment costs | 102 721 | - |
| Grant funded project expenditure | 5 593 463 | 4 424 214 |
| Other Expenses | 6 499 346 | 6 215 598 |

23.2 Other receipts

Other receipts in the statement of cash flows are made up as follows:

| Other receipts | 2023 R | 2022 R |
|--|------------------|------------------|
| Other revenue streams | 57 394 | 12 500 |
| Rental income | 2 145 793 | 1 776 708 |
| Bad debts, bursary and training fees recovered | 4 800 | 4 800 |
| Other receipts | 2 207 987 | 1 794 008 |

24. Auditors' remuneration

| | 2023 R | 2022 R |
|---------------------|-----------|-----------|
| External audit fees | 3 484 439 | 3 845 416 |

25. Taxation

No provision has been made for taxation since DITSONG: Museums of South Africa is exempted from taxation in terms of Section 10(1)(cA)(1) of the Income Tax Act.

26. Cash generated from operations

| | 2023 R | 2022 R |
|--|------------------|------------------|
| Deficit | (18 664 212) | (2 945 601) |
| Adjustments for: | | |
| Depreciation and amortisation | 3 397 830 | 3 590 409 |
| (Loss) gain on sale of assets and liabilities | (14 264) | 132 122 |
| Cost of sales | 22 375 | 41 014 |
| Movements in retirement benefit assets and liabilities | 4 874 000 | (2 296 000) |
| Movements in provisions | (198 807) | 104 619 |
| Inventory losses or write downs | (245 463) | 109 988 |
| Bad debts written off | (38 281) | 400 855 |
| Changes in working capital: | | |
| Inventories | (249 132) | 38 739 |
| Trade and other receivables from exchange transactions | (585 925) | 127 641 |
| Payables from exchange transactions | 14 165 012 | 7 021 950 |
| Income received in advance from non exchange | 3 718 298 | 2 834 744 |
| | 6 181 431 | 9 160 480 |



PART F: FINANCIAL INFORMATION

27. Related parties

| Relationships | |
|---|---------------------------------------|
| Council members | Refer to members' report note 20 |
| Controlling entity | Department of Sport, Arts and Culture |
| Post employment benefit plan for employees of entity and/or other related parties | Museums Pension Fund |
| Post employment benefit plan for employees of entity | Government Employees Pension Fund |
| Members of key management | Refer to members' report note |
| Grant funder | NRF (SAASTA) |
| Grant funder | Birmingham Museums Trust |

Related party balances

Amounts included in trade receivable (trade payable) regarding related parties

| | 2023 R | 2022 R |
|---------------------------------------|------------|-----------|
| Department of Sport, Arts and Culture | 10 872 955 | 6 124 813 |
| National Arts Council | - | 70 000 |
| National Research Foundation | 59 385 | - |

Commitments with related parties

| | 2023 R | 2022 R |
|---------------------------------------|------------|-----------|
| Department of Sport, Arts and Council | 10 872 955 | 6 124 813 |
| National Arts Council | - | 70 000 |
| National Research Foundation | 59 385 | - |



Related party transaction

| | 2023 R | 2022 R |
|--|-------------|-------------|
| Remuneration of Council members and Senior Management | 7 990 292 | 6 717 184 |
| DSAC Grant transferred (equitable share) | 101 109 000 | 116 005 000 |
| DSAC Infrastructure grant (conditional grant) | 9 041 000 | 7 999 500 |
| DSAC Services in kind (non cash grant) | 18 628 841 | 13 193 230 |
| Museum Pension Fund Post employment benefit plan | 736 437 | 1 017 179 |
| Government Employees Pension Fund Post employment benefit plan | 169 871 | 171 339 |
| NRF (SAASTA) grant funded | - | 197 471 |
| NRF (NSCF) grant funded | 200 000 | - |
| National Arts Council Jazz Festival | 99 935 | 70 000 |
| National Research Foundation Fellow grant funding | - | 84 799 |



28. Risk management

28.1 General

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of business. It is the entity's objective to minimise its exposure to the various financial risks through its risk management policies and procedures.

The entity attempts to manage financial risk where

this involves activities in which it has appropriate competencies.

28.2 Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or

can lead to financial loss. The entity cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the entity is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes.

