

# William Humphreys Art Gallery Annual Report 2019/2020



William Humphreys  
Art Gallery



an agency of the  
Department of Arts and Culture

**ISBN: 978-0-621-48766-4**

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# WILLIAM HUMPHREYS ART GALLERY

Annual Report  
2019/2020

William Humphreys  
Art Gallery



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## PART A: GENERAL INFORMATION

### I. WILLIAM HUMPHREYS ART GALLERY GENERAL INFORMATION

**REGISTERED NAME:** William Humphreys Art Gallery

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Civic Centre  
Kimberley  
8301

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**EMAIL ADDRESS:** enquiries@whag.co.za

**WEBSITE ADDRESS:** www.whag.co.za

**EXTERNAL AUDITORS:** Auditor-General of South Africa

**BANKERS:** Nedbank

**COMPANY/ BOARD SECRETARY** Keabetswe Koloi



## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor General of South Africa
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>BRICS</b>	Five Major Emerging National Economies Brazil, Russia, India, China & South Africa
<b>CFO</b>	Chief Financial Officer
<b>DPW</b>	Department of Public Works
<b>DAC</b>	Department of Arts and Culture
<b>HRM</b>	Human Resource Management
<b>HVAC</b>	Heating, Ventilation & Air-condition system
<b>ICOM</b>	International Council of Museums
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PFMA</b>	Public Finance Management Act
<b>SAMA</b>	South African Museum Associations
<b>SPU</b>	Sol Plaatje University



### 3. FOREWORD BY THE ACTING-CHAIRPERSON



**AS Masilo**  
**Acting-Chairperson**

It is with pleasure that I introduce the William Humphreys Art Gallery (WHAG) Annual Report for 2019/2020. The WHAG endeavours to uphold its mandate to collect & conserve excellent South African works of art representative of all the diverse population groups and provinces of the country according to our new acquisitions policy.

#### **High level overview of the public entity’s strategy and the performance of the public entity in its respective sector**

One of WHAG’s main goals is to connect with the youth by raising their awareness of their rich heritage with a focus on art in ways that start to dispel the prevailing notions that museums are “boring” and that art is only for the select few. This past year we have made inroads through the thought-provoking exhibitions and exciting outreach programme.

The institutional environment is excellent as the result of the motivation and dedication of the staff. Against the background of financial limitations, the staff continue to uphold and deliver on the vision and mission of WHAG to provide the Northern Cape with an Art Museum of very high standard and excellence in arts, culture and heritage as well as serving the community on a daily basis.

The WHAG’s permanent collection and the associated programmes have largely been transformed. However, with the work still to be done, Council realized that the transformation did not comply with SMART principles as the transformation efforts were not time bound.

In the previous year Council identified inadequate Human Resource Management policies, outdated Finance policies and an acquisitions policy that was not in line with legislation. Council convened a strategic review session on the 4 October 2019, to develop the 2020/2021 -2024/2025 Strategic Plan and 2020/2021 Annual Performance Plan. The workshop included all staff members for the first time at the WHAG. The session was very interactive and focused on critically examining the strategic framework, high impacts, outcomes and performance measures to ensure that they are specific, measurable, achievable, and realistic as well as time bound.

Toward the end of 2019 WHAG also examined existing external and internal constraints to service delivery and identified strategies to transform WHAG’s organisational environment over the coming years.

## **Strategic Relationships**

The arts and crafts programmes contribute to economic upliftment; however, this can only be in the informal sector as the entity has no capacity to create sustainable decent jobs in the formal sector. The outreach programme contributes to rural development, particularly in respect to school learners. The education programmes at the museum have been running for decades and have been streamlined to meet changing needs.

The past year also saw a refocus on the “Friends of WHAG” in order to create additional awareness and involvement from the public and especially the youth. The Friends have made a number of donations to the museum, mostly for the Reference Library.

An exciting collaboration between the Sol Plaatje University and the William Humphreys Art Gallery has been initiated and it will be developed to the fullest potential for the benefit of both the entities and their respective users.

## **Challenges faced by council (2019/2020)**

In spite of the constraints of the allocation, the gallery has been able to meet the obligations of its mandate and service delivery to the public. The Council, management and staff have a very positive and forward-thinking view of the mandate and priorities of the entity. These priorities are unequivocally linked to transformation and the department’s key outcomes in terms of nation building, social cohesion, economic upliftment, education and rural development.

Towards the close of the year the CFO resigned from her post and a new CFO was appointed in March 2020. We formally welcome the new William Humphreys Art Gallery CFO, Martha Ramafalo.

## **The year ahead (intention for 2020/2021)**

The year 2020/2021 will see the institution focus on implementing three (3) out of the seven (7) government priorities which speak to WHAG’s core mandate, i.e. economic transformation, social cohesion, and nation building as well as a better Africa and World.

The WHAG will be dedicated to more inclusive acquisitions, ethical conservation and innovative interpretations of showcasing nation’s tangible and intangible African art heritage.

It will make greater efforts through its outreach programmes and partnerships with tertiary institutions. With support for the Department of Sport, Arts and Culture, will improve the overall conditions of the gallery by replacing the HVAC system, the electrical wiring and the water pipe system.

## **Acknowledgements/Appreciation**

Council would like to thank the management and staff for assisting the WHAG obtain an unqualified audit report. On behalf of Council, I would like to thank the Honourable Minister Mthethwa for his support to the sector and the DAC staff for their guidance and support to the Council and Management.



Mr AS Masilo

Acting-Chairperson  
William Humphreys Art Gallery  
Date: 15 October 2020

## 4. ACTING DIRECTOR'S OVERVIEW



**M Ramafalo**

**Acting-Director and CFO**

### **General financial review of the public entity**

During the 2019/2020 financial year, WHAG received a grant from its line department, the Department of Arts and Culture (DAC), amounting to R10 967 000 to perform its operational activities. The highlight of the year was when WHAG was invited by the Department of Arts & Culture's International Relations Department to assist with curating the South African fine art component of the annual BRICS event that was held in Brazil and the DAC provided funds amounting to R2 204 000 to identify and contract artists to participate in the exhibitions, coordinate transport, insurance, artist performance fees and materials.

A deferred capital grant of R17 000 000 was received from DAC for the purposes of upgrading the Heating, Ventilation and Air-conditioning system (HVAC) that is responsible for the climate control within the Gallery. The WHAG received support from MTN of R200 000 for outreach programmes. The operational grant represents 76% of the total revenue. Expenditure for the year was R12 793 000, including spending on the BRICS. WHAG had a surplus of R2 as a result of interest income from investment of unutilised funds allocated for HVAC project. During the 2019/2020 financial year, the operational grant increased by 5.6% which is indicative of inflationary growth.

### **Spending trends of the public entity**

The spending trend of the WHAG is dictated by the core objectives it needs to achieve. The core objectives are funded by the operational grant from DAC and a funding received from MTN by a way of Donation. The general operating expenditure include BRICS exhibition costs which was funded by DAC. There has been a 103% increase in the general expenditure. 69% of the increase is as a result of expenditure incurred for the BRICS exhibition. 11% of the increase is as a result of consulting fees incurred on outsourced Internal Audit Function and the development of Human Resource Management Policies that is underway.

Furthermore, during 2019/2020 artwork to the amount of R 1 014 000 were acquired as compared to R399 00 in the 2018/2019 financial year. In the prior year art acquisitions were halted and the focus was directed to reviewing an Art Acquisitions policy. The Art Acquisitions policy was approved in the current year and WHAG resumed to deliver on its core mandate of collecting artworks.

### **Capacity constraints and challenges facing the public entity**

The institution faces a number constraints and challenges linked to the small annual allocation due to the National Treasury's cost containment measure, the most significant being human resource constraints. While the WHAG has a full complement of staff, it is important to note that there is an imbalance in the staff establishment due to the fact that there is no middle management structure and a few key positions such as Deputy Director, Human Recourses Officer, or Collections Manager which are integral to an institution of the size and statue of the WHAG do not feature in the organisational structure. The small staff is to be commended for its dedication to continue the strategic objectives of the WHAG and commitment to the tasks at hand, and it is because of this that the entity is held in high regard by stakeholders, partners and tourists.

It would be encouraging for the DAC to acknowledge these accomplishments, and review the baseline allocation in order for the entity to develop to its fullest potential.

### **New or proposed activities**

The Council convened a strategic review session on the 4 October 2019 and the following proposed activities for the following year:

#### *Digitisation of the Collection*

The digitisation of the WHAG collection in the form of a photographic archive will be integral to the Gallery's goal of ensuring access to all. This initiative will enable citizens in the far reaches of the country to have visual access in digital form and contribute to the field of South African art history by providing scholars with access to a comprehensive digital archive of the collection.

#### *If Walls Could Talk*

The main purpose of this initiative would be to take art beyond the confines of the WHAG gallery space. This programme will directly take art to the communities it serves and will be made possible through public and private partnerships to positively contribute to the visual regeneration of the city landscape and to bring together local and national artists to share knowledge and to transfer skills to Kimberley based artists.

#### *Artist Residency Programme*

The WHAG Artist Residency Programme is being re-introduced and will provide an important opportunity for local, national and artists from the African continent to develop a body of work over a period of one month. The resident artist will be expected to hold an exhibition, public discussions and work-shops. The programme will serve a vital role in providing local artists with an opportunity to engage with artists beyond their borders and to receive knowledge and skills for their professional development.

### **Requests for roll over of funds**

Request for permission to roll-over funds was made to the National Treasury through DAC. The funds in question are deferred revenue and surpluses that DAC wishes to roll-over in order to continue with the planned infrastructure project and to cover other shortfalls during the course of its operations.

### **Supply chain management & whether SCM processes and systems in place**

There were no unsolicited bid proposals for the year under review as the ones awarded in the previous financial year are still continuing. The WHAG approved its SCM policies during the 2019/2020 and systems were put in place.

### **Economic Viability**

The WHAG is dependent on the grant allocation from DAC. Its ability to generate financial resources is limited.

### **Acknowledgement/s or Appreciation**

I wish to express my sincere gratitude to all staff of the WHAG for their hard-work, support and their tireless efforts as well as the Council of WHAG and all members of its subcommittees for their leadership, support and commitment in their capacity as accounting authority. I would further like to extend a special word of appreciation and gratitude to the Ministry, Executives and all staff of the Department of Arts and Culture for their continued co-operation and support during the year under review.



Ms M Ramafalo

Acting-Director and CFO

William Humphreys Art Gallery

Date: 15 October 2020

## 5. Statement of responsibility and confirmation of accuracy for the annual report

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

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

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

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

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

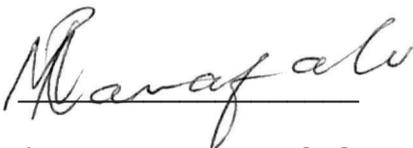
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

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

Yours faithfully



Acting-Director and CFO  
Ms M Ramafalo

Date: 15 October 2020



Acting-Chairperson of the Board  
Mr AS Masilo

Date: 15 October 2020

## 6. STRATEGIC OVERVIEW

### 6.1. Vision

A world class art gallery of excellence that is accessible and relevant to all.

### 6.2. Mission

To collect, preserve and conserve artworks that are representative of the cultural diversity and heritage of South Africa, Africa and beyond.

### 6.3. Values

The values that the institution and staff subscribe to are documented in the South African Museums Association Code of Conduct, the ICOM Code of Ethics for Museums and the Code of Conduct for Public Servants.

The values that the WHAG and staff subscribe to are:

- Ubuntu – Compassion and humanity shown to visitors, and stakeholders.
- Excellence – In everything we do.
- Professionalism – Showcased in all areas of stakeholder engagement.
- Teamwork – is central to creating a shared vision for the institution.
- Community engagement and empowerment – is at the core of all our projects and programmes.



