



CASTLE OF GOOD HOPE

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2009



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Acknowledgements

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1. INTRODUCTION

1.1. Background

This year the Castle of Good Hope is 344 years old. Work on its foundations started in 1665, its cornerstones were laid on 02 January 1666. Since then, it has been at the centre of military and cultural life at the Cape

Built by soldiers, sailors and slaves of the Dutch East India Company as headquarters of its maritime replenishment station, the Castle was a powerful link in the trade between East and West, and witnessed the arrival in Africa of new peoples, languages, religions, customs, fashions, forms of government and flags.

Like a true castle its function has always been more than military, for it had lodgings, offices, warehouses, kitchens, a chapel, etc, but its military presence was so formidable that no army or navy dared to test it.

Until this day the presence of uniformed soldiers performing solemn guard duties and colourful ceremonies, the beaten drum and the booming cannon, the flash of bayonet, halberd and halfpike, the glittering regimental and civilian dinners, are unbroken links in the chain of the Castle of Good Hope's long history. It is always a popular attraction by day and night, an amazingly preserved renaissance curiosity to visitors, a historical school room to thousands of students annually, a rare gem on the international military history tourist route, and the envy of many other South African cities.

1.2. Submission of the Annual Report to the Executive Authority

In accordance with the provisions of the Public Finance Management Act, 1999 (Act 1 of 1999), we are to submit for presentation to the Minister of Defence, the Castle Control Board Annual Report for the financial year ended 31 March 2009.

1.3. Applicable Acts and Other Information

This report is submitted in compliance with the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999); Castle Management Act, 1993 (Act 207 of 1993); Treasury Regulations and other applicable Acts and Regulations.

The Defence Endowment Property and Account Act, 1922 (Act 33 of 1922) transferred the Castle to the Republic of South Africa for the benefit of defence force organisations, establishments and land defences, or to conserve the value of such property. Since then the Castle of Good Hope has been governed and managed by the Minister of Defence.

The Castle Management Act, 1993 (Act 207 of 1993) provides for the Castle Control Board to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and deal with the aspirations and concerns of all stakeholders.

1.4. Composition of the Castle Control Board

In terms of the referred to Castle Management Act, the Castle of Good Hope has been placed under the juristic control of the Castle Control Board, which should comprise representatives of the various national and provincial stakeholders. The following entities are currently represented in the Castle Control Board (CCB):

Representative of the Department of Defence	Major General J.T. Nkonyane (Chairperson)
Representative of the Cape Town Regional Chamber of Commerce and Industry	Mr R.M. Hudson-Bennett (Vice-Chairperson)
Representative of the Iziko Museums of Cape Town	Professor H.C. Bredekamp
Representative of the Department Of Public Works	Mr F. Johnson
Representative of the South African Heritage Resources Agency	Ms B. Crouts-Knipe
Officer Commanding Army Support Base Western Cape	Lieutenant Colonel M.R. Mongo
Representative of the City of Cape Town	Mr D. Hart
Representative of the South African Tourism Board (Cape Town Routes Unlimited)	Mr B. Langalibalele
Two representatives appointed by the Minister of Defence	Adv D. Mitchell Ms A. Aggenbach
Representative of the Western Cape Provincial Legislature	Vacant
Executive Director	Vacant
Secretary	Captain F. Morkel

1.5. Vision and Mission

Vision for the Castle of Good Hope

The Castle of Good Hope strives to be a centre of global significance that is the epitome of social, cultural and military heritage, accessible to all citizens of South Africa and the world. It will be the centre of national pride for a “nation of good hope”; an internationally known and recognised cultural and heritage centre for ubuntu and human rights recognition; and a smooth functioning, self-sustaining “must-see” visitor and learner destination.

Mission of the Castle of Good Hope

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

1.6. Statement of Responsibility

The Castle Control Board members are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this Annual Report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through quarterly Board meetings.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the entity's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive reporting system operating within strict deadlines and an appropriate control framework.

The Auditor-General is responsible for reporting on the financial statements.

The board members believe that the entity will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the entity's annual financial statements.

The annual financial statements of the Castle Control Board for the year ended 31 March 2009 set from paragraph 6 were approved by the Board on 20 May 2009 and are signed on its behalf by -



**(MAJOR GENERAL J.T. NKONYANE)
CHAIRPERSON**



**(MR R.M. HUDSON-BENNETT)
VICE-CHAIRPERSON**



2. MANAGEMENT REPORT

2.1 Events at the Castle

This year saw the hosting of many events, which included the Timbuktu Exhibition, Breathing Spaces, Cape Town Military Tattoo and the International Military Chief of Chaplains Conference. Both the Timbuktu and Breathing Spaces Exhibitions were managed by Iziko Museums of Cape Town and utilized the Castle of Good Hope as one of its exhibition venues.

The Timbuktu exhibition was officially opened on 07 August 2008 and ran until 02 September 2008. The exhibition was well received by the public and was seen as complimentary to the Castle.

The Cape Town Military Tattoo has become a regular event on the Cape Town calendar and was well supported by the general public. The Military Tattoo was held from 20-22 November 2008. The Military Tattoo included participation by the five regiments stationed at the Castle of Good Hope, the SA Army Band Cape Town as well as various new acts, which included the Heritage Group, Alexander School of Dance and the Ashwin Willemse Orient Marching Band to name but a few.

The International Chief of Chaplains Conference welcoming ceremony was held at the Castle of Good Hope on 01 February 2009. The Deputy Minister of Defence, Mr Fezile Bhengu, welcomed delegates and declared the conference open.

In addition to the 136 000 visitors to the Castle, an additional 25 000 visitors/guests attended functions and events at the Castle of Good Hope.

Events, Film and Fashion Shoots remain a respectable source of income and this year the Castle received R521 602,00 in revenue.

