



NELSON  
MANDELA  
MUSEUM

NELSON  
MANDELA  
MUSEUM



*in the footsteps* ...  
an agency of the  
Department of Arts and Culture

**2016/17**  
ANNUAL REPORT



# Contents

## GENERAL INFORMATION

### Physical Address

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 Email: info@nelsonmandelamuseum.org.za

### External Auditors

Auditor General of South Africa  
 Tel: (043) 709 7200  
 Delene Pillay.delenep@agsa.co.za

### Museum Bankers

ABSA Bank Limited  
 Sutherland Street  
 Mthatha

### Company Secretary

Mr Siyathemba Sokutu  
 Siyathemba Sokutu Attorneys  
 Nahoon, East London

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# ACRONYMS

ABET	Adult Based Education Training
AGM	Annual General Meeting
AGSA	Auditor General of South Africa
AFS	Annual Financial Statements
ANC	African National Congress
BBBEE	Broad-Based Black Economic Empowerment
BBC	British Broadcasting Corporation
CCMA	Commission for Conciliation, Mediation and Arbitration
CCTV	Close Circuit Television
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNN	Central News Network
DSRAC	Department of Sports, Recreation, Arts and Culture
HOD	Head of Department
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
KSD	King Sabata Dalindyebo Municipality
MGE	Mzansi's Golden Economy
NGO	Non- Governmental Organisation
NMM	Nelson Mandela Museum
ORT	OR Tambo District Municipality
PFMA	Public Finance Management Act
SABC	South African Broadcasting Corporation
TR	Treasury Regulations



# PART A

## *Strategic Overview*

“ *There is no passion to be found playing small - in settling for a life that is less than the one you are capable of living.* ”

- Nelson Mandela



# STRATEGIC OVERVIEW

## *Vision*

Inspire positive change in society through the legacy and values of Nelson Mandela

## *Mission*

A centre of excellence that preserves the legacy, disseminates knowledge, interprets and upholds values of Nelson Mandela to promote social cohesion and nation building

## *Values*

The following values will inspire the leadership and staff of the museum and will become an organic part of the iconic posture the museum will assume as a centre for cultural life:

Ubuntu	<i>To help without looking for personal gain</i>
Stewardship	<i>Custodians of Nelson Mandela's legacy</i>
Integrity	<i>To inculcate honesty and respect</i>
Service excellence	<i>To ensure qualitative and satisfactory service delivery</i>
Development and learning	<i>To be the hub of information sharing</i>
Innovation	<i>To be creative in developing new ideas</i>

## Strategic Outcomes Oriented Goals

Strategic Goal	Sub-programme
1 Improve and maintain heritage development and conservation	1.1 Collections and Research 1.2 Exhibitions
2 Improved Public Profile and access	2.1 Education and Outreach 2.2 Communications and Public Relations 2.3 Tours
3 Vibrant Programming that promotes the economic opportunities for the community	3.1 Conferences and Accommodation Facilities 3.2 Youth and Heritage Centre
4 Sound and Effective Governance	4.1 Chief Executive Office 4.2 Corporate Services 4.3 Chief Financial office

### 1.1 Legislative and other Mandates

The Nelson Mandela Museum is a Schedule 3A Public Entity under the PFMA

#### 1.4.1 Constitutional Mandates

Source	Directives in terms of the constitution
Constitution of the Republic of South Africa	Recognises the injustices of the past; Honour those who suffered for justices and freedom in our land; Respect those who have worked to build and develop our country. Adopted this Constitution to: Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights.