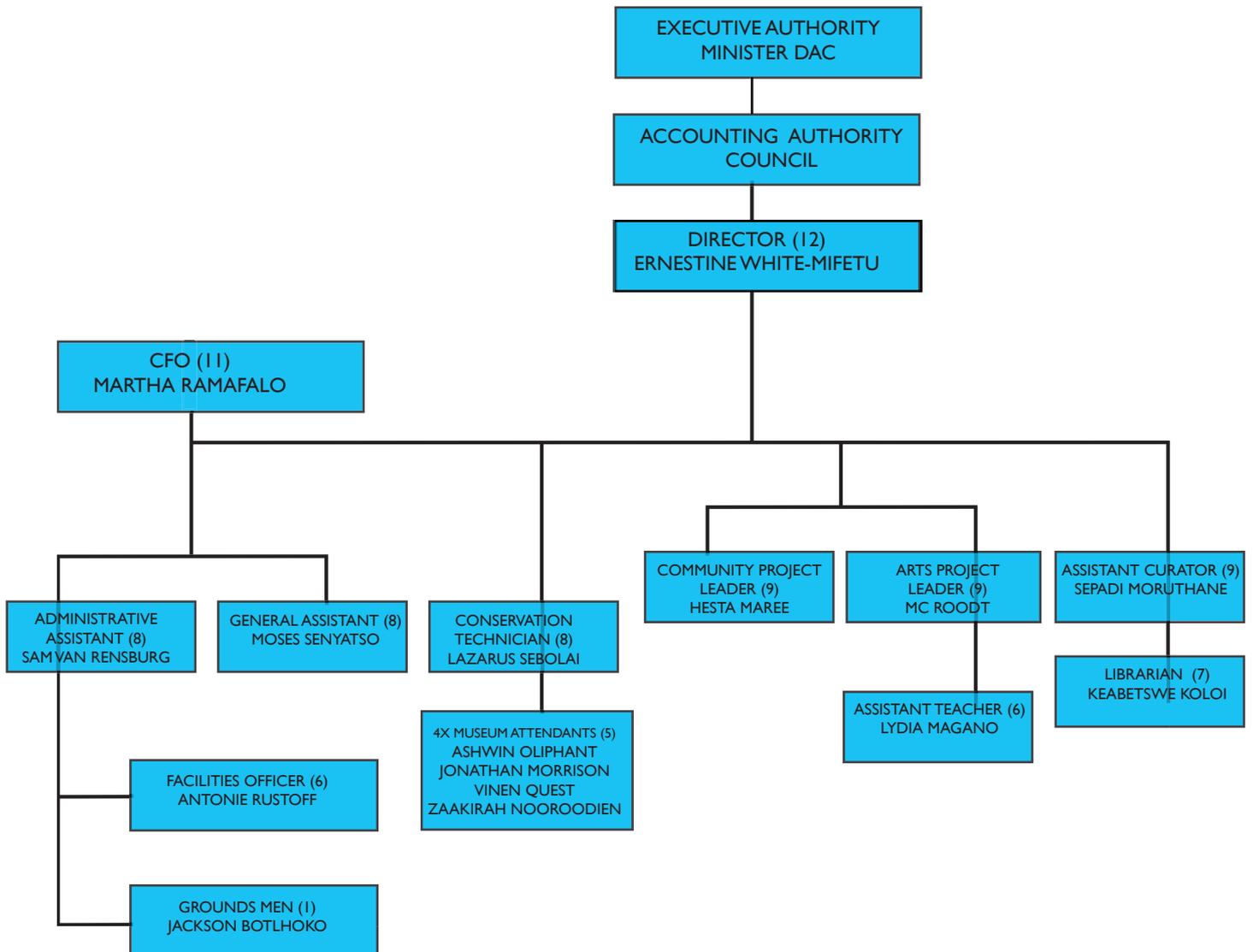
WHAG MTN Outreach Programme



## 7. LEGISLATIVE AND OTHER MANDATES

The WHAG is governed by the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 196) The Public Finance Management Act, 1999 (Act No.1 of 1999) as amended by Act No. 29 of 1999); Treasury Regulations, 2001.

## 8. ORGANISATIONAL STRUCTURE





## PART B: PERFORMANCE INFORMATION

### 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 43 of this Annual Report for the Auditors Report Published as PART E: Financial Information

### 2. SITUATIONAL ANALYSIS

#### 2.1. Service Delivery Environment

##### **National reconciliation, the development of a national identity and social cohesion**

The WHAG's core operations, as a visual art museum situates approximately 5530 heritage assets in reach of the public and heritage workers. Through collecting, preserving, showcasing and loaning these heritage assets, the WHAG is the only state repository that safeguards the artefacts associated with our visual history and national identity, for the Northern Cape province. Through striving for excellence in maintaining a vibrant and accurate art historical record, the visitor's experience of the WHAG, albeit being educational and entertaining, is also an experience that stimulates reconciliation and social cohesion. Access to the multiple tactile and visual narratives from the full richness of our multicultural society keeps the history alive, acknowledges and validates the past and includes the public in imagining the future.

##### **Improving the quality of basic education**

The WHAG links to formal education institutions and mandates in the following ways. The WHAG runs an early childhood development program Keadumela Project for minors on the premises, augmenting the Early Childhood Development growth and development mandate for the province as defined by the Department of Social Development.

Furthermore, through innovative partnership brokering with private sector, the WHAG Outreach Program addresses the resource gap, knowledge divide and geographic sparseness of the province that isolates and excludes primary and intermediary phase learners from participating in cultural heritage. It does this through situating Arts and Culture teaching activities and resources for both learners and educators at their respective school districts on a rotational basis. These activities are aligned with the syllabus, speaking to the WHAG's commitment to excellence and practicable access for all.

The link between the WHAG and secondary education is equally vibrant. The **Kimberley Art Centre** serves the secondary schools who outsource the teaching of the secondary Art and Culture syllabus to them. The WHAG serves the activities of the Kimberley Art Centre, especially relating to the teaching of the art history and heritage components, by situating learners in close contact with the collection and the curatorial team, often including learners in tours, workshops and also making the facilities available for educational activities. The value of the synergy between the two institutions can be found in the several emerging and established artists testifying the importance of the WHAG in nurturing their development during their formative years. Another specific contribution of the WHAG to the secondary education landscape is the housing and preservation of specific artworks included in the national Arts and Culture syllabus.

With the WHAG has joined forces with **Sol Plaatje University (SPU)** which has proved its value of being the visual literacy ambassador and has become the broad-based education hub in the Northern Cape. The **WHAG Reference Library** serves the SPU and the Northern Cape Community at large through maintaining the only subject library for the visual arts, often frequented by staff and learners of the SPU. In addition to this, SPU outsources the teaching of Visual Art to Intermediate Phase Education Students as part of the Bachelor of Education syllabus. Similarly, the WHAG has supported the students in Heritage Studies at the SPU, by providing them with an archive of artworks, platform and instruction in the curation and installation of visual heritage exhibitions.

### **Equitable distribution of resources and improved access to resources and opportunities, including knowledge and jobs**

The exhibitions at the WHAG from the permanent collection is augmented by temporary exhibitions from other centers in South Africa, projects and educational activities such as workshops and walkabouts. Through these art projects the WHAG broadens the scope of exposure to cultural and heritage and leverages the impact and opportunity to interact with the cultural offer on a not-for-profit basis.

Furthermore, the WHAG Reference Library is the only subject reference library for visual and tactile arts in the province. The library remains a valuable resource for school learners and students taking art as a subject. We continue to improve this facility by acquiring new publications and various monthly and quarterly journals as they become available, within the limits and constraints of the budget. In the library, there is internet access available for school learners and university students, with computers, a printer and a scanner for this purpose.

The librarian assists Kimberley school learners in the reference library to research subjects for their assignments. Students from Universities and Universities of Technology also research information in the library from time to time.

The Visual Culture Studies teacher from the Kimberley Art Centre also brings their learners to the gallery so that they can study the subject from original artworks on display.

The internationally respected visual language of film serves as a vital tool to engage with national and global issues of the day such as xenophobia, racism and climate change to name a few. By showcasing South African and African films to local audiences this programme contributes to a greater understanding and tolerance of the lived realities of individuals living within and beyond our borders. **WHAGFilm** has also been an integral component in assisting learners and teachers with subjects based on their school curriculum.

The WHAG stimulates the job market for the culture and heritage sectors for the province in several ways. As a hub for the preservation and generation of artistic knowledge, the WHAG stimulates and supports other arts organisations and projects through providing platforms and making skills available to public at large. The educational activities of the institution links with various other partners with whom mandates are shared. Furthermore, the program activities of the WHAG fosters the next generation of arts and heritage practitioners for the province, addressing the leakage of skills from the province through job creation and availing growth opportunities that promote the retention of local skills in the Northern Cape province.

## Redress in terms of inclusiveness

The WHAG acknowledges the historical exclusion or marginalisation of many cultural perspectives in the art historical record of South Africa. In the spirit of inclusivity and to redress the imbalance, the WHAG's acquisitions strategy and policy for buying new work and curating exhibitions is based on inclusive practice. In the application of this policy, WHAG is direct and forthcoming in responding to the distortions of racial and narrative perspective in the public expression of the arts in South Africa that was created by apartheid. WHAG will, therefore, ensure that its collection of artworks is increasingly representative of all sectors of our society, particularly the neglected works of Black and female artists.

The spirit of redress and inclusiveness also extends to programming and projects. The WHAG runs an Arts and Disability focussed project to include disabled individuals in the heritage offer. Intellectually disabled adults from Yonder, a Kimberley institution that cares for these special people, have been attending art and craft workshops weekly for several years. They do not have the opportunity of participating in any art making or creative activities and so they thoroughly enjoy what is offered to them at the gallery. In collaboration with **Yonder Centre for Adults**, the WHAG organizes film screenings which are greatly appreciated. All materials and equipment are supplied by the WHAG.

A further extension of the WHAG's inclusive practice models and an example of involving the community in its broadest sense beyond the walls of the physical museum is the **WHAG Prison Project**. The project presenting craft workshops for female offenders at the Kimberley Prison has been running since 2003 with many offenders reaping the benefits of the project. The primary purpose of the project is to teach the offenders skills with which they can earn a living in the informal sector once they are released from the correctional system. However, it is significant to note that one of the most encouraging spin-offs of the project has been the rebuilding of self-esteem and human dignity of the offenders which reinforces the notion that this project can contribute to moral regeneration and therefore successful rehabilitation of the offenders into society once they have served their sentences.

The Project Leader visits the group in the Kimberley prison once a week when she takes materials to them and introducing new art and craft projects. Product design and development is critical to the success of marketing their craft. The project leader then assists the offenders with the sale of their craft products and this earns them a small number of funds with which to purchase necessities while in the correctional system.

Due to the vast size of the Northern Cape province, the WHAG started the **Outreach Project** in 2003, taking the art to the people. Communities from rural areas and small towns seldom get a chance to visit bigger cities, let alone art galleries. The Outreach team in sponsorship with The MTN Foundation takes a travelling exhibition of original South African graphics from the WHAG and MTN Collections to schools in deprived rural areas of the Northern Cape once a school quarter.

## 2.2. Organisational environment

The WHAG successfully curated and coordinated the BRICS exhibitions in Curitiba, Brazil from September 2019 to January 2020. South Africa had been nominated as the country of honour at the Exhibition in Curitiba and WHAG entered into an agreement with the DAC. The event follow-up on the BRICS event hosted by South Africa in 2018 and it was representative of the country's diversity and talent. It was attended by all BRICS delegates, Culture Minister as well as Heads of State who form part of the membership of BRICS.

The WHAG also successfully met its target of hosting 16 exhibitions at the museum. Exhibitions are at the core of WHAG's mandate and in the year under review the institution hosted the following temporary and permanent collection exhibitions which were well attended:

- GONNE KA BONE RA GOPOLA - BECAUSE OF THEM WE REMEMBER (Apr – Oct 2019)
- BETWEEN THE LINES SPU Education Students Exhibition (13 May – Jul 2019)
- ADDRESS REDRESS A selection of prints from WHAG's permanent collection in celebration of Woman's Month (13 May – Jul 2019)
- CRAFTED THOUGHTS – Ceramic exhibition (Jun - Oct 2019)
- UBUNZULULWAZI Awakening Social Sessions (29 Jun – Aug 2019)
- INTERACTIVE AESTHETICS An exhibition in collaboration with the Yonder Hartsfees. (31 Jul – 6 Sep 2019)
- NGWAOYA RONA – OUR HERITAGE A selection of artworks from WHAG's permanent collection in celebration of Heritage Month (9 Sep 2019 - Lockdown)
- ARTLIT – Cultural Connections Through Creativity (8 Oct – 15 Nov 2019)
- KIMBERLEY ART CENTRE ANNUAL EXHIBITION (10 Oct – 4 Nov 2019)
- BEYOND OUR WALLS An exhibition of MTN & WHAG collections (14 Oct 2019 - Lockdown)
- ABOUT FACE (28 Oct 2019 - Lockdown)
- GATHERING A NATION (25 Nov 2019 - Lockdown)
- PAPER IS MORE PATIENT THAN MAN (11 Nov 2019 - Lockdown)
- HELENA HUGO – Legacy (30 Jan 2020 – Lockdown)
- ALKEBULAN (15 Mar 2020 – Lockdown)
- EXODUS (27 Mar 2020 – Lockdown)

It is noteworthy to mention that there a number of resignations amongst the projects team. In December 2019 Karen Blanckenberg, the WHAG CFO, resigned and Martha Ramafalo was appointed the new CFO in February 2020. To ensure that the museum meets on all its targets, all vacancies were filled by the 31 March 2020 which now means that the WHAG is operating with a full complement of staff.