Throughout the year the five Cape Regiments showed their presence by displaying their colours during Medal and Church Parades including El Alamein and the Opening of Parliament. In addition the Cannon Association of South Africa fire the signal cannon on Saturdays and thus entertain and educate the youth.

2.2 Visitors

Although the Castle of Good Hope has shown a significant increase in visitors during 2008, the recent global recession and its impact during the last quarter of 2008 and the first quarter of 2009 has clearly resulted in a decline in revenue. This decline in visitors will only be reflected at the end of 2009.

The figures portrayed in the table below show an increase of visitor figures in comparison to 2007 and are calculated from January to December of the respective years.

Year	Adults	Pensioners	Child/Student	Booked School Groups	Concessions	Total
2007	78 361	8 224	23 551	17 883	1061	129 080
2008	87 183	4 922	23 880	19 189	774	135 948



2.3 Daily Management

The Castle Section continues to manage the Castle with limited resources and have been fortunate to receive dedicated support for its efforts from various departments and organisations involved with the Castle of Good Hope.

The Castle Section has focused its attention on day-to-day maintenance of the Castle and concentrated on effective service delivery.

As an educational institution, the Castle has managed to increase its booked school group visits by 6,8%, which is a significant increase when compared to 2007.

Facilities Management

The challenges remain the allocation of funding for maintenance of the Castle of Good Hope. This will ensure the preservation of this historic asset. It will require an active involvement by Department of Public Works, Department of Defence and the South African Heritage Resources Agency.

The Castle Section is however engaged with an exercise to minimize any further damage to the facility through preventative maintenance measures. These measures would include clearing drains and drain covers from sand and other sedimentary deposits and ensuring roofs are cleared from sand, vegetation and rubble. Attention is also given to the woodwork as to ensure that no permanent damage is caused.

2.4 Improvements on Non-Compliance Matters

The Board actively strive towards improving on Non-Compliance Matters according to a Rectification Plan established and monitored by Department of Defence Chief Logistics.

Audit Committee

An Audit Committee has been established for operation within approved written terms of reference. Detail on the composition and operations of the audit committee are discussed under such heading in paragraph 4.3.

Composition of the Board

The Vice-Chairperson to the Board was appointed on 04 April 2008. With all efforts being made to fill vacant positions on the Board within the year under review, the Minister of Defence appointed two representatives for active participation in Board activities.

The appointment of representatives for the City of Cape Town and Cape Town Routes Unlimited, resulted in increased involvement of a broader foundation of stakeholders to the benefit of management activities and progress by the Board during the year under review.

Appointment letters to support the appointment of Board members are now available at the Castle Section.

Appointment of Executive Director and Chief Financial Officer

The Executive Director and Chief Financial Officer have not been appointed as required by Section 4 (f) of the Castle Management Act, 1993. However, a Castle Manager had been appointed with a Management Directive, including tasks and function related to those of the Executive Director, signed by the Chairperson of the Board.

The appointment of both these positions is a standing point on the Board's agenda and is envisaged that such appointments will be made as soon as adequate financial resources are available. Investigation in this regard is in process in terms of the financial viability of appointing both an Executive Director and Chief Financial Officer.

Supply Chain Management Policy

A comprehensive Supply Chain Management Policy had been established and implemented after approval by the Board during the year under review. Specialists in this field had been involved in the development of this policy as to ensure that the Castle of Good Hope has and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

Risk Management Policy

Risks had been identified and managed in conjunction with the Audit Committee.

Income Tax Exemption

All relevant documentation had been completed and the Board has been successful in applying for Income Tax exemption.

2.5 Transfer of the Castle of Good Hope to Department of Arts and Culture

The Department of Defence, represented by Chief Logistics, appeared before the Portfolio Committee on Defence on numerous occasions deliberating on future management and administrative control of the Castle of Good Hope within the framework of the transfer process as prescribed in the Castle Management Act Repeal Bill.

The Portfolio Committee on Defence therefore considered inputs from the Department of Defence and the Department of Arts and Culture as well as from public hearings regarding the transfer of the Castle of Good Hope from the Department of Defence to the Department of Arts and Culture. Consequently it was recommended that the Department of Defence reconsider the Castle Management Act Repeal Bill and it was accordingly withdrawn in June 2008.

The withdrawal of the Repeal Bill directly results in the confirmation that the Minister of Defence remains the Executive Authority to the Castle Control Board.

This decision was formalised by a Ministerial Instruction Castle Management Act Repeal Bill by Minister of Defence during July 2008, instructing that the transfer of the Castle of Good Hope be terminated and all deliberations with Department of Arts and Culture in terms of the transfer of management and administrative control of the Castle of Good Hope was concluded with immediate effect.

2.6 Implementation of Portfolio Committee on Defence Recommendations

Consequent to the presentation of the Castle Control Board Annual Report 2007/2008 to the Portfolio Committee on Defence on 17 November 2008, the Portfolio Committee on Defence tabled a report including recommendations towards effectively addressing non-compliance matters as well as future improvement on corporate governance and management aspects.

Non-compliance matters

The Board focussed intensively on the rectification of non-compliance matters during the year under review as described in par 3.4.

Strategic Business Plan

During a Castle Control Board Strategic Workshop on 12 February 2009 the establishment of a Strategic Business Plan was clarified as one of the key focus areas towards successful management practises. A draft document was circulated during March 2009 to all Board members for scrutiny and inputs.

Financial Sustainability

Recommendations indicate that additional sources of funding should be explored to achieve financial sustainability and that income generated in the Castle of Good Hope should be reinvested in Castle Management in order to fund maintenance projects, the development of social and educational programmes as well as appointments of the Executive Director and Chief Financial Officer.