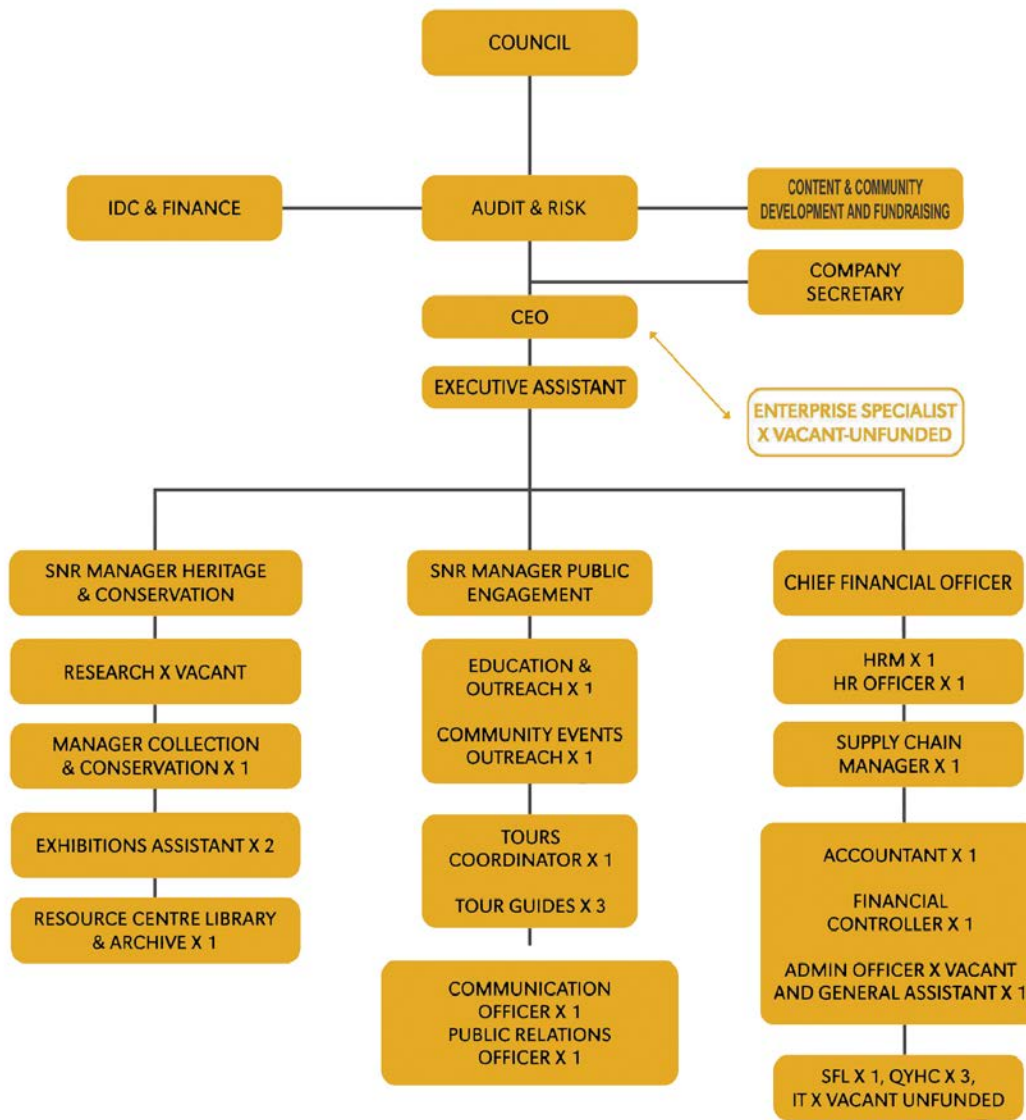
#### 1.4.2 Legislative Mandates

- Cultural Institutions Act, 119 of 1998, as amended,
- National Heritage Resources Act, 25 of 1999,
- Public Finance Management Act 1 of 1999 as amended and Treasury Regulations,
- Labour Relations Act, 66 of 1995,
- Basic Conditions of Employment Act, 5 of 1997,
- Employment Equity Act No 55 of 1998,
- Public Service Regulations R1 of 5 January 2001 as amended,
- Electronic Communications and Transactions act, 25 of 2002,
- Preferential Procurement Policy Framework Act, 50 of 2000,
- Promotion of Access to Information Act, 2 of 2000,
- Promotion of Administrative Justice Act amendment act no 53 of 2002

### 1.4.3 Policy Mandates

- Deed of Donation between Arts and Culture and President Nelson Mandela, 2005.
- White Paper on Arts and Culture, 1996.
- Policy Paper on Legacy Projects, 2007.
- Public Sector Transformation, 1995.
- Broad-Based Black Economic Empowerment (BBBEE) Framework, 2007.
- Performance Management and Development System, 2010.
- Mzansi's Golden Economy and Industrial Policy Action Plan (IPAP2), 2011.