### **2.3. Key policy developments and legislative changes**

There were no major changes to relevant policies or legislation that may have affected operations during the period under review. WHAG continues to develop Human Resource Management (HRM) policies and updating the acquisition policy and strategy and finance policies.

### **2.4. Strategic Outcome Oriented Goals**

#### **Programme: 1 ADMINISTRATION**

**WHAG Strategic Objective:** To ensure that the William Humphreys Art Gallery is compliant with Legislation and Accounting Standards.

**WHAG Goal:** Develop an enabling and efficient workforce to deliver on WHAG objectives.

**Priority Focus:** The aim is to streamline the internal business processes, systems and procedures to meet WHAGs' strategic objectives and to ensure compliance with all legislation.

#### **Programme: 2 BUSINESS DEVELOPMENT**

**WHAG Strategic Objective:** Grow the collections in line with strategic priorities and to address historic inequalities.

**WHAG Goal:** Transformation and development of the WHAG permanent collection.

**Priority Focus:** Interventions related to this strategic objective will contribute towards a more inclusive representation of the WHAG collection through a collection strategy that focuses on redress.

#### **Programme: 3 PUBLIC ENGAGEMENT**

**WHAG Strategic Objective:** Promote the creative production of South African artists and heritage through the display of temporary and permanent exhibitions and public programmes.

**WHAG Goal:** Increase awareness of South African culture and heritage. To improve conditions for the collection to ensure greater access. To ensure the efficient development and management of exhibitions and public programmes.

**Priority Focus:** Interventions related to strengthening awareness of WHAG activities and showcasing the contributions these programmes make on the socio-economic development and upliftment to local communities.

### 3. PERFORMANCE INFORMATION BY PROGRAMME

#### 3.1. Programme I:Administration

This programme is to ensure efficient and effective governance and oversight accountability within WHAG in line with the Executive Authority and that the WHAG is compliant with Legislation and Accounting Standards. This programme is focused on timeous reporting activities, management of funds and the capacity building efforts of the institution towards the realisation of the vision.

#### Strategic objectives, performance indicators planned targets and actual achievements

The Administration programme contributes to the following strategic outcome-oriented goals; To ensure that the William Humphreys Art Gallery is compliant with Legislation and Accounting Standards.

#### Key performance indicators, planned targets and actual achievements

Programme I:Administration						
Programme objective	Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
To improve compliance with government prescripts, coordinate and align entity with executive authority	Quarterly reports submitted	4 Quarterly reports submitted	4 Quarterly reports submitted	4 Quarterly reports submitted	Target met	None
To submit Annual Report to Executive Authority and Parliament timeously	Annual Report	1 Annual report submitted	1 Annual report submitted	1 Annual report submitted	Target met	None
To submit a Strategic Plan and Annual Performance plan timeously	Approved Strategic/Annual Performance Plan	1 Approved Strategic/Annual Performance Plan	1 Approved Strategic/Annual Performance Plan	1 Approved Strategic/Annual Performance Plan	Target met	None
To submit ENE and MTEF database timeously	ENE and MTEF database	Final MTEF database submitted	Final MTEF database submitted	Final MTEF database submitted	Target met	None

To ensure effective and efficient use of State funds	Rand value of allocation spent	R9 292 000	R9 292 000	R1 091 000	Target not met 89%	Target not met Effective cost saving measures were applied throughout the financial year. This is paired with lower than anticipated Audit fees, less staff training and municipal service charges were less than anticipated.
Full compliance with PFMA and Accounting Standards	Unqualified Audit Report	Unqualified Audit	Unqualified Audit	Unqualified Audit	100%	This target is only evaluated after the AG audit
To generate funds within the gallery	Rand value generated per financial period	R648 936.25	R320 000	R1 125 000	Target exceeded by 352%	Target Exceeded Due to the actual cash on hands being higher the anticipated amount. Additional funding received in both current and prior years which has remained unspent contributed to the increased interest revenue.
To enhance capacity to deliver on mandate towards realisation of the vision	Number of training interventions implemented	3 Staff trainings	6 Training interventions	7 Training interventions	Target exceeded by 117%	None



### **Strategy to overcome areas of under performance**

There were no areas of underperformance in this programme.  
There were no changes to the planned performance indicators or targets within the year.

### **Linking performance with budgets**

	2019/2020			2018/2019		
Programme I	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	7 946	5 988	1 958	7 121	5 568	1 553

### **3.2. Programme 2: Business Development**

This programme is to manage and grow a collection that is representative of the people South Africa, to correct unethical collection practices and promote and encourage relevant research development related to the collection.

### **Strategic objectives, performance indicators planned targets and actual achievements**

The Business Development programme contributes to the following strategic outcome-oriented goals;

- The transformation and development of the WHAG permanent collection
- The preservation of the permanent collection
- The digitisation of the permanent collection



Key performance indicators, planned targets and actual achievements

Programme 2: Business Development						
Programme objective	Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
To improve the quality of the collection	Rand value of the allocation spent on purchasing artwork	R267 892	R1 200 000	R1 013 500	Target not met 84%	Target Not Met Due to the country wide lockdown effected on the 26th of March whereby only essential services were to operate, there were delays in the acquisitions of artworks approved by Council in March 2020 whereby artworks could not be delivered as the delivery services of artwork not an essential service and the artworks delivery services used the gallery had to shut down.
Preservation management	No loses	No loses	No loses	No loses	Target met	None
Preservation management	Number of visits by restorer	2 visits	4 visits	2 visits	Target not met 50%	Target Not Met No additional visits to conserve artworks were secured as the process to identify and procure conservation services were delayed due to the scarcity of the expertise.

Strategy to overcome areas of under performance

Programme 2: BUSINESS DEVELOPMENT					
Strategic objectives	Measurable Objectives	Programme performance indicator	Annual target	Annual Achievement	Strategy
To improve the quality of the collection	To purchase artwork for the WHAG permanent collection in order to redress imbalance and representation	Rand value of the allocation spent on purchasing artwork	R1 200 000	R1 013 500	Purchasing to be concluded no later than February.
Preservation management	Regular inspections by restorers	Number of visits by restorer	4 visits	2 visits	Longer lead times to allow for sufficient sourcing period. More research to be conducted to identify qualified service providers

## Linking performance with budgets

Programme 2	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	2 850	1 093	1 757	1 502	1 414	88

### 3.3 Programme 3: Public Engagement

This programme is to increase awareness of South Africa's culture and heritage, improve conditions for the collection to ensure greater access and to ensure the efficient development and management of exhibitions and public programs.

#### Strategic objectives, performance indicators planned targets and actual achievements

The public engagement programme contributes to the following strategic outcome-oriented goals;

- Increased awareness of South African cultural identity
- An integrated and inclusive society by bringing people of diverse socio-economic backgrounds together
- A professional and capacitated arts, culture and heritage sector



Kimberley Art Centre Annual Exhibition opening attendees (10 Oct 2019)

## Key performance indicators, planned targets and actual achievements

Programme:						
Strategic objectives	Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Showcasing the heritage assets for enrichment and edification of a domestic and international audience	Number of temporary loan exhibitions	9 temporary loan exhibitions	6 Exhibitions	6 Exhibitions	Target met	None
Showcasing the heritage assets for enrichment and edification of a domestic and international audience	Number of exhibitions from permanent collection	Rotating 12 exhibitions from WHAG permanent collection	10 Exhibitions	10 Exhibitions	Target met	None
Showcasing the heritage assets for enrichment and edification of a domestic and international audience	Number of outreach programmes presented	4 Outreach programmes presented	4 Programmes	4 Programmes	Target met	None
Showcasing historic background of development of contemporary South African art	Number of historic exhibitions from WHAG permanent collection	Maintenance of 4 historic exhibitions from WHAG permanent collection	4 Exhibitions	4 Exhibitions	Target met	None
Contribute to skills development, job creation, poverty alleviation, moral regeneration, and social cohesion	Number of Special community projects implemented	3 Implemented Special community projects	3 Projects	12 Projects	Target exceeded 400%	Target exceeded There were three engagements on the special community projects implemented in four quarters. these activities were recorded cumulatively.
Film as a powerful tool to contribute to enhancing national identity and education	Number of screenings	60 Film, music and literature set work screening to add value to visitor experience	30 Screenings	40 Screenings	Target exceeded 133%	This was as a result of additional requests from school groups.
Benefit of staff, school learners, tertiary students and researcher	Number of publications acquired	148 Publications	40 Publications	87 Publications	Target exceeded 118%	Target Exceeded WHAG received a number of donations from a number of stakeholders.

### Strategy to overcome areas of under performance

There were no areas of underperformance in this programme.

There were no changes to the planned performance indicators or targets within the year.

### Linking performance with budgets

Programme 3	2019/2020			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total</b>	<b>2 075</b>	<b>4 304</b>	<b>(2 229)</b>	<b>1 760</b>	<b>1 582</b>	<b>178</b>

### **4 Revenue collection**

Sources of revenue	2019/2020			2018/2019		
	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
Transfer and subsidies	10 967	10 967	-	10 383	10 383	-
Interest income	80	925	845	80	481	(401)
BRICS	2 204	2 204	-	-	-	-
Other income	285	419	134	240	614	(374)
<b>Total</b>	<b>13 536</b>	<b>14 515</b>	<b>979</b>	<b>10 703</b>	<b>11 478</b>	<b>(775)</b>

### Rental of facilities and equipment

Over the years there has been a general decrease in revenue received from the rental facilities. Factors attributing to the lack of public interest includes the location of the gallery not being central, limited availability of parking space as well as the perception of a safe environment being tainted due to an increase in illegal activities taking place in the public areas near the gallery. Despite the dwindling public interest, the rentals were in excess of budget due to the increase of booking from the Sol Plaatje University, who increased the booking of venues in accordance with the hike in their need for teaching venues.

### Interest earned – External investment

A grant was awarded to the WHAG from the Department of Sport, Arts and Culture for the upgrade of the Heating, Ventilation and Air Conditioning (HVAC) system. Thus, funds for the upgrade were added to the budget for the facilities upgrade. As the project manager was not appointed in the year, the funds were retained in the account and the increase in interest from these funds and the reserves of prior years resulted in an increase in the interest accrued by the WHAG.

## BRICS

The WHAG was invited by the Department of Arts & Culture's International Relations Department to assist with curating the South African fine art component of the annual BRICS event that was held in Brazil. The exhibition was hosted by the Oscar Niemeyer Museum and formed part of the Curitiba Biennale, Brazil from the 15th to the 27th of September 2019 and included an exhibition at the Itamaraty Palace in Brasília, which was attended by all the presidents of the BRICS countries. WHAG sent one of its own works to represent South Africa, the bust of Sol Plaatje made by Anton Momberg.

### Other income

Other income received include the R200 000 support for the Outreach Programme from the MTN Foundation, the for the training the Art Project Leader provides to the Sol Plaatje University B-Ed Education Art Module students, entrance fees, donations from visitors and patrons and rent from the tea-room.

### 4.1. Capital investment

The William Humphreys Art Gallery building is on lease from the Department of Public Works. The building is slowly deteriorating with the HVAC system needing attention as it is not fully functional and was last upgraded in November 2014. The WHAG received capital grant allocations and received funds from the Department of Arts and Culture for the purpose of upgrading the HVAC system that is responsible for the climate control within the gallery. Due to the large scope of this facility upgrade project, and the lack of the required skills within the institution, the implementation of the capital works required that a tender process be followed to appoint a project manager. The appointment of this project manager is ongoing. Due to a number of challenges the project manager will be appoint in the following year.

Infrastructure projects	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital Grant	17 000	-	17 000	6 050	-	6 050
Total	17 000	-	17 000	6 050	-	6 050





## PART C: GOVERNANCE

### 1. INTRODUCTION

The William Humphreys Art Gallery is governed by a Council that is appointed by the Executive Authority i.e. the Minister of the Department of Arts and Culture, for a period of three years. The Council is the accounting authority and is governed by the Cultural Institutions Act No. 119 of 1998.

The Council and Management are committed to ensuring compliance in all aspects of corporate governance. Adherence to processes and procedures ensuring that the institution practises ethical and transparent measures in reaching its strategic objectives and goals.

### 2. PORTFOLIO COMMITTEES

No meetings were held with Parliament's Portfolio Committee on Arts and Culture during the 2019/2020 financial year.

### 3. EXECUTIVE AUTHORITY

Every effort has been taken to submit the required soft and hard copy accurate reports to the Department of Arts and Culture in a timeous manner. No meetings were held with the Executive Authority.