28.3 Categories of financial instruments

| | Classification | 2023 R | 2022 R |
|------------------------------------|---|------------|------------|
| Financial Assets | | | |
| Trade and other receivables | | | |
| Trade receivables | Loans and receivable | 999 329 | 697 047 |
| Other receivables | Loans and receivable | 108 525 | 158 968 |
| Cash and cash equivalents | | | |
| Bank balances | Loans and receivable | 11 558 012 | 8 504 842 |
| Short term deposits | Loans and receivable | 601 954 | 1 445 942 |
| | | 10 956 058 | 7 058 900 |
| Financial Liabilities | | | |
| Trade and other payables | | | |
| Trade payables | Financial liabilities at amortised cost | 31 037 605 | 17 997 516 |
| | | 31 037 605 | 17 997 516 |

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through proper management of working capital, capital expenditure and cash. Due to the dynamic nature of the underlying operations, the entity aims to maintain sufficient funding through a robust Medium term Expenditure Framework (MTEF) budgeting process.

The entity manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of

funding from adequate banking facilities ranging from overnight to 364-day facilities and the ability to close out market positions.

28.4 Financing capacity

In terms of the Public Finance Management Act (No. 1 of 1999) as read with the Treasury Regulations the entity may not enter into any financing agreements without the express consent of National Treasury.

28.5 Interest rate risk

The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus / (deficit). The entity's interest rate risk arises from financial service assets such as cash and cash equivalents. Borrowings issued at floating

rates expose the entity to a cash flow interest rate risk, while fixed rate borrowings expose the entity to a fair value interest rate risk. As part of the process of managing the entity's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

The sensitivity of the entity's surplus or net assets to its exposure to an interest rate risk is presented below. The analysis considers the impact of a reasonably possible change in the prime rate of interest, with all other variables held constant. At the reporting date, the prime rate is 11,25% (2022: 7.75%).



PART F: FINANCIAL INFORMATION

| Floating rate financial assets | Movement in basis point | Effect on surplus for the year (R) | Effect on net assets (R) |
|--------------------------------|-------------------------|------------------------------------|--------------------------|
| 2023 | | | |
| Cash and cash equivalents | +150 | 173 370 | 173 370 |
| | (50) | (57 790) | (57 790) |
| 2022 | | | |
| Cash and cash equivalents | +150 | 201 206 | 201 206 |
| | (50) | (67 069) | (67 069) |

There are no foreign interest bearing borrowings.

The carrying amounts of the entity's financial instruments that are exposed to interest rate risk are as follows:

28.6 Cash flow interest rate risk

Financial instrument

| | Current interest rate | Due in less than a year | Due in two to five years | Due in five to ten years |
|---|-----------------------|-------------------------|--------------------------|--------------------------|
| | | R | R | R |
| Trade and other receivables normal credit terms | 11,25% - 7.25% | 999 329 | - | - |
| Cash and cash equivalents: | 4.00% | 11 558 012 | - | - |
| Bank balances | 4.00% | 601 954 | - | - |
| Short term deposits | 4.00% | 10 956 058 | - | - |
| Trade and other payables | 0.00% | 31 037 605 | - | - |

Credit risk

Credit risk arises on cash and cash equivalents and trade receivables. The risk on the cash and cash equivalents is managed through dealing with well-established financial institutions, endorsed by National Treasury.

The risk arising on the trade receivables is managed through normal credit risk relating to the trade receivables is not concentrated due to a diversified customer base. Adequate provision is made for doubtful debts.

The bulk of the customers is concentrated in the private sector but also consists of other government agencies. On going credit evaluation is performed on the financial condition of trade receivables. No events occurred in the sector during the financial year that may have an impact on accounts receivable that have not yet been adequately provided for.



28.7 Gains and losses on financial instruments

| 2023 | Fair value movement R | Interest income R | Interest expense R | Impairment loss R | Total R |
|----------------------------|--------------------------|----------------------|-----------------------|----------------------|-------------|
| Trade and other receivable | - | (92 499) | - | - | (92 499) |
| Cash and cash equivalents | - | (1 293 591) | - | - | (1 293 591) |
| Bank balances | - | (1 293 591) | - | - | (1 293 591) |

| 2022 | Fair value movement R | Interest income R | Interest expense R | Impairment loss R | Total R |
|-----------------------------|--------------------------|----------------------|-----------------------|----------------------|------------|
| Trade and other receivables | - | (94 344) | - | - | (94 344) |
| Cash and cash equivalents | - | (241 013) | - | - | (241 013) |
| Bank balances | - | (241 013) | - | - | (241 013) |

29. Irregular expenditure and fruitless and wasteful expenditure

| | 2023 R | 2022 R |
|--|-------------------|------------------|
| Irregular expenditure | 1 073 584 | 2 105 460 |
| Fruitless and wasteful expenditure | 925 314 | 518 328 |
| Irregular expenditure identified and confirmed in the current year | - | 840 727 |
| Irregular (unauthorised) expenditure | 11 708 383 | - |
| Closing balance | 13 707 281 | 3 464 515 |

Irregular expenditure is presented inclusive of VAT

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure Incident description 2022/23

One case of irregular expenditure emanating from prior years. The responsible officials were given verbal warnings. One case where a SBD4 form was completed after the goods and services were procured. Three instances where suppliers inflated prices.