# Organisational Structure





## FOREWORD *by the chairperson*

On this year of the 4th commemoration on the passing on of Nelson Rolihlahla Mandela, the new Nelson Mandela Museum council submit its 2016/2017 annual report as presenting its progress to the nation on how the Museum “A gift to the Nation” performed in promoting Nelson Mandela’s Legacy. We present this annual report at the time at which the great canvas of a united South Africa free of segregation and racial intolerance is beginning to show fissures, as bonds of social cohesion show signs of weakening and colours of the rainbow nation begin to fade.

Current local and global developments which threaten to undermine Nelson Mandela’s vision for a better world for all continue to reinforce the need for the Museum to engage on key issues impacting society today. From the conflict in the Middle East, continued civil wars in Sudan, resurgence of conflicts in the Great lakes region, religious fundamentalism in east and western African states of Kenya and Nigeria or increasing inequality and youth unemployment in South Africa, are all challenges that require a focused leadership that share the ideals that Nelson Mandela stood for.

His commemoration should be a constant reminder and a memorial that rekindles our commitment to global humanity and an inspiration for all the peoples of the world to work tirelessly and selflessly to create a world free of hunger, poverty, inequality, disease, and indeed, a just world free of conflict and suffering. This is the world Nelson Mandela struggled and sacrificed for.

As elegantly captured by Mandela during the historic Rivonia Trial in the early 1960’s “During my lifetime I have dedicated myself to the struggle of the African people. I have fought against white domination, and I have fought against black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die.”

The Nelson Mandela Museum is more than just preserving Nelson Mandela’s legacy and exhibiting the gifts he received from the peoples of the world, it is a platform for social dialogue and promotion of the ideals and values that Nelson Mandela represents. Our programming ethos as outlined in this annual report reflects an organisation whose plans are deeply steeped in education, social dialogue and community development over and above the necessary heritage resources management requirements.

To build a South Africa and the world of Mandela’s dreams, we require a crop of leadership that embrace, live and propagate the key values of Ubuntu, honesty, integrity, respect and stewardship. These are the values that the Museum Council has selected to be a platform around which to share Nelson Mandela’s vision for a better world. There is no better starting place to build leadership than educating the youth about building a better world, hence our programmes are biased towards youth leadership development. To realise a South Africa and the world on Mandela’s dreams we need committed leadership in schools, villages, churches, business, government and in multilateral organisations.

The term of the old Council has come to an end during the year and the new Council, a team of competent and passionate South Africans, committed to make a difference in society through preservation, promotion and exercising effective stewardship of Nelson Mandela’s legacy was appointed. Paramount in the priorities of the new Council will be strengthening the executive capacity of the institution. Furthermore, we shall embark on fund raising to deliver on this all important mandate and develop content that will inspire all South Africans and peoples of the world to rededicate themselves to the duty of building a better world for all.

The Nelson Mandela Museum and its Council is grateful for the supports it receives from the Minister of Departments of Arts and Culture and its employees. We appreciate the support that we received from the SABC that continue to broadcast some of our critical activities. We also would like to thank the museum's employees for the work that they do.

On behalf of the Nelson Mandela Museum, we invite all communities to walk this road with us in making sure that the narrative of Nelson Mandela and the liberation struggle is properly interpreted and championed by all South Africans in a global context.



*“To build a South Africa and the world of Mandela’s dreams, we require a crop of leadership that embrace, live and propagate the key values of Ubuntu, honesty, integrity, respect and stewardship.”*

A handwritten signature in black ink, which appears to read 'Vuyani Jarana'. The signature is fluid and cursive, written in a professional style.

Mr Vuyani Jarana

*Chairperson: Nelson Mandela Museum*

## CEO *overview*

With the museum operating mainly at the Qunu Youth and Heritage Centre, the re-opening of Bhunga Building in July 2016 ensured that museum visitors alike were able to experience Nelson Mandela Museum in its 2 main centres (Bhunga building and Qunu). The much improved Bhunga Building ensured that gifts, letters, awards etc are skilfully displayed for the public consumption while also providing an opportunity for proper collection and archiving of un-used material.