### 4. THE ACCOUNTING AUTHORITY / COUNCIL

#### Introduction

The William Humphreys Art Gallery Council consists of independent Non-Executive Members appointed by the Minister of Arts and Culture. The responsibilities of the Council are to ensure that the public entity adheres to all relevant laws and regulations in line with corporate governance, best practice and that performance targets are achieved.

#### Key management personnel

Ms E White-Mifetu – Director

Ms K Blanckenberg – CFO (Resigned December 2019)

Ms M Ramafalo – CFO (Appointed February 2020)

## **Board Charter**

The Council Charter is a document that serves to set out the high level responsibilities of the William Humphreys Art Gallery Council, read in conjunction with the Cultural Institutions Act, the PFMA and the applicable Treasury Regulations.

### **Duties and Responsibilities**

- The William Humphreys Art Gallery Council is responsible for the performance of the Gallery and is fully accountable to the Executive Authority (the responsible Minister). As a result, the William Humphreys Art Gallery Council gives strategic direction to the Gallery's Management and Staff.
- The William Humphreys Art Gallery Council retains full and effective control over the Gallery and monitors management in implementing plans, strategies and resolutions. This includes the operational performance.
- The William Humphreys Art Gallery Council ensures that Management and Staff are fully aware of and comply to applicable laws, regulations, policies and code of business practice in dealing with communities and stakeholders openly and promptly with substance prevailing over form.
- The William Humphreys Art Gallery Council ensures that there are effective policies, procedures, practices and systems of internal control in place that protect the Gallery's assets, resources and reputation.
- The William Humphreys Art Gallery Council must ensure that management has implemented an effective system of risk management.
- William Humphreys Art Gallery Council members should ensure that they have unrestricted access to accurate, relevant and timely information of the Gallery and act on fully informed basis, in good faith, with diligence, skill and care and in the best interest of the William Humphreys Art Gallery, whilst taking into account the interests of the various stakeholders, including employees, creditors, suppliers and local communities.
- The William Humphreys Art Gallery Council must monitor closely the process of disclosure and communication and exercise objective judgement on the affairs of the Gallery.
- The William Humphreys Art Gallery Council should monitor and manage potential conflicts of interest of Council members and management. The William Humphreys Art Gallery Council as a whole and each individual member must not accept any payment of commission, any form of bribery, gift or profit for him/herself.
- The William Humphreys Art Gallery Council should develop a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself. Delegated authority must be in writing.
- The William Humphreys Art Gallery Council must ensure that financial statements are prepared for each financial year, which fairly represents the affairs of the William Humphreys Art Gallery.
- The William Humphreys Art Gallery Council shall appoint sub-committees when necessary and shall require reports from each of these committees are presented and approved by Council.
- The William Humphreys Art Gallery Council should at least annually assess its performance.

## Composition of the Council

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	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 A S Masilo	Acting Chairperson	27 Nov 2017		Baccalaureus Procurationis (BProc) Certificate in Finance for Directors; Certificate in Municipal Finance Management Act.	Legal advisor Leadership Management Financial management leadership	Law Society of the Northern Provinces Johannesburg Law Council; JDA Audit Committee Finance and Risk Committee Chairperson of EDC REMCO; External Advisory Panel Department of Agricultural and Rural Development; Board Member of Gauteng Liquor Board	None	13
Mr T Mufamadi	Chairperson	27 Nov 2017		Post Graduate Diploma in Economic Principles; National Diploma Telecommunication; Dispute and Conflict Management Resolution Certificate	Governance; Leadership; Management;	Chairman of Bonfiglioli (SA); Chairman of Board of the Ports Regulator of South Africa; Director of Moepathutse Property Investments	None	0
Ms T C Mngadi	Council Member	27 Nov 2017		MA (Management/Public Development); MA in Humanities; BA in Humanities; Diploma in Journalism; Post graduate certificate in Public development; Certificate in Project Management;	HR Training/ Strategy; Asset management systems; Administration; Project coordination; Leadership	Council member of the Durban Playhouse	Acquisition Sub- Committee  HRM Sub- Committee	13
Prof. Y Ballim	Council Member	19 Dec 2018	24 Jan 2020	B.Sc. Civil Engineering; M.Sc. Engineering; PhD.	Research; Higher education; Administration; Governance; Management	Trustee: Africana Library; Trustee: ABB Education Trust Director: Universities South Africa Fellow SAICE; Member of CSSA; Senior Member of RILEM; Fellow of the SAAE; Member of the Africa-MRS.	Acquisition Sub- Committee	5

## Composition of the Council

Mr P Phukubje	Council Member	19 Dec 2018		BCom (Accounting) Diploma in Accounting Hons BCom Acc; Diploma in Accounting Hons BCom Acc/ CTA.	Auditing Financial management Accounting and taxation	South African Institute of Government Auditor (SAIGA); South African Institute of Directors; South African Institute of Business Accountants; South African Institute of Tax Practitioner	Finance, Audit & Risk Sub-Committee	9
Ms B G Kubheka	Council Member	27 Nov 2017		Primary Teachers Diploma; Certificate in Project Management; Certificate Programme in Management development for municipal finance	Primary Teachers Diploma; Project management; Certificate in Public Management; Executive Leadership Municipal Development programme; Certificate Programme in Management Development for Municipal Finance.	Member of SANCO; Member in SALGA;	None	6
Dr R Peach	Council Member	27 Nov 2017		PhD; BA Arts Honours; Diploma in Art and Design	Festival Director, Publishing, Research, Community Development		Acquisition Sub-Committee	12
Ms N Mkhalihi	Council Member	20 Apr 2019		BA Social Work BA Honours in Industrial Social Work Chartered HR Professional (SABPP) HR Auditor (SABPP) Certified Director (IoDSA)	HR Management, HR Auditing, Strategy, Organization Development, Training, Monitoring and Evaluation and Community Development	Director/Shareholder TIRO Human Capital Services, Trustee Si-yakhula Trust	Finance Audit & Risk sub-committee  HRM Sub-Committee	6
Mr L Matlala	Council Member	10 May 2019		Chartered Accounts Qualifying Examination Part 1 and 2 B COMM Honors in Accounting (certificate in theory of accounting) B COMM Honors in Auditing Post Graduate Diploma in Accounting Science B COMM Accounting Degree	Auditing, Financial management Accounting and Taxation	Member of the South African Institute of Chartered Accountants, Member of Council for Durban Playhouse, Member of the Board for African World Heritage Fund (AWHF) and Finance and Audit Committee Chairperson AWHF.	Finance Audit & Risk sub-committee	4

## Committees

During the financial year under review, Council consisted of three sub-committees namely:

- the Finance and Human Resources sub-committee;
- the Acquisition sub-committee;
- the Audit and Risk sub-committee.

In February 2019 the sub-Committees were reconfigured to accommodate outgoing and new members. Changes to the committee portfolios resulted in renaming the sub-committees as follows:

- Acquisition Sub-committee,
- HRM Sub-committee,
- Finance Audit & Risk Sub-committee.

Sub-committee meetings are scheduled to be held the day before Council meetings, in order to provide updated summaries related to critical issues that require Council's attention at the Council meeting.

## Remuneration of board members

Council Member	Remuneration	Subsistence & Travel	Total
A Masilo	39 244,00	56 094,55	95 338,55
T Mngadi	47 954,00	144 808,44	192 762,44
B Kubheka		70 187,67	70 187,67
L Matlala	17 567,00	30 481,40	48 048,40
R Peach	19 896,00	21 450,47	41 346,47
N Mkhalihi	13 936,00	17 917,90	31 853,90
P Phukubje	69 056,73	64 356,09	133 412,82
<b>TOTAL:</b>	<b>207 653,73</b>	<b>405 296,50</b>	<b>612 950,23</b>

## 5. RISK MANAGEMENT

The William Humphreys Art Gallery in line with the Public Finance Management Act No. 1 of 1999, amended by Act No. 29 of 1999, continues to improve in lessening the risks related to financial transactions and specific operational activities. Approval processes are in place to ensure compliance with policies and legislation. The Audit and Risk sub-committee continued to serve a vital role in ensuring that Management is operating, with transparency in the day-to-day operations of the institution.

WHAG's Risk Management Policy and the Risk register have been recommended for review in the coming year. Once the process has been completed, the documents will be submitted to the Audit, Finance and Risk sub-committee for recommendation to Council for their approval. WHAG Council and Management have also identified the need for a disaster management protocol and procedure document. This has also been flagged to be addressed in the coming financial year. Attention to these factors will go a long way in reducing the institution's risks by ensuring a safe work environment, and safe-keeping of the heritage assets as well as a conducive environment for visitors to have an enjoyable experience.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEES

The WHAG complete the process of appointing external specialists to act as Internal Auditors. The specialist has performed financial and non-financial information audits at a quarterly basis.

The auditors have provided reasonable assurance on key management controls, risk management and governance, and highlighted deficiencies and areas of improvement and make recommendations to management, which were implemented and improved the system of internal control, risk management and governance processes.

*The tabled below discloses relevant information on the audit committee members*

Name	Qualifications	Internal or external	Date appointed	No. of Meetings attended
Lebogang Matlala	<ul style="list-style-type: none"> <li>Chattered Accounts Qualifying Examination Part 1 and 2</li> <li>B COMM Honors in Accounting (certificate in theory of accounting)</li> <li>B COMM Honors in Auditing</li> <li>Post Graduate Diploma in Accounting Science</li> <li>B COMM Accounting Degree</li> </ul>	Council Member	10 May 2019	4
Mbuyiselo Mthapo	<ul style="list-style-type: none"> <li>Bachelor of Accounting Science</li> <li>Chartered Certified Accountant (ACCA)</li> </ul>	External	30 April 2019	3
Khotso Nkoe	<ul style="list-style-type: none"> <li>Certified Chartered Accountant (ACCA)</li> <li>Advance Diploma in Accounting and Business</li> <li>B COMM Degree</li> </ul>	External	16 April 2019	4
Phuti Phukubje	<ul style="list-style-type: none"> <li>BCom (Accounting)</li> <li>Advance Diploma in Accounting and Business</li> <li>Hons B COMM Degree</li> <li>Hons B COMM Accounting/CTA</li> </ul>	Council Member (Chairperson)	19 December 2018	4

## **7. COMPLIANCE WITH LAWS AND REGULATIONS**

WHAG is in the process of updating and developing policies in line with the laws and regulations of public entities.

## **8. FRAUD AND CORRUPTION**

Management makes use of the PFMA and Treasury regulations processes to minimise issues of fraud and corruption. Council has recommended that a clear policy must be developed to ensure all WHAG staff are informed of what constitutes fraud and corruption and the steps required to identify and report incidents. This process will form part of the policy process in the coming year as mentioned above.

## **9. MINIMISING CONFLICT OF INTEREST**

Supply Chain Management processes are followed in line with National Treasury regulations. To secure approval for a permissible deviation, the staff at the WHAG must show that all efforts have been made to follow the necessary procurement processes, along with the required supporting documents. Deviations at a specific financial threshold are only approved when clear written motivations along with evidence of no other supplier have been collated. Conflict of interest does not only extend to service providers who are required to declare any interests or relationships with WHAG staff member but is also required at Council level. The regular scrutiny by Council of Management's procurement processes continues to be a vital mechanism in minimising potential conflicts of interest.

## **10. CODE OF CONDUCT**

WHAG's Museum best practice principles are guided by the code of ethics as prescribed by the South African Museums Association (SAMA) as well as the International Council of Museums (ICOM).

## **11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

Provide a brief description and nature of Health Safety and Environmental issues and the effect it has on the public entity.

## **12. SOCIAL RESPONSIBILITY**

The summary of WHAG's social responsibility accomplishments during the year in review have been discussed under Organisational Environment.



### **13. AUDIT AND RISK COMMITTEE REPORT**

We present our report for the financial year ended 31 March 2020.

#### **Audit and Risk Committee Responsibility**

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Section 100 of the Public Finance Management Act and Treasury Regulation 3.1.13. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### **Terms of Reference**

The Committee has adopted formal terms of reference (charter), which were approved by the Council. The Committee further reports that it regulated its affairs and discharged its responsibilities in compliance with this charter and the PFMA, read in conjunction with the National Treasury regulations. The Committee has carried out its functions through attendance of Committee meetings and discussions with Management, Internal Audit and External Auditors, where appropriate. The Committee meets at least four times per annum, with authority to convene additional meetings as circumstances require.

#### **Committee's Role and Responsibilities**

The Committee assists the Council in fulfilling its oversight responsibilities, such as the evaluation of the adequacy and efficiency of accounting policies, internal controls, financial reporting processes, and technology and information governance.

The Chairperson of the Committee reports to the Council quarterly, regarding the Committee's deliberations, decisions and recommendations in line with the approved Terms of Reference.