With this objective in mind, the Chairperson initiated a process whereby the Army Support Base (ASB) Western Cape Officers' Club will transfer the *Het Bakhuys* function and venue hire capability to the Board.

International Best Practices

Various investigations regarding International Best Practises had been done through liaison and networking platforms participated in by stakeholders of the Board. Research documentation in this regard is actively utilised by the Board in management and operations activities towards being regarded in line with such practises.

Holistic preservation and maintenance of the Castle of Good Hope

The Board indicated the requirement for external consultants to be appointed to establish a Maintenance Plan for the Castle of Good Hope. The Representative of the Department of Public Works to the Board championed the process towards funding and appointment of heritage consultants by the Department of Public Works. We could expect a report in 2009. This will enable DPW to determine the scope of work to be done in order to do much needed maintenance.

Responsible Management of the Castle of Good Hope as Immovable Military Heritage Assets

The Minister of Defence is the Executive Authority and all major decisions in terms of strategic control and management will be implemented on her approval.

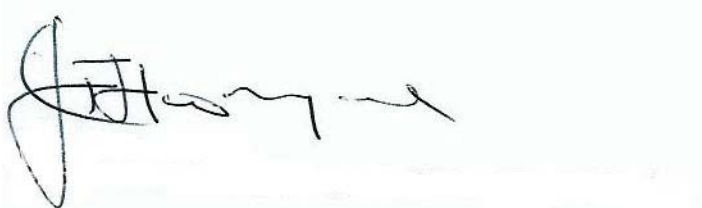
Inputs by Representatives of the South African Heritage Resources Agency and the City of Cape Town in the specifications for the appointment of heritage consultants serves as direct proof of successful Board operations through involvement of all stakeholders towards implementation of measures towards effective management of the Castle of Good Hope as Immovable Military Heritage Asset.

The Castle of Good Hope, as DOD Immovable Military Heritage Asset, forms part of a whole inventory of such assets and is therefore included in a project towards establishing a Management Programme for all DOD Immovable Military Heritage Assets.

2.7 Events after Reporting Date

Transfer of Het Bakhuis

The Terms of Reference as well as Conditions for Transfer were discussed during a meeting held in April 2009. With ASB Western Cape willing to enter into negotiations only under the condition that the CCB purchase *Het Bakhuis* as a going concern, CCB delegates present at the meeting are necessitated to return to the Castle Control Board during May 2009 and table options on implementing the transfer. The Board will approve the preferred options.

A handwritten signature in black ink, appearing to read 'J.T. Nkonyane', is written over a light blue rectangular background.

**(MAJOR GENERAL J.T. NKONYANE)
CASTLE CONTROL BOARD: CHAIRPERSON**

3. PERFORMANCE INFORMATION

3.1 Highlights

The Castle Control Board (CCB) had an emergency compliance meeting on 04 April 2008 to address the outstanding compliance matters raised in previous audits. These matters were addressed and looking at the time and effort it is obvious that the Castle Control Board should consider this as a highlight. With the exception of one or two matters, most of the compliance matters were completed successfully.

In its report on the 2007/2008 Annual Report of the Castle of Good Hope, the Portfolio Committee on Defence commended the Castle Control Board for an unqualified audit report and a sound financial position. With the exception of the challenges listed below, the Castle Control Board has made a valiant effort to resolve most of the matters of emphasis raised in the previous audit.

3.2 Challenges

In its recommendations the Portfolio Committee on Defence suggested that, in order to achieve financial sustainability, the CCB need to explore additional sources of funding. This in turn would enable the appointment of a CEO and CFO based on adequate resources and add value to the entity. In reaction to the recommendations, the CCB has looked at those venues and facilities from which rental can be generated as to increase the annual revenue thus enabling a sustainable Entity under the current dispensation. The Het Bakhuy's currently resorts under the Department of Defence (Non Public Institution) as the Combined Officer's Club and does not contribute rental to the CCB for trading within its confines. It is envisaged that a rental based on percentage turnover will be considered.

The allocation of additional government grants would be considered as a challenge as this will enable additional resources to both manage and maintain the Castle of Good Hope.

3.3 Departmental Support

SANDF personnel from Army Support Base Western Cape, seconded to the Castle of Good Hope, assist in the implementation of Castle Management tasks and functions ie administration, function co-ordination, tourism, marketing, etc. These members are fully supported by the Department of Defence in terms of wages and salaries and other human resources related funding amounting to R1.8 million per annum.

The Department of Defence's level of commitment in the management of the Castle of Good Hope is also increased with the chairmanship of the Castle Control Board resorting under Chief of Logistics. Personnel within the Logistics Division (Directorate Facilities Support Management) are responsible for administration by the Chairperson and act as liaison between the Chairperson and the Board in the co-ordination of the action plan towards rectification of non-compliance matters mentioned in the Auditor-General Report 2008.

Acting Chief Logistics and involved personnel are fully supported by the Department of Defence in terms of subsistence and travel allowance, transport and accommodation funds as stipulated in par 13 of the Notes to the Annual Financial Statements. (To the amount of R7 205)

Logistics Division is responsible to give monthly feedback to the Chief SANDF its support to the Castle Control Board in terms of implementation of recommendations by the Portfolio Committee on Defence as stipulated in the Committee Report on the Castle Control Board Annual Report 2007/2008.

South African Air Force availed a procurement specialist to assist the Board in the development and implementation of a Supply Chain Management Policy. The Department of Defence fully supported this function in terms of funding of a preliminary site visit to scrutinise the current procurement system in order to establish an integrated and customised policy in line with national legislation.

Department of Defence Financial Division spent increasing energy in their advisory role to the Chairperson in terms of PFMA requirements and National Treasury Regulations during the year under review, attending Board meetings as an invited member and participating in the establishment of the Audit Committee.