The 2017 calendar year was a busy year in the history of the museum. This was the year in which the centenary of OR Tambo was celebrated. OR Tambo, a long-time friend of Madiba, would have turned 100 years had it not been for stroke. To honour his impeccable contribution towards the liberation struggle in Africa, a joint colloquium celebrating both Tambo and Mandela was held with Stellenbosch University Museum in Stellenbosch in March 2017. The colloquium saw a mixed crowd in attendance and ensuring that robust debating emerged. To take the colloquium to Stellenbosch was a symbol of reconciliation that the two leaders espoused in their life time. The continued staging of colloquia has seen the facilitation of radical thinking, a characteristic of Tambo and Mandela in their youth stages.

Confronted a challenge of presenting to the world the Nelson Mandela values after he perished, the museum has steered its way through, mindful of the new challenges faced. From 'living the legacy' to 'living the values' the museum has redefined itself within the international context of not only celebrating the world statesman, but also becoming an agent for change. In engineering itself, new programmes have also been launched to be aligned with the national agenda and key priorities areas the government designed.

Whilst the museum is facing such challenges, the news by Nelson Mandela Foundation to allow public access to Madiba's grave is a welcome relief as droves of visitors inundated the museum with queries about access.

Similarly, 2016/2017 financial year presented to the museum a window to start looking at the bigger picture of Nelson Mandela's Centenary celebrations in 2018. The centenary celebrations are expected to celebrate Madiba in his entirety the year round.

During the year in question, the museum has extended its reach beyond the urban spaces and 'popular' convenient zones. It traversed different valleys to reach out to new audiences. Through its travelling exhibition, and extending the Nelson Mandela brand, the Nelson Mandela Museum exhibited at the Polokwane Airport in Limpopo. The museum is taken to the people using travelling exhibitions. This fulfils the point about accessibility.

The museum continued to get into strategic partnerships in order to consolidate the Madiba profile and its international relevance. A Memorandum of Understanding was signed with Winchester University (WU) in 2016. The WU joins a list of international accredited research institutions that work with the museum in promoting the legacy and values of Nelson Mandela. 2016/2017 saw the museum intensifying its international footing, with partnerships with various academic institutions around collaborative research in order to reach out to the global village.

Similarly, there have been concerted efforts to bring more schools and new generation of young leaders. The programme on Pioneers is yielding fruits as museum currently has 5 Pioneers selected from five provinces. The signification of youth involvement manifested in the intensification of the Youth Camp. The Youth who attend the Youth Camp have become young ambassadors of the museum. This ensures that there is continuity in terms of audience development. The youth ambassadors also ensure that there is continued debate amongst youth using technological inventions. These programmes have advocated the 'positive change' that the museum facilitates through the Nelson Mandela values. New audiences are also generated through such programmes. Furthermore, through the Youth Camp, the

museum continues to provoke intellectual debate about the values and a better South Africa.

The closure of Qunu Youth and Heritage Centre for maintenance purposes will help the museum in designing and presenting new programmes that contribute to the development of South African youth. On its re-opening the Centre will remain the museum's income generating wing. It will also promote programmes on youth and intellectual capacity building. The rural youth require a space in which to sharpen their intellectual development, and this Youth Centre will provide just that.

Visitors to the museum remain fairly well, though there is a potential to grow the numbers. Through partnerships with other stakeholders, the museum will reach new visitor numbers. The museum is capable of becoming the most visited heritage institution commemorating the legacy and values of Nelson Mandela.

The museum has certainly improved on procedures and policies. The ICT infrastructure though remains a manageable challenge. While also the museum's staff capacity has been prioritised to match the nature of the museum. Adopting the turn-around plan and sticking to deadlines helped the museum to remain relevant to the Mandela values.

The completion of valuation of heritage assets by Grant Thornton became a major highlight. Now the museum understands the monetary value of its heritage assets and the historical background thereof. The research on the collections continues to unearth new knowledge about the historical, cultural, social and economic value of the items.

The Nelson Mandela Museum remains a cultural heritage destination of choice in the entire OR Tambo District Municipality. With the museum being a drawcard in the district, its contribution can be seen on social, cultural, educational, economic landscapes. The location of the museum is beneficial to local businesses.

The audit outcome remains a concern that the museum is working towards improving. Improving the audit outcome also means ensuring that there are adequate systems and controls. The instituted internal control and systems will certainly ensure that the museum attains clean audit.