The key focus areas of the Committee for the 2019/20 Financial Year were as follows, amongst others:

- Provide assurance over the integrity of the WHAG's financial statements and accounting policies;
- Provide assurance on the effectiveness of the internal control, governance and risk management systems;
- Review the internal audit, risk management and compliance;
- Review of key risk and opportunity management, including mitigation plans;
- Monitor the performance against predetermined objectives/ performance information.

#### **Internal Audit**

During the year under review, the Internal Audit function was outsourced to a service provider. Although some concerns were noted regarding the work of internal audit, the Committee has recommended appropriate remedial action regarding the resourcing of internal audit. The internal audit charter and the internal audit plan were approved by the Committee. Internal audit has access to the Committee, primarily through its Chairperson.

Internal audit work conducted during the year focused on key areas of risk. Weaknesses revealed have been raised with management and the Council. Corrective actions have been agreed by management and will be monitored by the Committee.

## **Risk Management**

WHAG has a Risk Management policy that directs the management of strategic and operational risks that allows for risk-based decision making and provides a process for evaluating risks in order to determine the potential exposure to WHAG.

## **In-Year Management Quarterly Report**

The public entity has submitted all quarterly reports to the Executive Authority.

## **Evaluation of Financial Statements**

The Committee has:

- Reviewed and discussed the audited annual financial statements and performance report to be included in the annual report with the AGSA, Acting Director and recommended the same for approval by Council.
- reviewed the AGSA's audit report and management report on the findings of the audit and management's response, and has reviewed all changes in accounting policies and practices.
- has noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined.

The Committee does not concur and supports the AGSA's opinion on the annual financial statements and other legal and regulatory matters, and a formal report appealing conclusions made on the reports were submitted to the Business Executive for AGSA Northern Cape.

## **External Auditor's Report**

The committee did not concur with the report and is in the process to appeal the conclusion and opinion, this should be reflected in the report, the statement contradicts the process already started with the AG.



Mr P Phukubje  
Chairperson of the Audit Committee  
William Humphreys Art Gallery

#### 14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade and Industry.

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 <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	Supply Chain Management Policies were developed and approved.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	





## PART D: HUMAN RESOURCE MANAGEMENT

### I. INTRODUCTION

The William Humphreys Art Gallery's staff complement consists of 16 staff members. Two senior staff members i.e. the Director and CFO, are on fixed five-year term contracts. The rest of the employees are on long term appointment. Ms M Ramafalo was appointed as the CFO in February 2020 following the resignation of Ms K Blanckenberg.

Training in all its varied forms remains an important component to skills development at WHAG. During this year a number of opportunities were made available to staff, and 7 training interventions were implemented.

### 2. HUMAN RESOURCE OVERSIGHT STATISTICS

#### Personnel Cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	5 988	2 443	41%	5	489
Business Development	1 093	1 022	93%	3	341
Public Engagement	4 304	1 849	43%	8	231



***Personnel cost by salary band***

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	957	18%	1	57
Senior Management	889	17%	1	889
Professional qualified	938	18%	3	313
Skilled	1 221	23%	4	305
Semi-skilled	205	4%	1	205
Unskilled	1 103	21%	6	184
<b>TOTAL</b>	<b>5 313</b>	<b>100%</b>	<b>16</b>	<b>332</b>

There were no performances rewards at the WHAG in 2019/2020 financial year.



Ernestine White (Left) and Pro Y Ballim with Cultural connections through creativity, in collaboration with attendees of the *Artlit* exhibition opening. (8 Aug 2019)



### Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
1.Administration	2 443	19 500	0,8	1	19 500
2.Business Development	1 022	4 450	0,4	2	2 225
3.Public Engagement	1 849	1 750	0,1	1	1 750

### Employment and vacancies

Programme	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Admin	6	5	5	1	6%
Business Development	2	3	3	2	13%
Public engagement	9	8	8	3	19%

Salary Band	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	1	1	1	1	6%
Professional qualified	-	3	3	2	13%
Skilled	4	4	4	-	-
Semi-skilled	8	1	1	-	-
Unskilled	2	6	6	3	19%
<b>TOTAL</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>6</b>	<b>38%</b>

### Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	1	1	1	1
Professional qualified	3	2	2	3
Skilled	4	-	-	4
Semi-skilled	1	-	-	1
Unskilled	6 + 1 vacant	3	2 + 1 vacant	6
<b>Total</b>	<b>17 (1 vacant)</b>	<b>6</b>	<b>5 (1 vacant)</b>	<b>16</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	2	33%
Dismissal	-	-
Retirement	4	67%
Ill health	-	-
Expiry of contract	-	-
Other	-	-
<b>Total</b>	<b>6</b>	<b>100%</b>

The WHAG is operating with a full staff compliment. There are no vacancies.

### Labour Relations: Misconduct and disciplinary action

There were no disciplinary actions taken in the year



**Equity Target and Employment Equity Status**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	1	1	-	-	-	-	1	1
Skilled	2	2	-	-	-	-	-	-
Semi-skilled	1	1	-	-	-	-	-	-
Unskilled	1	1	2	2	-	-	1	1
<b>TOTAL</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	-	-	-	-	-	-
Senior Management	1	1	-	-	-	-	-	-
Professional qualified	-	-	-	-	-	-	1	1
Skilled	1	1	1	1	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	1	1	-	-	1	1	-	-
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>



## PART E: FINANCIAL INFORMATION

### 1. STATEMENT OF RESPONSIBILITY

To the best of my knowledge, I confirm that all information within this annual report under review is consistent with the annual financial statements audited by the Auditor General. The annual report is accurate and free of omissions.

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

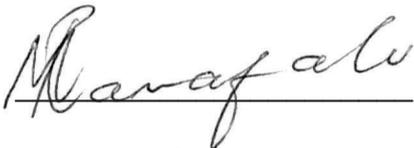
The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The Accounting Authority is responsible for establishing and implementing a system of internal controls that are designed to provide assurance of the integrity and reliability of the performance information, the human resource information and the annual financial statements.

The external auditors are mandated to express an independent opinion of the annual financial statements.

In our opinion, the annual report fairly reflects the institution's performance information, the human resources and its financial affairs of the entity for the financial year ended 31 March 2019.

Yours faithfully



Ms M Ramafalo  
William Humphreys Art Gallery  
Date: 15 October 2020



MR AS Masilo  
ACTING CHAIRPERSON OF COUNCIL  
William Humphreys Art Gallery  
Date: 15 October 2020

## **2. REPORT OF THE EXTERNAL AUDITOR**

Report of the auditor-general to the Parliament on William Humphreys Art Gallery

### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the William Humphreys Art Gallery, set out on pages 50 to 91, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the William Humphreys Art Gallery as at 31 March 2020, and its financial performance and cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practice (Standards of Grap) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**

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

#### **Events after reporting period**

7. I draw attention to note 27 to the annual financial statements, which deals with subsequent non-adjusting events and specifically the possible effects of future implications of Covid-19 on the entity's future services. Management have also described how they plan to deal with these events and circumstances. My opinion is not modified in respect of this matter.

## **Restatement of corresponding figures**

8. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an errors in the financial statements of the entity at, and for the year ended 31 March 2020.

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

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

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 audit of the annual performance report**

### **Introduction and scope**

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

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

<b>Programme</b>	<b>Pages in the annual performance report</b>
Programme 2: business development	22
Programme 3: public engagement	24

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

17.I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2: business development
- Programme 3: public engagement.

**Other matters**

18.I draw attention to the matters below.

19.Refer to the annual performance report on pages 20 to 24 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

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

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

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

### **Annual financial statements, performance reports and annual reports**

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by sections 55(1) (a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1 092 000 as disclosed in note 23 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with the Treasury Regulations when procuring goods and services.

### **Procurement and contract management**

25. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

26. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

27. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order, as required by treasury regulations 16A9.1(d).

### **Other information**

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

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

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. 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.

### Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

33. There was a lack of monitoring of the audit action plan, as material misstatements and repeat findings on non-compliances were still identified, which indicates that internal controls within the entity were not improved.

34. There was a lack of reconciliations between the accounting systems and the manual registers by management, which resulted in incorrect information being reported in the financial statements. These matters were corrected by management.

*Auditor General*

Kimberley

Date: 30 September 2020



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure—Auditor-general’s responsibility for the audit.**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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

### 3. ANNUAL FINANCIAL STATEMENTS

#### General Information

<b>Country of incorporation</b>	South Africa
<b>Nature of Business</b>	A National Heritage Institution in terms of the Cultural Institutions Act No.119 of 1998.
<b>Council Members</b>	Mr AS Masilo - Acting Chairperson Ms BG Kubheka - Member Ms L Matlala- Member Ms N Mkhalihi - Member Ms TC Mngadi – Member Dr R Peach – Member Mr P N Phukubje - Member
<b>Registered office</b>	Cullinan Crescent Civic centre Kimberley
<b>Business address</b>	8301 Cullinan Crescent Civic centre Kimberley
<b>Executive authority</b>	8301 Minister of the Department of Arts and Culture
<b>Bankers</b>	Nedbank
<b>External auditors</b>	Auditor-General of South Africa
<b>Director</b>	Ernestine White
<b>Chief Financial Officer</b>	Martha Ramafalo
<b>Reporting framework</b>	South African Standards of General Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board.
<b>Relevant legislation</b>	Public Finance Management Act, No.1 of 1999 Cultural Institutions Act, No.119 of 1998 Employment Equity Act, No.9 of 1999 Unemployment Insurance Act, No.30 of 1966 Basic Conditions of Employment Act, No.75 of 1997
<b>Published date</b>	30 September 2020

**The reports and statements set out below comprise the Financial Statements presented to Parliament:**

Accounting Authority's Responsibilities and Approval	4
Accounting Authority's Report	5
Statement of Financial Performance for the year ended 31 March 2020	6
Statement of Financial Position for the year ended 31 March 2020	7
Statement of Changes in Net Assets for the year ended 31 March 2020	8
Statement of Cash Flows for the year ended 31 March 2020	9
Statement of Budget and Actual Amounts for the year ended 31 March 2020	10
Accounting Policies	13
Notes to the Annual Financial Statements	31



## **Accounting Authority'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 they stand at the end of the financial year and the results of its operations and cash flows. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

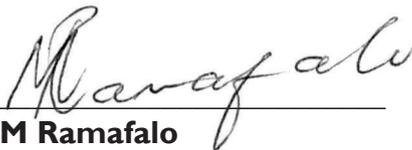
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements set out on pages 6 to 48 which have been prepared on the going concern basis was approved by the accounting authority on 31 July 2020 and were signed on its behalf by:



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**P Masilo**  
**Acting Chairperson of Council**



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**M Ramafalo**  
**Acting Director**

## Statement of Financial Performance for the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000 Restated
<b>Revenue</b>		<b>15 614</b>	<b>14 134</b>
<b>Revenue from non-exchange transactions</b>		<b>14 479</b>	<b>11 866</b>
Government grants and subsidies	2	10 967	10 383
Other non-exchange revenue	3	2 413	436
Rental value received	4	1 099	1 047
<b>Revenue from exchange transactions</b>		<b>1 134</b>	<b>2 268</b>
Rental of facilities and equipment		103	12
Commission earned		-	5
Interest earned - External investments	5	925	481
Other income	6	106	1 770
<b>Expenditure</b>		<b>-12 793</b>	<b>-9 702</b>
Employee related costs	7	-5 313	-4 978
Repairs and maintenance		-71	-175
Depreciation	12 & 25	-191	-166
Finance costs		-46	-191
Rental no value	4	-1 099	-1 047
General expenses	8	-6 072	-3 144
Operating surplus		<b>2 821</b>	<b>4 432</b>
Loss on PPE			
Actuarial gain/(loss)	16	111	21
<b>Surplus/(Deficit ) for the year</b>		<b>2 932</b>	<b>4 453</b>



## Statement of Financial Position for the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000 Restated
<b>Assets</b>			
<b>Current assets</b>			
		<b>32 681</b>	<b>13 416</b>
Trade and other receivables from exchange transactions	9	4	8
Prepayments	10	226	82
Cash and cash equivalents	11	32 451	13 326
<b>Non-current assets</b>			
		<b>22 623</b>	<b>21 500</b>
Property, plant and equipment	12 & 25	2 805	2 696
Heritage assets	13	19 818	18 804
<b>Total assets</b>		<b>55 304</b>	<b>34 916</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
		<b>25 208</b>	<b>7 646</b>
Trade and other payables from exchange transactions	14	682	133
Deferred income	15	24 305	7 305
Short term portion of retirement benefit obligation	16	46	43
Short term accruals	17	175	166
<b>Non-current liabilities</b>			
		<b>368</b>	<b>473</b>
Long term retirement benefit obligation	16	368	473
<b>Total Liabilities</b>		<b>25 576</b>	<b>8 119</b>
<b>Net Assets</b>		<b>29 729</b>	<b>26 797</b>
<b>Reserves</b>			
Accumulated surplus		29 729	26 797