3.4 Strategic Objectives

Objectives and Mandate

Strategic Objective 1: To preserve and protect the military and cultural heritage of the Castle of Good Hope

Key Objective	Strategy/output	Service Delivery Indicator	Performance against Objective
To preserve the Cape Military History	Effective management of the museum through continuous research and development projects in order to establish effective exhibitions and strive towards maximum educational outreach and to continuously expand or renew the collection through effective inventory management.	General Restoration of books and antiquities	Conservation Management Plan developed.
		Installation of CCTV cameras to protect new extension to museum.	Installation of CCTV camera and ADT monitoring at Castle Military Museum.
		Implement policies and procedures for effective management of daily activities.	Standing Working Procedures implemented (30 Sep 08)
		Promoting the Castle of Good Hope as a military and cultural heritage site.	Cape Town Military Tattoo held during 20-22 Nov 08.
		Castle Military Museum Foundation (CMMF) to approach National Lottery to fund acquisition of artefacts.	CMMF was successful in acquiring necessary funding from the Lottery Board to extend current military collection.
To maintain, preserve and protect the Castle of Good Hope	Professional and effective immovable heritage asset management into facilities maintenance in line with SAHRA guidelines through the establishment of a proper networking platform with role players into maintenance operations and quality control within a safe and secure environment.	Implementation of effective Asset Management Programme for books and antiquities and continuous capturing of new collections to the museum	Effective implementation of Asset Management Programmes(Humanities CMD/Resources MD).
		24 hour CCTV monitoring of Castle premises	CCTV operational at Castle and Military Museum
		Ensure day-to-day maintenance on building structures and gardens.	DPW appointed consultants to do evaluation on structural condition of the Castle of Good Hope.

Key Objective	Strategy/output	Service Delivery Indicator	Performance against Objective
To ensure good governance	Effective administrative management in terms of corporate governance in line with a Strategic Business Plan for the Castle of Good Hope towards optimal resources support through continuous co-ordination between the CCB and Castle Management within the framework of legislation	CCB and Castle Management to address compliance matters raised in 2008 Audit Report and convene workshops to address drafting of Strategic Business Plan and appoint a Castle Manager with a Management Directive to ensure accountability in accordance with the PFMA.	Six(6) Board meetings held during the year.
			Audit Committee Appointed & Charter approved.
			Supply Chain Management Policy implemented.
			HR Policy developed.
			Conservation Management Plan developed.
			Risk Management Plan developed.
			Related Parties were addressed.
			Castle Management Act Repeal Bill resolved
			Clean Audit opinion and Matters of Emphasis addressed.
			CCB Task Team convened to address appointment of CEO/CFO and other related matters.
Materiality Framework developed.			

Strategic Objective 2: To optimise the tourism potential of the Castle of Good Hope

Key Objective	Strategy/output	Service Delivery Indicator	Performance against Objective
To create a professional and competent corporate image	A high standard of public relations is maintained through standardising communication platforms towards effective, professional liaison with stakeholders and potential clients to a facility accommodating all cultures and evident of high standards in terms of value, maintenance and hygiene.	Marketing of Castle with a multi-media approach	Free media exposure in printed media as well as on television. Advertising in official visitor and travel publications. Visitors increased from 129 080 to 135 948 (5% increase).
		Assist schools with their educational programmes with specific reference to the Castle of Good Hope	Number of Scholars visiting the Castle increased from 17 883 to 19 189.
		Preparing for the 2010 World Cup Soccer event	One additional Castle guide appointed and trained, increasing total to three Castle guides
		Implementing an upgraded functions database to coordinate and facilitate all activities and events within the Castle of Good Hope.	Successful implementation of Function Database (Functions OD).
		Promoting the military and cultural heritage of South Africa.	3000 tickets sold at Cape Town Military Tattoo.

Strategic Objective 3: To optimise the accessibility of the Castle of Good Hope to the public

Key Objective	Strategy/output	Service Delivery Indicator	Performance against Objective
To increase the public profile and create a positive perception of the Castle of Good Hope across all sectors of the community	Promotion of the Castle as an attractive, user friendly tourist destination also available to the business and corporate community as high profile conference and function venue through the implementation of effective marketing processes by utilising various opportunities to establish projects and programmes as marketing tool to the public.	Ensure Public Liability and safety of visitors to the Castle of Good Hope	Increasing Public Liability from R2million -R5million
		Successfully execute the Cape Town Military Tattoo in collaboration with the SANDF.	3000 tickets sold at Cape Town Military Tattoo.
	The implementation of a broader range of activities towards meeting recreational and educational requirements by the broader public through research, development and effective co-operation with relevant stakeholders	Ensure effective and continuous functioning of Horse and Carriage Tours, Key Ceremony and Firing of Signal Cannon.	Number of Scholars visiting the Castle increased from 17 883 to 19 189.
		Ensure all members of the public have the opportunity for free access by presenting two Open Days a year.	Visitors increased from 129 080 to 135 948 (5% increase).

4. CORPORATE GOVERNANCE

The Castle Control Board regard corporate governance as a fundamental contributor to the success of the entity and are fully committed towards ensuring that good governance is practised in order for the Castle of Good Hope to remain a sustainable and going concern.

4.1 Castle Control Board

The Castle Control Board was established by the Castle Management Act, 1993 (Act 207 of 1993). In terms of this Act, the Castle of Good Hope has been placed under juristic control of the Castle Control Board, which should comprise of representatives of various national and provincial stakeholders.

For the year under review vacancies in the Board existed regarding the Executive Director and a Representative of the Western Cape Provincial Legislature.

In order to ensure successful implementation of objectives and responsibilities, the Castle Control Board met on a two to three month basis (6 meetings) and established guidelines to Castle Management on execution of daily operations.