The 16/2017 was indeed an eventful year for the Nelson Mandela Museum. The agreement with Google International for a Virtual Expedition signalled the international appeal of Nelson Mandela while also allowing the museum to be accessible throughout the world, and utilizing the technological inventions that the youth adore.



**Bonke Tyhulu**  
Chief Executive Officer



# PART B

## *Performance Information*

“ *The time is always ripe  
to do right.* ” - Nelson Mandela



# INTRODUCTION

In the year under review and in terms of its programmes and activities, the museum has done relatively well. The Audits of its performance against targets by both Internal Auditors and reviews by the Auditor General show that the museum implemented the projects it planned. However, regrettably, in some areas it has under achieved because of lack of human resource to perform those tasks and budget to fund these activities in others. In the past few years, the museum received unqualified audits. However, in the immediate past two years Auditor -General issued a qualified audit opinion due to non-compliance with the provisions of GRAP 103 which requires that heritage institutions value and disclose Heritage Assets in the financial statements. However, during the year under review the NMM has embarked in revaluing the assets through the support of Grant Thornton at no cost and the Museum is proud to announce its Unqualified Audit report.

The Minister of Arts and Culture appoints a Council to oversee the strategic and policy direction of the museum, the council exercises oversight over a management team in its execution of the strategy, performance plan and budget. The present performance report against the predetermined objectives is presented to the Executive Authority, National Assembly and stakeholders in general to demonstrate progress against predetermined

objectives and to indicate areas where there has been deviation from predetermined targets with reasons.

During this financial year, the museum was still busy with the visioning of the institution. With the assistance of the Department of Arts and Culture, the museum had completed the restructuring. Two stages of phase one of restructuring process have been completed resulting in the establishment of a new organisational structure which is aligned to the museum strategy. This has resulted in the placement of the existing museum staff in alignment with strategic requirements. The restructuring process is aimed at creating a vehicle that is fit for purpose. This is also our acknowledgment that the institution is growing and with growth changes are inevitable.

Stability can also be seen at the Council level which has also established five committee to assist it in achieving its oversight role. The Council stability has also been transferred to management where a full permanent management is appointed. The filling of vacant positions ensures that the museum is able to achieve its mandate. There has been a limit in the number of acting positions.

The Museum's performance goals in the period under review were the following:

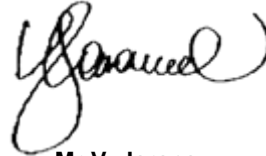
1. To promote public knowledge, learning appreciation and the enjoyment of the life of Nelson Mandela.
2. To develop, implement and maintain governance and management policies and procedures. To also improve infrastructure, facilities management and security of museum's buildings, Equipment and Artefacts in all the museum sites.
3. To develop and grow diverse audiences, communicate and position the Nelson Mandela Museum favourably. To also leverage the Nelson Mandela Museum value proposition for economic opportunities for the museum and communities.

The table that follows highlight progress in performance against the predetermined targets.

The Museum thanks the Minister of Arts and Culture, the National Assembly, the Portfolio Committee for Arts and Culture, the communities, the donors, its various supporters and various stakeholders that have been part of the museum's success to date.



**Mr B. Tyhulu**  
Chief Executive Officer



**Mr V. Jarana**  
Chairperson of Council

# PERFORMANCE MATRIX

Strategic Objective	Performance Indicator (s) 2016-2017	Annual Target(s) 2016-2017	Actual Annual Target Achieved 2016-2017	Status Achieved / Not Achieved	Reasons for non-achievement	Verification sources
<b>To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela</b>	Number of learning platforms and conversations held	8 platforms to be undertaken during the Financial year	9 Platforms conducted	Achieved	N/A.	Colloquium and Winter School Camp, School Visits Report Report/attendance Register
<b>To use exhibitions to drive and entrench the values of Nelson Mandela</b>	Number of Geographical locations reached	8 Geographical locations reached	8 Geographical locations reached	Achieved	N/A	Reports and Loan Agreements
<b>To research museum collections for better understanding and sustainable use</b>	Number of collections researched	100 items to research	265 Items	Achieved	N/A.	Items researched
<b>To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route</b>	Number of sites included in the Liberation Heritage Route	2 sites included in the Heritage Liberation Route tentative list	1 site	Not Achieved	This was not achieved due to the fact that Clarkebury institution as a Heritage Liberation route site which the Museum originally included in its plans had already been listed by Chris Hani Municipality.	Mqhekezweni Restoration Report
<b>To facilitate focused understanding of the museum through the development of learning material</b>	Number of learning material produced	1 Learning Material Produced	1 Learning Material Produced	Achieved	N/A	Educational worksheets for grade R to grade 3 were developed.