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

	Notes	2020 R'000
<b>Accumulated surpluses</b>		
Balance at 01 April 2018		22 322
Net surplus for the year - 2019		4 453
Prior period error restated	27	22
Balance at 31 March 2019		26 797
Net surplus for the year - 2020		<u>2 932</u>
Balance at 31 March 2020		<u>29 729</u>

## Statement of Cash Flows for the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers	18	31 458	15 421
Cash paid to suppliers and employees		-10 898	-8 075
<b>Net Cash inflows from operating activities</b>	19	<u>20 560</u>	<u>7 346</u>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment		-293	-240
Purchase of Heritage Assets		-1 014	-399
<b>Net cash outflows from investing activities</b>		<u>-1 307</u>	<u>-639</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		19 125	6 707
Cash and cash equivalents at the beginning of the year		13 326	6 619
<b>Cash and cash equivalents at the end of the year</b>		<u>32 451</u>	<u>13 326</u>



## Statement of Budget and Actual Amounts for the year ended 31 March 2020

	Approved budget	Adjustments	Final Budget	Actual	Variance	Variance
	R '000	R '000	R '000	R '000	R '000	%
<b>Statement of Financial Performance</b>						
<b>Revenue from non-exchange transactions</b>	<b>13 171</b>	<b>-</b>	<b>13 171</b>	<b>13 171</b>	<b>-</b>	<b>0%</b>
Government grants and subsidies	10 967		10 967	10 967	0	0%
BRICS	2 204		2 204	2 204	0	0%
<b>Revenue from exchange transactions</b>	<b>365</b>	<b>-</b>	<b>365</b>	<b>1344</b>	<b>979</b>	
Rental of facilities and equipment	85	-	85	103	18	21%
Interest earned - External investments	80	-	80	925	845	1056%
Other income	200	-	200	316	116	58%
<b>Total revenue</b>	<b>13 536</b>	<b>-</b>	<b>13 491</b>	<b>14 515</b>	<b>1 024</b>	
<b>Expenditure</b>	<b>-9 982</b>	<b>-362</b>	<b>-10 344</b>	<b>-11 693</b>	<b>1 349</b>	
Employee related costs	5 209	362	5571	-5 313	258	5%
Repairs and maintenance	255	-	255	-71	184	72%
Depreciation	200	-	200	-191	9	5%
Finance costs	-	-	-	-46	-46	100%
General expenses	4 318	-	4318	-6 072	-1 754	-41%
Surplus for the year	<u>3 554</u>	<u>362</u>	<u>3 147</u>	<u>2 822</u>	<u>-325</u>	

### Material variances between budget and actual amounts.

An excess of actual over budget of 15% is regarded as being a material deviation from the final budget.

Explanations for each material line item differences are included below:

#### Revenue

##### Rental of facilities and equipment

Over the years there has been a general decrease in revenue received from the rental of facilities with a significant decrease noted in the current and past financial year. Despite rental fees being nominal, the public interest has been dwindling. Factors attributing to the lack of public interest includes the centralised climate control system not being in a working order; the location of Gallery not being central, limited availability of parking space as well as the perception of a safe environment being tainted due to an increase in illegal activities taking place in public areas surrounding the Gallery.

Although the above socio-geographic factors still have an impact on the venues of the WHAG being booked to its full capacity, we have seen an increase in bookings and revenue generated from the venues. This increase is largely due to growth of the Sol Plaatje University, who increased the booking of venues in accordance with the hike in their need for venues to educate in.

## Interest earned - External investments

A grant was awarded to the WHAG from the Department of Sport, Arts and Culture for the upgrade of the Humidity Ventilation and Air Conditioning (HVAC) system. The funds for the upgrade was added to the budget for the upgrade of the facilities. Due to large scope of this facility upgrade project, this process requires that a tender protocol be followed and a project manager appointed. The appointment of this project manager is ongoing and therefore the funds are retained in the account. The increase in interest from these funds and the reserves of prior years resulted in an increase in the interest accrued for the WHAG.

## Other income

There has been a nominal increase under the *Other Income* line-item. This is due to several factors impacting the influx of funds into the gallery's account from the following streams:

- Entrance fees from visitors to the WHAG
- Donations from visitors and patrons
- Rent from the tea-room
- Profit from the sale of educational services to the Sol Plaatje University

## Expenditure

### Repairs and maintenance

Repairs and maintenance conducted during the year which resulted in the expenditure being under the budgeted amount can be largely attributed to the pending appointment of a project manager, resulting in the allocated funds being deferred awaiting the finalisation of the tender. Other factors influencing the expenditure for this annum are:

- Emergency repairs, most notably repairs relating to the deteriorating plumbing due as well as aging electrical infrastructure
- Electrical faults due to wear and tear
- Painting of the affected gallery walls due to water damage
- Upgrades to the tea-room

## Depreciation

The anticipated depreciation was based on a total asset value higher than the actual value of assets held due to lesser computer equipment having been acquired during this financial year than anticipated.

## Finance costs

Finance costs that arose on post retirement obligations were not budgeted.



## **General expenses**

The over-spend on the general expenditure budget line-item despite effective cost saving measures applied throughout the financial year was largely due to the WHAG's nomination by the Department of Sport, Arts and Culture to curate the BRICS exhibition. Cost-savings measures and underspending applied to the following expenses:

- Exhibition expenses
- Subsistence
- Fuel expenses
- Expenditure on the conservation and restoration of artworks.
- Revised procurement processes have resulted in a general underspending. New procurement policies are more labour intensive and stricter specifications for suppliers have resulted in less suppliers being eligible to service the needs of museum.

## **Accounting Policies**

### **I. ACCOUNTING POLICIES**

#### **I.1 Basis of preparation**

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with the historic cost convention as the basis of measurement, except as otherwise indicated.

These accounting policies are consistent with the previous period. The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

The following GRAP Standards have been issued and are effective:

- GRAP 1 Presentation of financial statements
- GRAP 2 Cash flow statements
- GRAP 3 Accounting policies, changes in accounting estimates and errors
- GRAP 4 The effect of changes in foreign exchange rates
- GRAP 5 Borrowing cost
- GRAP 6 Consolidated and separate financial statements
- GRAP 7 Investments in associates
- GRAP 8 Interest in joint ventures
- GRAP 9 Revenue from exchange transactions
- GRAP 10 Financial reporting in hyperinflationary economies
- GRAP 11 Construction contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events after reporting date
- GRAP 16 Investment property
- GRAP 17 Property, plant and equipment
- GRAP 18 Segment Reporting
- GRAP 19 Provisions, contingent liabilities and assets

GRAP 21 Impairment of non-cash-generating assets  
 GRAP 23 Revenue from non-exchange transactions  
 GRAP 24 Presentation of budget information in the financial statements  
 GRAP 25 Employee benefits  
 GRAP 26 Impairment of cash-generating assets  
 GRAP 27 Agriculture  
 GRAP 31 Intangible assets  
 GRAP 100 Discontinued operations  
 GRAP 103 Heritage assets  
 GRAP 104 Financial instruments  
 GRAP 105 Transfer of functions between Entities under common control  
 GRAP 106 Transfer of functions between Entities not under common control  
 GRAP 107 Mergers  
 IPSAS 20 Related parties  
 IFRS 3 Business combinations  
 IFRS 4 Insurance contracts  
 IFRS 6 Exploration for and evaluation of mineral resources  
 IAS 12 Taxes  
 SIC 20 Income taxes – recovery of revaluated non-depreciated assets  
 SIC 25 Income Taxes – changes in the tax status of an entity or its shareholders  
 SIC 29 Service concession arrangements - Disclosures  
 IFRIC 2 Members shares in co-operative entities and similar instruments  
 IFRIC 4 determining whether an arrangement contains a lease  
 IFRIC 9 Reassessment of embedded derivatives  
 IFRIC 12 Service concession arrangements  
 IFRIC 13 Customer loyalty programmes  
 IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction  
 IFRIC 15 Agreement for the construction of real estate  
 IFRIC 16 Hedges in net investments in a foreign operation  
 IFRIC 20 Stripping costs in the production phase of a surface mine  
 IFRIC 21 Levies

### **1.1.1 Critical judgements, estimations and assumptions**

In the application of the entity's accounting policies, which are described below, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

### **1.1.2 Revenue recognition**

Accounting policy note 1.2 describes the conditions under which revenue will be recorded by the management of the entity. Management considered the detailed criteria for the recognition of revenue as set out in

#### **GRAP 9:**

Revenue from exchange transactions; Revenue as far as revenue from non-exchange transactions is concerned management considered the detailed criteria of GRAP 23 for the recognition of revenue.

In particular, when goods are sold, had been transferred to the buyer, when the significant risks and rewards of ownership of the goods and services are rendered. Also, of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

### **1.1.3 Useful lives of property, plant and equipment**

As detailed in accounting policy note 1.7 depreciation is charged over the estimated useful lives of the assets. Depreciation is charged so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives, which is determined when assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

### **1.1.4 Impairment of property, plant and equipment and intangible assets**

Accounting policy note 1.8 describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to property, plant and equipment impairment testing.

The measurement of loans receivable is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors with similar risk profiles so that the effect of any impairment on a group of receivables or loans would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the debtors/loans based on their past payment history and risk profile.

### **1.1.5 Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes, when applicable. Provisions are discounted where the effect of discounting is material using actuarial valuations.

### **1.1.6 Presentation currency**

The Annual Financial Statements are presented in South African Rand, which is the entity's functional currency. Rounding to the nearest thousand (R, 1000) has been applied in the Annual Financial Statements.

### **1.1.7 Offsetting**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

### **1.1.8 Standards, amendments to standards and interpretations issued but not yet effective**

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

GRAP 20 Related party disclosure - issued June 2011;

GRAP 32 Service concession arrangements: Grantor - issued August 2013.

GRAP 108 Statutory receivables - issued September 2013

GRAP 109 Accounting by principles and agents - issued July 2015

All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

### **Nature of impending changes in accounting policy:**

GRAP 109 Accounting by principles and agents GRAP 32 Service concessions arrangements: Grantor and GRAP 108 statutory receivables.

The effectiveness of these standards and interpretation will not have an effect on the Annual Financial statements/accounting policies of the entity, as the entity does not have related transactions or activities that fall within the scope of these standards.

GRAP 20, related party disclosure: Accounting policy will be developed in terms of this standard and GRAP 3, Accounting policies, change in accounting estimates and errors applied.

Impact on the entity's financial statements once implemented:

GRAP 109 Accounting by principles and agents

The effectiveness of these standards will not have an impact on the annual financial statements of the entity as the entity does not have any related transactions or activities that fall within the scope of these standards.

There will be no material impact on the recognition, measurement and disclosure in the annual financial statements with the adoption of GRAP 20, related party disclosure. The adoption will however result in a change in accounting policy and the relevant disclosure will be made in terms of GRAP 3, Accounting Policy, changes in accounting estimates and errors.



### **1.1.9 Comparative information**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.1.10 Going concern assumption**

The Annual Financial Statements have been prepared on a going concern basis as there is no intention to liquidate the entity or to cease operations. Management has assessed whether any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist and have found none.

### **1.1.11 New standards and interpretations**

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The following Generally Recognised Accounting Practice (GRAP) standards have been amended during the financial year:

GRAP 1	Effective 01 April 2019
GRAP 21	Effective 01 April 2018
GRAP 26	Effective 01 April 2018

### **1.2 Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Government grants are recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no future obligations arising from receipt of the grant.

Interest income is allocated to the specific applicable fund related to the investment and therefore directly capitalised against funds and reserves.

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include grants from other tiers of government and revenue from trading activities, interest and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of returns, rebates and discounts. The entity recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

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

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

### **Revenue from exchange transactions**

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 consideration received or receivable. At the time of initial recognition, the full amount of revenue is recognised.

### **Finance income**

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

Interest earned on the following investments is not recognised in the Statement of Financial.

### **Performance:**

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

### **Sale of goods**

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

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at statement of financial position date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

## Services rendered

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

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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 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 fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.



### **1.3 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net asset recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

## **Transfers**

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

### **1.4 Retirement benefit cost**

The entity contributes to a defined contribution and a defined benefit plan for pension fund purposes which is administered by a third party. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

### **1.5 Post-retirement medical benefit cost**

The entity is liable for the post-retirement medical benefit cost of employees that is currently retired from its service. This amount is capped as per the council agreement. This liability is determined by taking into account the life expectancy of the retired employees as well as projected future medical aid contributions discounted back to the current value. The Institution has made a decision to remove this benefit for employees still in service and for all new appointees.