Prior to the withdrawal of the Castle Management Act Repeal Bill during June 2008, members from the Department of Arts and Culture were invited to attend Board meetings as to primarily ensure transparency and also establish continuity with a foundation towards the envisaged transfer of the management of the Castle of Good Hope.

Six Board meetings were held during the year under review with representation as follow:

Present	Representing	Attendance meetings: 6
Members		
Major General J.T. Nkonyane (Chairperson)	Representative of the Department of Defence	6
Mr R.M. Hudson-Bennett CA(SA) (Vice Chairperson)	Cape Town Regional Chamber of Commerce and Industry	5
Colonel J.P.M. Kobbie/ Lt Col M.R. Mongo	Officer Commanding ASB Western Cape	5
Mrs A. Aggenbach	Representative appointed by the Minister of Defence	6
Mr D. Mitchell	Representative appointed by the Minister of Defence	4
Prof H.C. Bredekamp	CEO Iziko Museums of Cape Town	6
Mr B. Langalibalele *	Representative of the South African Tourism Board (Cape Town Routes Unlimited)	2
Mr F. Johnson/ Mr D. Rossouw	Representative of the Department of Public Works	6
Ms B. Crouts-Knipe	Representative of the South African Heritage Resources Agency	5
Mr D. Hart *	Representative of the City of Cape Town	3
Captain F. Morkel (Secretary)	Castle Section	6
Observers		
Mr P. du Bois/ Mr J. Fourie	Department of Defence (Finance Division)	5
Col L.L. Matyila/ Lt Col H. Lambrechts	Department of Defence (Non Public Funds)	2
Mr I. Langeveld	Department of Arts and Culture	1
Dr D. Sleigh	Co-opted Specialist Advisor	3

* Members were only appointed in September 2008.

4.2 Policy Development and Implementation

Human Resources Management Plan

Development of the Human Resources Management Plan commenced during the year under review. All management principles within the plan reflect guidelines in this regard according to the Public Service Act and are applicable to all members employed by the Castle Control Board. Members remunerated by the DOD remain under Human Resources Management guidelines as applicable to DOD members.

Conservation Management Plan

The Conservation Management has the purpose of guiding the institution from a strategic level towards grading the specific site in terms of its significance as cultural site. The draft document had been distributed to line institutions for input as to ensure the finalisation of a thorough and detailed plan.

Strategic Plan

The establishment of a Strategic Business Plan was clarified as one of the key focus areas towards successful management practises. A draft document was circulated during March 2009 to all Board members for scrutiny and inputs.

Maintenance Plan

In order to compile a comprehensive Maintenance Plan for the Castle of Good Hope, DPW appointed a company specialising in Conservation Architecture for this purpose during the year under review. The Maintenance Plan will guide all future maintenance of facilities.

Supply Chain Management Policy

A comprehensive Supply Chain Management Policy had been established and implemented after approval by the Board during the year under review. Specialists in this field had been involved in the development of this policy as to ensure that the Castle of Good Hope has and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

Materiality and Significance Framework 2009/10

In accordance with the PFMA and National Treasury regulations, a Materiality and Significance Framework has been developed and approved by the Board subsequent to the financial year end.

4.3 Report of the Audit Committee

The Audit Committee of the Castle Control Board presents its report for the financial year ended 31 March 2009.

Audit Committee Charter Members and Attendance

The Audit Committee was established and approved by the Castle Control Board on 26 November 2008 and three members were appointed to the Committee. An Audit Committee Charter was developed approved and signed on 26 November 2008. The Audit Committee held three meetings during the year ended 31 March 2009 and attendance at these meetings were as follows:

Present	Representing	Attendance of Meetings: 3
Members		
Mr P.J. Strachan (Chairperson)	Audit Committee of the Castle Control Board	3
Mrs F. Allie	CFO Iziko Museums	3
Ms B. Khumalo	CFO SAHRA	2

Two of the members are from inside the public service but are not employees of the Castle Control Board.

Audit Committee Responsibility

The Audit Committee reports that it has complied with the responsibilities arising from Sections 51 (1)(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit Committee reports that it has complied with the terms of its charter adopted on 26 November 2008 and have discharged its duties in accordance therewith.

Internal Control

The system of control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed in compliance with all relevant statutory and governance requirements.

The Audit Committee notes from the Audit Report on the annual financial statements and Management Report of the Auditor-General that there are no significant non-compliance with prescribed policies and procedures has been reported and the committee is accordingly able to report that the system of Internal Control for the year under review was effective and efficient.

Internal Audit

The Audit Committee recognized the importance of implementing an Internal Audit Function and despite efforts to have an Internal Audit Function in place by 31 March 2009 this has not been achieved.

The Audit Committee has requested that this matter be taken up with the Department of Defence to assist in resolving this matter.

Risk Management and other policies

One of the first actions taken by the Audit Committee was to review and evaluate the Auditor-General's report for 31 March 2008 and much focus was given to the issues raised and the Matters of Emphasis. The Committee is pleased to report that a detailed Risk Management Plan has been developed and that many new policies and procedures have been developed and implemented by management and the Castle Control Board. The Audit Committee will continue to monitor both progress and enhancement to these policies and procedures.

Quality of Management Reporting

The Audit Committee is satisfied with the content and quality of monthly, quarterly and annual reporting, which are presented to both the Audit Committee and the Castle Control Board and the committee is comfortable that these provide a reasonable basis for the organisation's management and control.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report, with the Auditor-General and with the Castle Control Board as the Accounting Authority
- reviewed the Auditor-General's management report and Management's response thereto,
- reviewed changes in accounting policies and practices, as applicable, and
- reviewed and endorsed the accounting policy adjustments that resulted from the audit.

The Audit Committee accordingly concurs with and supports the Auditor-General's conclusion on the annual financial statements, and is of the opinion that the audited financial statements can be accepted and read together with the Auditor- General's report.