Strategic Objective	Performance Indicator (s) 2016-2017	Annual Target(s) 2016-2017	Actual Annual Target Achieved 2016-2017	Status Achieved / Not Achieved	Reasons for non-achievement	Verification sources
<b>To create in-person and digital platforms of community engagement</b>	Number of community engagement platforms	3 community engagements	4 Community engagements	Achieved	N/A	Attendance register, renewal of licences for community tourist guides and placement of community tour guides for internship and signature report on community beneficiaries
		3 expos and shows	4 expos attended	Achieved	N/A	Reports on the Durban Tourism Indaba held in May 2016 and National Youth Camp held in Port Alfred, Sondela Youth Art Festival and a report on the Cape Town Getaway Show
<b>To profile the Nelson Mandela Museum brand through various markets</b>	Number of marketing strategies developed	0 Strategy developed	0	N/A	Draft Strategy in place and awaiting Council approval	Draft Strategy Document
	Number of activities implemented based on strategy	3 Museum Activities	3 Activities Held	Achieved	N/A	Reports on the Mandela Day celebrations, the 3rd Nelson Mandela Commemoration Event. Register for Free At Last Children's Games in Qunu
<b>To ensure a functioning Council that provides effective oversight and accountability in accordance with the Council Charter</b>	Number of Council and Committee meetings held	4 Council Meetings	9 Council Meetings held	Achieved	The overachievement is due to special council meetings the council held.	Council Meeting Minutes

Strategic Objective	Performance Indicator (s) 2016-2017	Annual Target(s) 2016-2017	Actual Annual Target Achieved 2016-2017	Status Achieved / Not Achieved	Reasons for non-achievement	Verification sources
		20 Committee Meetings	16 Committee Meetings	Not Achieved	Due to the winding up of the old council and appointment of the new council.	Council Committee Meetings Minutes
<b>To create financial stability for the museum</b>	Number of fundraising strategies developed	0 fundraising strategy developed	0	N/A	Draft Strategy in place but awaiting Council approval	Draft Fund Raising Strategy Document
	Number of fundraising initiatives to be held	1 Fund Raising initiative	0	Not Achieved	Fund Raising Strategy is in Draft and has not been approved by Council	N/A
<b>To develop policies, procedures and systems</b>	Number of policies, procedures and systems developed	2 policies and Procedures	0	Not Achieved	Staff Retention Policy and Draft Fraud Prevention Strategy were submitted to council for approval but later withdrawn in order to be improved.	Draft Data Integrity and Fraud and Risk Strategy documents and Monthly reports
<b>To ensure effective financial management, accountability and administration</b>	Improved Audit Outcomes	1 Unqualified Audit Outcome	0	Not Achieved	The Museum received a qualified audit opinion due to Heritage assets not having been valued	N/A

Strategic Objective	Performance Indicator (s) 2016-2017	Annual Target(s) 2016-2017	Actual Annual Target Achieved 2016-2017	Status Achieved / Not Achieved	Reasons for non-achievement	Verification sources
					and included in the Annual Financial Statements due to budgetary constraints	
<b>Financial Planning and Accounting</b>	Compliance with PFMA and Treasury Regulations	100% Compliance	100% Compliance	Achieved	N/A	Strategic Plan and APP in place as well as Quarterly Financial and Performance information Reports. The compilation and submission of budget to Council and DAC was done.
	Compliance with budget and supply chain management	100% Compliance	100% Compliance	Achieved	N/A	Budget and Tender Documentation Records
<b>To optimally develop and manage human capital</b>	Number of human capital initiatives	1 Workplace skills plan	1	Achieved	N/A	Seta application and records of Courses attended.
		25 Performance contracts	16 Performance Contracts	Not achieved	The museum had left the contracts until the last minute and it couldn't meet the target. Consequence management has been implemented	Performance contract documents