### **1.6 Commission earned**

The entity earns commission from artists that hold exhibitions of their artworks at the art gallery and thereafter offer their artworks for sale to the general public. The gallery earns a commission in respect of these sales.



## **1.7 Heritage assets**

### **Initial recognition**

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

The cost of a heritage asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts, discounts and rebates are deducted in arriving at the cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

### **Subsequent measurement-cost model**

Subsequent to initial recognition heritage assets are measured at cost less any impairment losses.

### **Impairment**

Heritage assets shall not be depreciated but the entity will assess at each reporting date whether there is an indication that a heritage asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount or recoverable service amount of the asset.

### **Transfers**

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

Transfers to heritage asset shall be made when, and only when, the asset meets the definition of a heritage asset.

### **Derecognition**

The carrying amount of a heritage asset shall be derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage assets. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

## **1.8 Property, plant and equipment**

### **Initial recognition**

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on 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 bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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, it's deemed cost is the carrying amount of the asset(s) given up. Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **Subsequent measurement-cost model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

Depreciation is charged so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives, which is determined when assets are available for use. The useful lives and residual values of the assets are based on industry knowledge and are set out below:

Office equipment	20 years
Equipment	25 years
Computers	20 years
Fittings	25 years
Vehicles/trailers	10 years
Leasehold improvements-building	10 - 25 years
Leasehold improvements-equipment	5 years
Library	25 years

Depreciation only commences when the asset is available for use, unless stated otherwise.

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, useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in Statement of Financial Performance.

The gains or losses arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Repairs and maintenance costs are expensed through the Statement of Financial Performance, except where the value of the asset or its expected useful life has been increased, then it is capitalised.

### **Subsequent cost**

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 de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

## **Derecognition**

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.9 Impairment of non-current assets**

At each statement of financial position date, the carrying amount of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less cost to sell of any asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its fair value less cost to sell.

An impairment loss is recognised immediately in the statement of financial performance.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial performance

### **1.10 General and specific funds**

The general fund relates to the accumulated surplus of income over expenditure.

### **1.11 Provisions**

A provision is a liability where the timing or amount of the outflow of resources embodying economic benefits or service potential is uncertain.

Provisions are recognised when the entity has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the present obligation. The discount rate shall reflect current market assessments of the time value of money risks specific to the liability.

### **1.12 Comparative figures**

Current-year comparatives

Budgeted amounts have, in accordance with GRAP I, been included in the financial statements and form part of the audited Annual Financial Statements.

Prior-year comparatives

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

### **1.13 Employee Benefits**

#### **Short-term employee benefits**

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

The gallery treats its provision for leave pay as an accrual.

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

The gallery recognises the expected cost of bonuses only when the gallery has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

### **Post-employment benefits**

The gallery provides retirement benefits for its employees in terms of defined benefit plans.

#### **Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

### **Post-retirement health care benefits**

The gallery has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the gallery is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the gallery is liable for a certain portion of the medical aid membership fee.

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

The plan is unfunded. The present value of 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 every year by independent qualified actuaries. Actuarial gains or losses are recognised in full in the period in which they occur. Actuarial gains and losses are recognised in the Statement of Financial Performance in the period in which they occur.

Past services are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### **1.14 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Key management personnel are defined as the Chief Executive Officer, Chief Financial Officer and all other managers reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

### **1.15 Assumptions made by management**

No material assumptions were made by management that could have a significant effect on the amounts recognised in the financial statements.



## **1.16 Financial instruments**

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

### **Initial recognition and measurement**

When a financial instrument is recognised, the entity measures it initially as its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **Subsequent measurement**

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

#### **a) Financial instruments at fair value**

- Derivatives.
- Compound instruments that are designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### **b) Financial instruments at amortised cost**

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those that the entity designates at fair value at initial recognition or are held for trading.

#### **c) Financial instruments at cost**

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

## **Derecognition**

A financial asset is derecognised at trade date when the cash flows from the asset expire, are settled or waived, i.e.:

- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

## **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired through the amortisation process.

## **Offsetting**

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

## **Impairments**

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

### **For financial assets held at amortised cost:**

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.



**For financial assets held at cost:**

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

**Investments at amortised cost**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Cash and cash equivalents are subsequently measured at fair value.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment.

All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments.

Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current.

Trade and other receivables are subsequently measured at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables are subsequently measured at amortised cost.

## **I.17 Risk management of financial assets and liabilities**

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

The entity has exposure to the following risks from its use of financial instruments:

- a) Market risk;
- b) Credit risk;
- c) Liquidity risk.

Risks and exposure are disclosed as follows:

### **Market risk**

- a) Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
- b) The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk.
- c) Sensitivity analysis for each of the market risks.

### **Credit risk**

- a) Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.
- b) Each class of financial instrument is disclosed separately.
- c) Maximum exposure to credit risk not covered by collateral is specified.
- d) Financial instruments covered by collateral are specified.

### **Liquidity risk**

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

- a) A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- b) Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.



### **1.18 Events after reporting date**

Events after the 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 amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has 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.

### **1.19 Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as income in the Statement of Financial Performance.

### **1.20 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No 1 of 1999), The National Treasury Regulations on Supply Chain Management and National Treasury Practise Note 8 of 2007/08, Preferential Procurement Regulations and Preferential Procurement Policy Framework Act. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance.

### **1.21 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

### **1.22 Budget information**

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The financial statements and the budget are prepared using the same basis of accounting; therefore, an additional column approach has been followed.

The final budget reflected in the financial statements covers the period 1 April 2018 to 31 March 2019. Comparative information is not required.

### **I.23 Commitments**

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the entity commits itself to future transactions that will normally result in the outflow of resources

### **I.24 Contingent assets and liabilities**

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

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements.

### **I.25 Changes in accounting policies, estimates and errors**

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.



## Notes to the Annual Financial Statements

	2020 R'000	2019 R'000
<b>2 Government grants and subsidies</b>		
Transfers from National Department	10	10 383
	<u>967</u>	<u>10 383</u>
	10 967	10 383
<b>3 Other non-exchange revenue</b>		
Deferred income: GRAP103	-	105
Gifts, Donations and sponsorships received.	2	331
	<u>413</u>	<u>331</u>
	2413	436
<b>4 Rental value received</b>		
Revenue		
Value of benefit received in respect of use of building at no cost	<u>1 099</u>	<u>1 047</u>
Expenditure		
Value of benefit received in respect of use of building at no cost	<u>1 099</u>	<u>1 047</u>
	1 099	1 047
Rental received value is calculated at marked related increment of 5%		
<b>5 Interest earned - External investments</b>		
Interest received - Art Purchasing Acc	104	98
Interest received - Maint & serv	429	147
Interest received - Provisions	353	198
Interest received - Utility	26	26
Interest received - Educational Fund	13	14
	<u>925</u>	<u>481</u>
<b>6 Other income</b>		
AG Credit Notes	-	1 609
Other income	106	161
	<u>106</u>	<u>1 770</u>

	2020 R'000	2019 R'000
<b>7 Employee related costs</b>		
Salaries and wages	4 522	4 245
Basic salaries	3 771	3 283
Periodic payments	461	487
Non-pensionable allowances	143	279
Leave payments	100	133
Overtime	47	63
Social contributions - Employer's contribution	96	123
Medical aid	71	97
UIF	25	26
Defined pension benefit plan expense	657	555
Other employee benefits.	38	55
<b>Total</b>	<b>5 313</b>	<b>4 978</b>
<b>8 General expenses</b>		
Advertising	129	91
Audit fees	386	396
Bank charges	3	3
Bursaries	3	10
Cleaning	67	60
Consulting fees	489	159
Consumables	183	202
Entertainment	-	14
Electricity	815	666
Fuel and oil	12	11
Insurance	289	317
Levies paid	17	18
Licence fees	1	10
Printing and stationery	102	33
Security costs	25	12
Subscription and publication	16	50
Training	25	22
Travel and subsistence - Local	696	463
Uniforms & overalls	16	26
Water	52	68
Other	2 745	513
	<b>6 072</b>	<b>3 144</b>

Other expenses includes expensed incurred for the BRICS exhibition.



	2020 R'000	2019 R'000
<b>9 Trade and other receivables from exchange transactions</b>		
Trade receivables	<u>4</u>	<u>8</u>

The age analysis of the trade receivables is as follows:

Not impaired nor past due date		7
Not impaired and past due date		
between 30 and 60 days	-	-
between 60 and 90 days	-	-
more than 90 days	4	1
	<u>4</u>	<u>8</u>

*Trade receivables that are less than 30 days outstanding are not considered past due. Trade receivables that are more than 120 days outstanding are not considered impaired unless specific circumstances exist that indicate the recoverability of a specific account balance.*

*In 2020 financial period, the total amount recognised as net impairment losses on receivables was Rnil (2019: Rnil)*

*The entity does not consider the effect of amortisation of the effective interest rate to be material and as such no adjustment has been made to this effect.*

#### **10 Prepayments**

Expenses paid in advance	226	82
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*Prepaid expenses to suppliers for services and goods not delivered at year end.*

*Insurance paid annually in July. The portion paid in advance for three months of the next financial year is accounted for as a prepayment.*

#### **11 Cash and cash equivalents**

Cash on hand	-	4
Cash at bank	4 085	65
Call deposits	28 366	13 257
	<u>32 451</u>	<u>13 326</u>

## Property, plant and equipment

	Motor vehicles	Computer equipment	Furniture and Fittings	Equipment	Leasehold improvement	Library	Total
<b>Year ended 31 March 2020</b>							
Cost	850	273	662	832	387	957	3 961
Accumulated depreciation	-265	-81	-210	-327	-149	-236	-1 268
Opening carry value at 01 April 2019	585	192	452	505	238	721	2 693
Movement	-59	221	-14	-30	8	-14	112
Additions		238	14	3	24	24	303
Depreciation - Annual Disposals/Scrapping	-59	-17	-28	-33	-16	-38	-191
Carry amount at 31 March 2020	526	413	438	475	246	668	2 766
<b>Reconciliation</b>							
Cost price	850	511	676	835	411	981	4 264
Cost price Disposals/ scrapping at cost	850	511	676	835	411	981	4 264
Accumulated depreciation	-324	-98	-238	-360	-165	-274	-1 459
Accumulated depreciation Disposals/Scrapping	-324	-98	-238	-360	-165	-274	-1 459
	-	-	-	-	-	-	-
	526	413	438	475	246	707	2 805

**Property, plant and equipment**

**Year ended 31 March 2019**

	Motor vehicles	Computer equipment	Furniture and Fittings	Equipment	Leasehold improvement	Library	Total
Cost	850	238	569	726	378	939	3 700
Accumulated depreciation	-218	-69	-186	-297	-133	-198	-1 101
Opening carry value at 01 April 2018	632	169	383	429	245	741	2 599
Movement	-47	24	69	78	-7	-20	62
Additions	-	36	93	107	9	18	242
Depreciation - Annual Disposals/Scrapping	-47	-12	-24	-29	-16	-38	-166
Disposals/Scrapping	-	-	-	-	-	-	-
Carry amount at 31 March 2019	585	193	452	507	238	721	2 696
<b>Reconciliation</b>							
Cost price	850	274	662	833	387	957	3 963
Disposals/ scrapping at cost	-	-	-	-	-	-	-
Accumulated depreciation	-265	-81	-210	-326	-149	-236	-1 280
Disposals/Scrapping	-265	-81	-210	-326	-149	-236	-1 280
Carry amount at 31 March 2019	585	193	452	507	238	721	2 696

	2020 R'000	2019 R'000
<b>13 Heritage assets</b>		
	<b>Works of Art</b>	<b>Works of Art</b>
Year ended 31 March 2020		
Opening balance	18 804	18 405
Additions	1 014	399
Closing balance at 31 March 2020	19 818	18 804
Year ended 31 March 2019		
Opening balance	18 405	16 959
Additions	399	1 446
Closing balance at 31 March 2019	18 804	18 405
<b>14 Trade and other payables from exchange transactions</b>		
Trade creditors	501	20
Staff related creditors	181	113
	682	133
<b>15 Deferred Income</b>		
Library	382	382
HVAC Air-conditioning	23 050	6 050
GRAP 103	873	873
	24 305	7 305

**Library:**An amount of R1 200 000 was received on 31 March 2015 from the Department of Arts and Culture in respect of capital works. The deferred income represents the unspent portion of the funds received. No monies were spent in the current financial year.