A handwritten signature in black ink, appearing to read 'P.J. Strachan', is written over a faint horizontal line. Below the signature, there is a long, thin, slightly curved horizontal line.

**(P.J. STRACHAN CA(SA))
AUDIT COMMITTEE: CHAIRPERSON**



5. HUMAN RESOURCES MANAGEMENT

The Castle Section comprises a total of 18 members of whom ten (10) are remunerated by the Department of Defence.

It is necessary for the the Castle Control Board to employ additional staff to execute duties related to posts no longer occupied by SANDF personnel. These posts include three (3) Castle Guides, a bookkeeper, financial clerk, a cashier together with an assistant and museum assistant.

Other services include permanent cleaning services, char services during the festive season and weekends as well as temporary replacement personnel during leave and public holidays.

In order to comply the Castle Control Board was to approve a Human Resource Policy, which is currently in draft. The Human Resources Policy is applicable to those eight (8) members who are appointed and remunerated by the Castle Control Board.

5.1 Permanent Employees

Total number of permanent workers as employed by the Department of Defence and seconded to the CCB (as on 31 March 2009)

Post Level	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Level 9	-	1	-	-	-	-	-	2	3
Level 8	-	-	-	2	-	-	-	1	3
Level 7	-	-	-	-	-	-	-	-	-
Level 6	-	-	-	-	-	-	-	-	-
Level 5	-	-	-	-	-	-	-	-	-
Level 4	1	-	-	2	-	-	-	-	3
Level 3	-	-	-	-	-	-	-	-	-
Level 2	-	1	-	-	-	-	-	-	1
Total	1	2	-	4	-	-	-	3	10

5.2 Contract Workers

Total number of contract workers as appointed by the Castle Control Board (as on 31 March 2009)

Post Level	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally Qualified	-	1	-	1	1	1	-	-	4
Semi-skilled and discretionary decision making	-	-	-	1	-	2	-	1	4
Total	-	1	-	2	1	3	-	1	8

6. ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2009

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE CASTLE CONTROL BOARD FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Castle Control Board which comprise the statement of financial position as at 31 March 2009, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 43.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and in terms of section 21 of the Castle Management Act, 1993 (Act No. 207 of 1993), 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.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 20 of the Castle Management Act, 1993, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the Castle Control Board as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in the accounting policy note 1 and in the manner required by the PFMA.

Basis of accounting

8. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in the accounting policy note 1.

Other matters

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

9. No internal audit function was in place during the current and prior period as required by Treasury Regulation 27.2.2 and section 51 (1) (a) (ii) of the PFMA.
10. A chief financial officer has not been appointed as required by Treasury Regulation 2.1.1, although the functions are performed by a person filling the position in an acting capacity.
11. During the execution of the audit, it was noted the Castle Control Board has not appointed a representative of the provincial legislature of the Western Cape as required by section 4(1)(k) of the Castle Management Act, 1993.

Governance framework

12. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

13. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	■	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	■	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	■	

No.	Matter	Y	N
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines, as set out in section 55 of the PFMA.	■	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	■	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The entity had an audit committee in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	■	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8. 	■	
7.	Internal audit		
	<ul style="list-style-type: none"> The entity had an internal audit function in operation throughout the financial year. 		■
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		■
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2. 		■
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	■	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	■	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	■	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	■	
12.	Powers and duties have been assigned, as set out in section 56 of the PFMA.	■	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	■	
14.	SCOPA resolutions have been substantially implemented.	■	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	■	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	■	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Castle Control Board against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulation 29.1/30.1	■	

14. The entity provided for a clear trail of supporting documentation that was easily available, financial statements and management information was provided timeously and key officials were available during the audit. Furthermore, the entity complied with the development of risk management and governance practices, as well as leadership and monitoring, but does not have an internal audit function in place.

Late finalisation of audit report

15. In terms of section 55(1)(d)(iii) of the PFMA, I am required to submit my report to the accounting authority within two months of the receipt of the financial statements. In the interest of improving accountability and finalising internal processes to ensure high quality standards of reporting are maintained, I have delayed the finalisation of my report, although the financial statements were received by 28 May 2009

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

16. I have reviewed the performance information as set out on pages 15 to 18.

The accounting authority's responsibility for the performance information

17. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

18. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

19. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

20. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Findings on performance information

Usefulness and reliability of reported performance information

21. The following criteria were used to assess the usefulness and reliability of the information on the entity's performance with respect to the objectives in its annual performance plan:
- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved annual performance plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
 - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

22. The following review findings relate to the above criteria:

- Performance measures are not well defined.
- Key performance indicators were identified that were not measurable or where no measurable targets were set.

APPRECIATION

23. The assistance rendered by the staff of the Castle Control Board during the audit is sincerely appreciated.

Auditor - General

Cape Town

13 August 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Performance

for the year ended 31 March 2009

		2008/9	2007/8
Continuing operations	Notes	R'000	R'000
Sale of Goods		107	100
Other income	2	<u>2,073</u>	2,217
		2,180	2,317
 Cost of Sales		 (81)	 (61)
Administrative expenses	3	(435)	(344)
Staff costs		(295)	(265)
Audit fees		(175)	(23)
Other operating expenses	4	(306)	(252)
Total Expenditure		(1,211)	(884)
 Profit from operations		 888	 1,372
 Income from investments	5	 934	 499
Net profit for the year		<u>1,822</u>	1,871

Statement of Financial Position

as at 31 March 2009

	Notes	2008/9 R'000	2007/8 R'000
ASSETS			
Non-current assets			
Plant and equipment	6	<u>1,173</u>	<u>1,196</u>
Inventory	7	107	40
Trade and other receivables	8	81	10
Cash and cash equivalents	9	<u>9,181</u>	<u>7,298</u>
		9,369	7,348
Total assets		<u>10,542</u>	<u>8,544</u>
 EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	10	191	14
Capital and reserves		<u>10,351</u>	<u>8,530</u>
Total equity and liabilities		<u>10,542</u>	<u>8,544</u>