Strategic Objective	Performance Indicator (s) 2016-2017	Annual Target(s) 2016-2017	Actual Annual Target Achieved 2016-2017	Status Achieved / Not Achieved	Reasons for non-achievement	Verification sources
<b>To ensure effective utilisation, safe and clean environment of the museum infrastructure</b>	User Asset Management Plan Completed(UAMP)	1 User Asset Management Plan Completed	1 User Asset Management Plan	Achieved	N/A	User Asset Management (UAMP) Report



**B. Tyhulu**  
CEO

Date: 31 201



**V. Jarana**  
Chairperson of Council

Date: 31 201



# PART C

## *Overview and Activities*

“ *The greatest glory in living lies  
not in never falling, but in rising  
everytime we fall.* ”

- Nelson Mandela



# PROGRAMME 1

## HERITAGE AND CONSERVATION

### Background Information

The Nelson Mandela Museum Heritage and Conservation department/ Programmes Department is regarded as the main or core department of the museum. This is because it is mandated to engage in various programmes that are educational and cultural which are aimed at sharing the resources that are linked to President Nelson Mandela. It also focuses on the collection and conservation of the museum artefacts. The above activities are executed on the following key areas of delivery:

### 2. Learning platforms and conversation

#### 2.1 Seminars

During this period, we hosted four seminars to stimulate debate on the values that Nelson Mandela represented, two seminars were held at the Nelson Mandela and Youth and Heritage Centre in Qunu. The other two seminars were held in two different provinces, which are Northern Cape and Western Cape as part, our collaboration with other institutions.

#### 2.2 Youth Camps

As part of the learning platforms and conversation, the department hosted 3 youth camps that focus on young school going children. They are:

#### 2.3 Winter School Camp

On the 28 June to 03 July 2016, the museum hosted a Winter School Camp at the Nelson Mandela Youth and Heritage Centre, Qunu. This year the camp attracted 61 learners from the Eastern Cape between the ages of 14 to 18 years to be inspired by the values that Nelson Mandela stood for.

#### 2.4 International Youth Camp

The museum has built on this and developed strong partnerships with Anne Frank House in Lower Saxony, Germany. In the reporting year, On the 14 to 25 March 2016, the Museum sent 5 learners from 5 provinces of South Africa to participate in the camp. The camp attracts participants from 9 European countries and South Africa is the 10<sup>th</sup> country. The programme is fully funded by Government of Lower Saxony.

#### 2.5 School Visits

The department has also visited various schools from Eastern Cape and London to distribute education material in order to enhance their knowledge about the museum.

### 3. Outreach Programme

The museum outreach programme is aimed at taking the Nelson Mandela Museum to the people regardless of their location. During this time, our exhibitions travelled to 8 museums in various provinces such as Eastern Cape, Western Cape, North West, Limpopo and Mpumalanga.

### 4. Product Development

The unit has developed worksheets for grade 1 to grade 3. The activity worksheets are being developed around the museum exhibitions. These are done to contribute in the school curriculum and enhance their planned visit to the museum.

### 5. Community Engagements

During this period, the department hosted three community engagements that focus on both the adult and the youth. We also ran mobile libraries since most of the nearby schools do

not have libraries at all. As a result, the museum became a research centre for the schools, which is not easily accessible to the disadvantaged schools and loaned them with 45 Long Walk to Freedom books which talks about the history of South Africa. The department restored the rondavel hut that was

used by Nelson Mandela during his stay in Mqhekezweni Great Place.

#### **6 Research**

During this period, no research was conducted on 265 objects.

# PROGRAMME 2

## Public Engagement

### 1. The Public Engagement Strategy

The public engagement unit, using a two-pronged approach aims at connecting students and communities internationally, and enable them to explore ideas, through active engagement in vibrant and dynamic programming that embed and upholds Nelson Mandela's values as well as enthusiastic collaborations.

### 2. Nelson Mandela Museum Audiences

The Nelson Mandela Museum focus for public engagement activity is on learners. The schools outreach provision focuses mainly on public schools as priority. Plans are in place to reach private schools. The museum aims at reaching other users internationally as well as other interested groups.