Three cases of fruitless and wasteful expenditure were identified during the year, one concluded and two are still under investigation.



PART F: FINANCIAL INFORMATION

30. Commitments

| Authorised capital expenditure | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Already contracted for but not provided for | | |
| • Property, plant and equipment | - | 2 388 172 |
| • Intangible assets | 3 238 868 | 3 953 183 |
| | 3 238 868 | 6 341 355 |
| Total capital commitments | | |
| Already contracted for but not provided for | 3 238 868 | 6 341 355 |
| Property, plant and equipment | | |
| Equipment | - | 954 366 |
| Furniture and fittings | - | 1 433 806 |
| | - | 2 388 172 |
| Intangible assets | | |
| Website | 1 329 186 | 2 064 421 |
| Software licenses | 114 781 | 387 280 |
| Computer software | 1 794 901 | 1 501 482 |
| | 3 238 868 | 3 953 183 |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Cleaning services | 333 059 | 3 798 322 |
| • Security services | 1 657 775 | 12 842 985 |
| • Other | 51 951 719 | 62 182 398 |
| | 53 942 553 | 78 823 705 |
| Total operational commitments | | |
| Already contracted for but not provided for | 53 942 553 | 78 823 705 |
| Total commitments | | |
| Authorised capital expenditure | 3 238 868 | 6 341 355 |
| Authorised operational expenditure | 53 942 553 | 78 823 705 |
| | 57 181 421 | 85 165 060 |

This committed expenditure relates to property, plant and equipment, intangible assets and operating expenses and will be financed by available bank facilities, retained surpluses.





PART F: FINANCIAL INFORMATION

31. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R 850 165 938 and that the entity's current liabilities exceed its current assets by R 31 547 099.

The annual financial statements have been prepared

on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in

the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Department of Sport, Arts and Culture continues to fund the ongoing operations for the entity.

32. Events after the reporting date

32.1 Non adjusting events after the reporting date

After the reporting date, a special investigation report to the Supply Chain Management Irregularities was tabled at Council. The report highlighted that there was prima facie evidence of a criminal conspiracy aimed at defrauding DMSA through manipulation of procurement processes to benefit specific service providers.

- The quantum of irregular expenditure that must be dealt with in terms of the irregular expenditure framework is R71 660 155.91.
- The quantum of fruitless and wasteful expenditure that must be dealt with in terms of the framework for fruitless and wasteful expenditure is R30 914 813.99.

32.2 Adjusting events after the reporting date

Irregular (unauthorised) expenditure of R11 708 383 relating to expenditure in excess of budget was only confirmed during the audit process. This amount has been included in the current year balance of Irregular Expenditure in note 29.

33. Segment information

Information about geographical areas

The entity's operations are in the Gauteng Province with the majority of operations being in Pretoria and some operations

being in Johannesburg. The operations in Pretoria are spread to Northern Pretoria, Eastern Pretoria and Central Pretoria. Revenues are not allocated per geographical area.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2023

| | Revenue from non exchange transactions | Revenue from exchange transactions | Total expenditure | Current and non current assets | Current and non current liabilities |
|------------------|--|------------------------------------|----------------------|--------------------------------|-------------------------------------|
| Johannesburg | 9 846 | 1 105 169 | (11 332 208) | 540 530 099 | - |
| Central Pretoria | 126 558 299 | 5 261 302 | (133 662 781) | 400 494 631 | (91 950 659) |
| Pretoria East | 11 817 | 1 247 178 | (5 373 466) | 1 065 030 | - |
| Pretoria North | 1 | 147 263 | (2 636 631) | 26 837 | - |
| | 126 579 963 | 7 760 912 | (153 005 086) | 942 116 597 | (91 950 659) |

2022

| | External revenues from non exchange transactions | External revenues from exchange transactions | Total expenditure | Non current assets |
|------------------|--|--|----------------------|--------------------|
| Johannesburg | 2 525 | 922 519 | (11 805 624) | 530 707 851 |
| Central Pretoria | 134 648 667 | 8 832 696 | (128 598 309) | 392 756 488 |
| Pretoria East | 441 | 758 005 | (5 430 027) | 4 066 731 |
| Pretoria North | 400 | 152 162 | (2 429 056) | 1 134 017 |
| Total | 134 652 033 | 10 665 382 | (148 263 016) | 928 665 087 |







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RP265/2023

ISBN: 978-0-621-51406-3

DITSONG Museums of South Africa
Annual Report 2022/2023