Statement of Changes in Net Assets

for the year ended 31 March 2009

	Revaluation reserve	Military Tattoo reserve	Accumulated profit/(loss)	Total
	R'000	R'000	R'000	R'000
Balance at 1 April 2007			6,023	6,023
<i>Revaluation property, plant and equipment</i>	636			636
<i>Net profit for the year</i>			1,871	1,871
Balance at 1 April 2008	636		7,894	8,530
<i>Net profit for the year</i>			1,822	1,822
<i>Adjustment</i>			(1)	(1)
<i>Transfer #</i>		167	(167)	
Balance at 31 March 2009	636	167	9,548	10,351

The Military Tattoo Reserve has been created to be able to monitor the results of this annual event and to ensure that any surpluses can be utilised for future events.

Cash Flow Statement

for the year ended 31 March 2009

	<i>Notes</i>	2008/9	2007/8
		R'000	R'000
<i>Net cash inflows from operating activities</i>			
Cash receipts from visitors		2,109	2,349
Cash paid to suppliers and employees		(1,123)	(923)
	11	986	1,426
Interest received		934	499
Net cash inflows from operating activities		1,920	1,925
Net cash from/(used in) investing activities	12	(37)	(53)
Net increase in cash and cash equivalents		1,883	1,872
Cash and cash equivalents at the beginning of the year		7,298	5,426
Cash and cash equivalents at end of the year		9,181	7,298

Accounting Policies

for the year ended 31 March 2009

1 Measurement and accounting policies

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

A. Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

B. The cash flow statement can only be prepared in accordance with the direct method.

C. Specific information has been presented separately on the statement of financial position such as:

- a. Receivables from non-exchange transactions, including taxes and transfers;
- b. Taxes and transfers payable;
- c. Trade and other payables from non-exchange transactions;

D. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 – 15 of GRAP 1 has not been implemented due the fact that the local and international budget reporting standard is not effective for this financial year.

Accounting Policies (continued)

for the year ended 31 March 2009

Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

1.1 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.

Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.2 Leasing

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing; All other leases are classified as operating leases, which are applicable to this entity.

The entity as a lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

1.3 Taxation

An application was submitted to the South African Revenue Service and Tax Exemption was granted subsequent to year end. Consequently no tax has been provided in these accounts.

1.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

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

Plant and equipment	15% Straight line
Furniture and Fittings	15% Straight line
Computer hardware and software	33⅓ Straight line

During the current year the depreciation method was changed from the reducing balance method to the straight line method. The effect of this change was not considered material.

Other Museum Antiquities

Museum Antiquities are stated at cost with no depreciation.

1.5 Impairment

At each balance sheet date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if

Accounting Policies (continued)

for the year ended 31 March 2009

any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a re-valued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution.

The valuation of inventories has changed from the weighted average method to FIFO during the year under review for practical purposes. The effect of this change is considered to be immaterial.

1.7 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the entity's balance sheet when the entity becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The entity's principle financial assets are investments and loans, accounts receivable and cash and cash equivalents.

1.8 Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1.9 Financial liability and Equity

The entity's principle financial liabilities are accounts payable.

The entity's principle financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisations, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

Accounting Policies (continued)

for the year ended 31 March 2009

1.10 Trade payables

Trade and other payables are stated at their nominal value.

1.11 Cash and cash equivalent

Cash and cash equivalents are stated at their nominal value.

1.12 Comparative figures

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

Notes to the Annual Financial Statements

for the year ended 31 March 2009

2 Other Income

	2008/9	2007/8
	R'000	R'000
Buildings Rental income	679	803
Ticket Sales, Ceremonial Guards, Breakages	1,307	1,363
Sundry Income	1	
Military Tattoo	86	51
Total	2,073	2,217

3 Administrative expenses

Advertising and subscriptions	66	70
Uniforms, flags, gunpowder, etc	16	14
Insurance	20	19
Museum expenses	100	78
Fees for services		
- Administrative	105	51
Legal fees		4
Entertainment	10	12
Stationery and printing	62	57
Training	17	
Venues & facilities	1	2
Bad Debt written off		2
Bank Charges	38	35
Total	435	344

4 Other operating expenses

	2008/9	2007/8
	R'000	R'000
Maintenance, repairs and running costs		
- Property and buildings	48	45
- Other maintenance, repairs and costs	158	154
	206	199
Depreciation – Assets carried at cost	59	13
Stores/consumables	12	10
Travel and subsistence	4	9
Communication costs	25	21
Total	306	252

5 Income from investments

Interest income		
- Bank deposits	934	499

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2009

6. Plant and equipment

	Office Furniture and fittings R'000	Museum Antiquities R'000	Total R'000
Year ended 31/3/2008			
Opening net carrying amount	119	401	520
Gross carrying amount	153	401	554
Accumulated depreciation	(34)		(34)
Additions	44	9	53
Revaluation property, plant and equipment		636	636
Depreciation charge	(13)		(13)
Net carrying amount 31 March	150	1,046	1,196
Year ended 31/3/2009			
Opening net carrying amount	150	1,046	1,196
Gross carrying amount	197	1,046	1,243
Accumulated depreciation	(47)		(47)
Additions	37		37
Depreciation charge	(60)		(60)
Net carrying amount 31 March	127	1,046	1,173

7 Inventories

	2008/9 R'000	2007/8 R'000
Finished goods	107	40

8 Trade and other receivables

Trade receivables	2	10
Accrual of interest	79	-
	81	10

9 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.