**HVAC:**An amount of R1 000 000 was received on 6 March 2017 and R1 000 000 was received on 2 March 2018 from the Department of Arts and Culture in respect of capital works and R4 103 000 was received in 2018/19 financial year. An additional amount of R17 000 000 was received in the current financial year. No monies were spent in the current financial year. The deferred income represents the unspent portion of the funds received.

**GRAP103:**Total funding received from the Department of Arts and Culture amounted to R1 000 000. No monies were spent in the current financial year. The deferred income represents the unspent portion of the funds received.



	2020 R'000	2019 R'000
<b>16 Retirement benefit obligation</b>		
Balance at the beginning of year	516	493
Interest costs	46	43
Service costs	9	34
Actuarial (gain)/loss	-111	-21
Expected employer benefit payment	-46	-33
Total post-retirement healthcare benefit liability	<u>414</u>	<u>516</u>
Non-current portion	368	473
Current portion	<u>46</u>	<u>43</u>
	<u>414</u>	<u>516</u>

The subsidies of all the members are at the subsidy cap or will be at retirement. Consequently, the net discount rate is equivalent to the nominal discount rate. The nominal discount rate increased slightly from 9.45 % to 9.75% resulting in an actuarial loss of approximately R111 124.

The Gallery provide certain post-retirement healthcare benefits by funding the medical aid contributions of qualifying retired members of the gallery. Accordingly, to the rules of the medical aid funds, with which the Gallery is associated. A member (who is on the current Conditions of Service) is entitled to remain a continued member of such a medical aid on retirement, in which case the Gallery is liable for a certain portion of the medical aid membership fee. The Gallery operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation's plan assets and the present value of the defined benefit obligation were carried out at 31 March 2020 by ZAQ Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit valuation method.

In-service (Employee) members	5	8
Continuation (Employee) members	<u>3</u>	<u>3</u>
	<u>8</u>	<u>11</u>
In-service (Employee) members	77	159
Continuation (Employee) members	<u>337</u>	<u>357</u>
	<u>414</u>	<u>516</u>

	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
Analysis for financial reporting:		
Non-current liabilities	368	473
Current liabilities	46	43
	<u>414</u>	<u>516</u>

The Gallery makes monthly contributions for healthcare arrangements to the following medical aid schemes:

Bonitas  
Discovery Health  
Momentum Health

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Discount rate 9.75%

The nominal and real zero curves as at 31 March 2020 supplied by the JSE were used to determine the discount rates and CPI assumptions at each relevant tie period.

#### **17 Short term portion of retirement benefit obligation**

Salary and related expense accruals

Opening balance	166	219
Accrual made/(Released) during the year	9	-53
Closing balance	<u>175</u>	<u>166</u>

<b>2020</b>	<b>2019</b>
<b>R'000</b>	<b>R'000</b>

#### **18 Cash receipts from customers**

Grant revenue	10 967	10 383
BRICS exhibition advance	2 204	-
Deferred income recognised	-	105
HVAC transfer received	17 000	4 103
Interest revenue	925	481
Other receipts	362	370
	<u>31 458</u>	<u>15 442</u>

2020  
R'000

2019  
R'000

**19 Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations**

Net income before taxation	2 932	4 453
Adjusted for:		
Loss on assets	-	-
Depreciation	191	166
Increase/(Decrease) in provisions	-	-53
Increase/(Decrease) in provision for post-retirement benefit obligations	111	23
Movement in other employee benefits	9	-3
<b>Operating surplus before working capital changes</b>	<b>3 243</b>	<b>4 586</b>
<b>Movement in working capital</b>	<b>17 316</b>	<b>2 759</b>
(Increase)/Decrease in trade receivables	3	11
(Increase)/Decrease in prepayments	-144	-7
Increase/(Decrease) in deferred income	17 000	3 998
Increase/(Decrease) in trade payables	457	-1 243
<b>Net cash flows from operating activities</b>	<b>20 560</b>	<b>7 346</b>

**20 Financial instruments**

	2020 R'000	2019 R'000
Classification of Financial Instruments		
Financial assets at fair value		
Cash and cash equivalents	32 451	13 326
Trade and other receivable	230	90
<b>Total</b>	<b>32 681</b>	<b>13 416</b>
Financial Liabilities at fair value		
Trade and other payables	682	133
<b>Total</b>	<b>682</b>	<b>133</b>
<b>31 999</b>		
<b>13 283</b>		
Financial assets at carry value		
Cash and cash equivalents	32 451	13 326
Trade and other receivable	230	90
<b>Total</b>	<b>32 681</b>	<b>13 416</b>
Financial Liabilities at carry value		
Trade and other payables	682	133
<b>Total</b>	<b>682</b>	<b>133</b>
<b>31 999</b>		
<b>13 283</b>		

## 21 Related party transactions

### Relationships

#### Council members with significant influence

Mr AS Masilo - Acting Chairperson  
Dr R Peach - Member  
Ms TC Mngadi - Member  
Ms BG Kubheka - Member  
Mr PN Phukubje - Member  
Ms N  
Mkhaliphi  
Ms L Matlala

#### Key management personnel

Ms E White - Director  
Ms M Ramafalo - CFO

#### Resigned during the financial year

Ms K Blanckenberg - CFO

#### Controlling department with significant influence

National Department of Arts and Culture

*The William Humphreys Art Gallery is an entity of the National Department of Arts and Culture. All grant funding is received from the controlling department. Refer to Note 2 and 15 for details of transactions between the William Humphreys Art Gallery and the National Department of Arts and Culture*

	2020 R'000	2019 R'000
<b>Building owner</b>		
National Department of Public Works		
Rental benefit received in kind	1 099	1 047
Rental expenditure in kind	1 099	1 047

*The building in which the museum resides belongs to the National Department of Public Works. No rental is levied by the Department or payable by the William Humphreys Art Gallery. The value of the revenue received in kind together with the related expenditure is disclosed above.*



	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
Ms E White - Director		
April - March		
Basic Salary	705	113
Pension contribution	165	26
Allowances	2	2
Housing subsidy	11	2
Bonus	60	-
Back pay	14	-
<b>Total</b>	<b>957</b>	<b>143</b>

Ms K Blanckenberg  
April - January

Basic Salary	611	249
Pension contribution	75	57
Allowances	-	1
Housing subsidy	9	5
Bonus	55	56
Leave Pay Paid Out (Terminate)	24	-
Back pay	46	35
<b>Total</b>	<b>820</b>	<b>403</b>

Ms M Ramafalo  
March

Basic Salary	68	-
Housing subsidy	1	-
<b>Total</b>	<b>69</b>	<b>-</b>

*The salaries paid to the Director and Chief Financial Officer are included in the normal staff expenditure.*

*There have been no additional payments such as fees, performance bonuses, expense allowances, commissions, gains or profit sharing or share options paid to the employees of this institution, other than normal expenses payable to employees.*



## 22 Financial risk management

The gallery's financial instruments consist mainly of cash and cash equivalents, trade and other receivables and trade and other payables.

The entity's activities expose it to a variety of financial risks, namely market risks (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

### Principles of risk management

The Gallery is exposed in particular to risks from movement in interest rates that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and financial activities.

The fundamentals of the Gallery's financial policies are established by the council. Implementing the financial policies and ongoing risk management rests with council. Certain transactions require the prior approval of the council which is also regularly briefed on the extent and the amount of the current risk exposure.

### Interest rate risk

The Gallery is exposed to the interest rate risk in South Africa. The Gallery does not make use of interest rate derivatives and therefore 100% of the interest-bearing financial assets and liabilities had a variable interest rate.

### Sensitivity analysis

Interest rate risk are presented by way of sensitivity analysis. These show the effect of changes in the market interest rate on interest payments, interest income and expenses, other income components and, if appropriate, equity. The interest rate sensitivity analysis is based on the following assumptions:

Changes in the market interest rates affect the interest income or expense of non-derivative variable interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against the interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

A one percentage movement in the effective interest rate would have the following effect on the net income for the year.

	+1%	-1%
Cash and cash equivalents	325	-325

### Other price risk

No other price risk with respect to investment exists.

### Foreign currency risk

No foreign currency exchange rate risk with respect to investments exists.

### Credit risk

Financial asset which potentially subject the Gallery to the concentration of credit risk consist of cash and cash equivalents and receivables. The Gallery's cash is placed with the high-quality financial institutions. Trade receivables are disclosed net of provision for impairment.

### Liquidity risk

Liquidity risk is the risk that the Gallery will not be able to meet its financial obligations as they fall due. The Gallery's approach to management its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the Gallery.

The Gallery monitors its cash flow requirements on an ongoing basis which takes into account the servicing of financial obligations, but excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

## Net fair values

The estimated values of the Gallery's financial instruments are:

Financial Assets at fair value		
Cash and Cash Equivalents	<u>32 451</u>	<u>13 416</u>
Financial Assets at carry value		
Cash and Cash Equivalents	<u>32 451</u>	<u>13 416</u>

## 23 Irregular expenditure

Opening balance	-	576
Irregular expenditure		913
Current year	1 092	913
Prior year, but identified in the current year	-	-
Less: Condoned	-	-
Less: Recovered	-304	-
Less: Approved and written off	-	-1 489
Irregular expenditure awaiting approval	<u>788</u>	<u>-</u>

2020  
R'000

2019  
R'000

## 24 Fruitless and wasteful expenditure

Opening balance	182	-
Fruitless and wasteful expenditure	20	182
Current year	20	42
Prior year, but identified in the current year	-	140
Less: Condoned	-182	-
Less: Approved and written off	-	-
Fruitless and wasteful expenditure awaiting approval	<u>20</u>	<u>182</u>



## 25 Prior period error

### Post-retirement medical benefit

The correction made to the prior year financial statements relates to the restatement of Property Plant and Equipment recognition of assets purchases that were not recognised, the correction of depreciation expensed and the incorrect classification of expenses as employee related costs instead of general expenses. The correction will have an effect on the surplus reported in the Statement of Financial Performance for the year ended 31 March 2019 and the net assets reported in the Statement of Financial Position as detailed in the tables below.

<b>Statement of Financial Performance</b>	<b>31-Mar-20</b>	<b>Change</b>	<b>31-Mar-19</b>
Decrease in employee related costs	4 978	-147	5 125
Increase in general expenses	3 144	147	2 997
Decrease in depreciation	<u>166</u>	<u>-13</u>	<u>180</u>
Net effect on surplus for the year	<u>8 288</u>	<u>13</u>	<u>8 302</u>

<b>Statement of Financial Performance</b>			
Increase in property, plant and equipment	3 963	-22	3 942
Decrease in accumulated depreciation	<u>1 267</u>	<u>-13</u>	<u>1 281</u>
Net effect on net assets for the year	<u>5 230</u>	<u>-35</u>	<u>5 265</u>

### Statement of Changes in Net Assets

Increase in opening balance in accumulated surpluses	<u>26 797</u>	<u>35</u>	<u>26 762</u>
Net effect on accumulated surpluses for the year	<u>26 797</u>	<u>35</u>	<u>26 762</u>

## 26 Contingencies

The Gallery does not have any contingent assets or liabilities on 31 March 2020, which will require disclosure in terms of GRAP 19, Provisions, Contingent Liabilities and Contingent Assets.

## 27 Subsequent events

No adjusting subsequent events were identified after 31 March 2020.

### Non-adjusting events

The COVID-19 pandemic has resulted in a significant reduction of 19.3% in the allocated budget from the Department of Sport, Arts and Culture for the to generate funds for the Department's relief fund all of which has had a negative impact on the cashflow of the gallery. Due to reduction in the allocated budget and the closure of the Gallery, the performance indicators and targets for the year were revised to align to the revised budget.

The Department of Sports, Arts and Culture has indicated that this is the only year that it will reduce its allocation and the allocated funds for the 2021/22 onwards will be as initially budgeted.

## 28 Going concern

WHAG has built up reserve funds in cash over a number of financial years amounting to R8 146 000 (excluding the conditional grants that were reported as deferred income) and current liabilities of R903 000 which indicates that WHAG is able to settle the short term debt with the funds immediately available. We also draw your attention to the fact that WHAG at 31 March 2020 has an accumulated surplus amounting to R2 884 00.

The entity is wholly dependent on the Department of Arts and Culture for continued funding of operations. The Department of Sports, Arts and Culture has indicated that this is the only year that it will reduce its allocation and the allocated funds for the 2021/22 onwards will be as initially budgeted and communicated to the entity due to the COVID 19 relief fund being a once off event.

The Annual Financial Statements are prepared on the basis that the entity is a going concern and the Department of Arts and Culture has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

This basis presumes funds will be available to finance the future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business



Cultural connections through creativity, in collaboration with WHAG, Artlit exhibition attendees (8 Aug 2019)





ISBN: 978-0-621-48766-4

William Humphreys  
Art Gallery



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