Cash at bank	455	422
Cash on hand	5	5
Short-term investments / instruments	8,721	6,871
	9,181	7,298

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2009

10 Trade and other payables

	2008/9 R'000	2007/8 R'000
Trade creditors	188	6
Leave Pay	3	
Deposits		8
	191	14

11 Reconciliation of profit before taxation to cash generated from/(utilised in) operations

Profit before taxation	1,822	1,871
Adjusted for:		
- Depreciation on plant and equipment	60	13
- Investment income	(934)	(499)
Operating cash flows before working capital changes	948	1,385
Working capital changes	38	41
- Decrease in inventories	(67)	13
- Decrease/(increase) in receivables	(71)	20
- Increase/(decrease) in payables	177	8
- Rounding adjustment	(1)	
Cash generated from operations	986	1,426

12 Net cash from/(used in) investing activities

Acquisition of plant and equipment	(37)	(53)
Cash from/(used in) investing activities	(37)	(53)

13 Related Parties

Related Party	Nature of the relationship	Amount confirmed 2008/09 R'000	Amount confirmed 2007/08 R'000
Iziko Museums of Cape Town	Share of income from gate takings and related business in terms of agreement	637	651
SANDF	Management and Administrative Support to the CCB, which includes salaries.	2,057	1,823
Army Support Base Western Cape (Combined Officer's Club)	Regular lessees of CCB managed facilities and equipment	393	351
SANDF	Recipient of payment for Fixed line telecommunications equipment	13	14
RM Hudson-Bennett	As vice-chairperson of the CCB also responsible for the preparation of Financial Statements, including Estimates of National Expenditure (ENE) and attending related workshops as initiated by National Treasury.	65	28
F Morkel	SANDF employee reimbursed for cellular telephone contract expenditure by CCB.	7	5

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2009

14 FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will effect the Castle Control Board's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising return.

(b) Foreign exchange risk

The Castle Control Board is not exposed to foreign exchange risk.

(c) Credit risk

Credit risk is the risk of financial loss to the Castle Control Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Castle Control Board's receivables from customers.

An allowance for impairment is established based on management's estimate of identified incurred losses in respect of specific trade and other receivables. Bad debts identified are written off as they incur.

The Castle Control Board's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of unsecured credit risk.

Reputable financial institutions are used for investing and cash handling purposes.

(d) Liquidity risk

Liquidity risk is the risk that the Castle Control Board will not be able to meet its financial obligations as they fall due. The Castle Control Board'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.

The liquidity risk is considered as low, because the Castle Control Board has adequate funds at their disposal.

(e) Interest risk

The Castle Control Board's exposure to changes in interest rates is on a floating rate basis relating to funds invested with reputable financial institutions on a short terms basis.

(f) Capital management

The policy of the management is to maintain a strong capital base so as to maintain public sector confidence and to sustain future developments of the Castle Control Board. There were no changes in the management's approach to capital management of the Castle Control Board during the year.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2009

31 March 2009	Floating Interest rate R'000	Non-interesting bearing R'000	Total R'000
ASSETS			
Trade receivables	-	81	81
Cash and cash equivalents	9,181	-	9,181
Total assets	9,181	81	9,262
LIABILITIES			
Trade payables	-	191	191
Total liabilities	-	191	191
Net financial assets/ (liabilities)	9,181	(110)	9,071

31 March 2008	Floating Interest rate R'000	Non-interesting bearing R'000	Total R'000
ASSETS			
Trade receivables	-	10	10
Cash and cash equivalents	7,298	-	7,298
Total assets	7,298	10	7,308
LIABILITIES			
Trade payables	-	14	14
Total liabilities	-	14	14
Net financial assets/ (liabilities)	7,298	(4)	7,294

14.2 Interest risk sensitivity analysis

	2008/9 R'000	2007/8 R'000
Trade and other receivables	81	10
1% interest fluctuation impact	0.81	0.10
Trade and other payables	191	14
1% interest fluctuation impact	1.91	0.14
Cash and cash equivalents	9,181	7,298
1% interest fluctuation impact	91.81	72.98

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2009

Currency risk

The Castle Control Board does not enter into forward exchange contracts and therefore have no currency risk.

Liquidity risk

The carrying amounts of financial liabilities at the reporting date were:

	2008/9	2007/8
	R'000	R'000
Trade and other payables	191	14

The contractual maturities for all borrowings and payables outstanding at 31 March 2009 are 12 months or less.

The risk is covered by a cash and equivalents balance of R9,181,000 at 31 March 2009.

14.3 Fair value estimation

The face values of cash, trade receivables and trade payables less any estimated credit adjustments, are the approximate fair values on 31 March 2009, as a result of the short-term maturity of these assets and liabilities.

15 Standards and interpretations

At the date of authorization of the financial statements for the year ended 31 March 2009, the following standards were issued but not yet effective.

Standard	Effective Date
GRAP 6 Consolidation and Separate Financial Statements	1 April 2009
GRAP 7 Investments in Associates	1 April 2009
GRAP 8 Interest in Joint Ventures	1 April 2009
GRAP 9 Revenue from Exchange Transactions	1 April 2009
GRAP 11 Construction Contracts	1 April 2009
GRAP 12 Inventories	1 April 2009
GRAP 13 Leases	1 April 2009
GRAP 14 Events after the Reporting Date	1 April 2009
GRAP 16 Investment Property	1 April 2009
GRAP 17 Property, Plant and Equipment	1 April 2009
GRAP 18 Segment Reporting	1 April 2009
GRAP 100 Non-Current assets held for resale and Discontinued Operations	1 April 2009
GRAP 101 Agriculture	1 April 2009
GRAP 102 Intangible Assets	1 April 2009

The management are of the opinion that there will be no impact on the financial position, performance or disclosure of the Castle Control Board as these standards are not applicable.