### 3. Education & Tours

Daily tours are provided by the guides daily on both sites, Qunu and Bhunga Building until the complete closure of the Qunu site at the end of March. The Nelson Mandela Museum opened its doors to 23 150 visitors in the year under review. This excludes off site and business visitors.

18 151 were domestic tourists including learners and 4999 International tourists and 36 International learners. The visitors emerged from countries such as South Africa, Australia, Netherlands, Switzerland, German, United States of America, Finland, Uganda, Austria, Belgium, United Kingdom, Zambia, France, New York, Swaziland, Singapore, Canada,

The financial year under review saw greater activity than ever, on the public engagement front, with the Public

Engagement Unit playing a key role in reaching new audiences/markets in far reaching areas such as Alwal North, Port Alfred, Jozini and Cofimvaba using National Significant Events such as Freedom Day, Youth Day, Ingquza Hill Commemoration as learning platforms, visiting schools in those areas and also engaging learners during the event through distribution of museum material and portable museum exhibits. The Unit also enhanced its outreach programme partnering with Robben Island Museum in visiting schools that are located in remote coastal areas such as Willowvale and Idutywa in order to promote social inclusion.

The unit enhanced its experiential learning programme for the three students from the UWC, NMMU, WSU and DUT exposing them extensively in tourist guiding and events planning, for which the two programmes cover broadly all their learning areas.

Cross-disciplinary use of collections, sites and spaces associated to Nelson Mandela remained a major focus of the public engagement unit work. The museum began recording the number of schools that use the museum for teaching and as resource learning center. The O.R. Tambo Coastal Cluster has always used the Nelson Mandela Museum objects, sites and spaces associated to Nelson Mandela extensively in their culture and history teaching.

The department joined other Arts and Cultural Heritage Network as our focus was on developing a youth values manual and youth ambassador programme. 35 learners including pioneers and teachers from KZN Jozini area, Sterksapruit, O.R.Tambo.



**4. Cultural Enterprise And Community Beneficiation**

The museum continues using its heritage resources as a basis for income-generating activities, collaborating with tourism agencies and other organizations, for market access, training and funding opportunities.

Money changed hands between locals and visiting groups such as Toyota, Winchester University, University of Pennsylvania, Travellers for Exchange etc that had embarked on the Nelson Mandela Heritage Trail also known as the footprints tour whereby local women showcased the local culture which included traditional cuisine, traditional dancing and storytelling.

**5. Accessibility**

The Public Engagement Unit in conjunction with the Heritage Unit planed spaces and consolidated knowledge to enable effective physical and digital access to all collections and to maximize their use.

The Public Engagement Units started working with different art organizations including the Mthatha Craft Hub which is the Agency of the Provincial Department of Arts and Culture to host various activities that include performances and visual art temporary exhibitions using spaces within the museum for public viewing. This include space for craft shop which collects artworks from all over the Eastern Cape, and put them on display for sale.

**6. Marketing, Public Relations & Communications**

The museum raised its profile by communicating its services and achievements via social media, a strong online presence, and strengthened its relationships with key stakeholders.

An extensive survey of audience's perceptions was conducted. The survey outcome feeds into the upgrade of our website, and marketing programmes.

We worked hard to increase our online presence and impact and our success is evidenced by greatly increased online and social media activity as tabulated below:

<b>Twitter</b>	Followers	3296
	Following	3081
<b>Facebook</b>	Fans/Likes	3065
<b>YouTube</b>		3764
<b>Website</b>		4257

**Areas of improvement to be implemented**

- (1) We developed self guided tours and 'top ten objects' which are now well-visited areas of our website.
- (2) Develop a publication or booklet that will fill a gap in communicating some of the services we provide.
- (3) Blogging about the work and what the Nelson Mandela Museum stands for and, also using other diverse subjects to encourage debate.
- (4) New external signage to attract road users to the museum

# PROGRAMME 3

## Corporate Governance

### Governance and administration

Corporate Governance embodies processes and Systems by which Public entities are directed, controlled and held to account. In addition to legislative requirements based on the Public entity's enabling legislation and the Companies Act, Corporate Governance with regard to public entities is applied through the prescripts of the Public Finance Management Act no. 1 of 1999(PFMA) and run in tandem with the protocol on corporate Governance, which encapsulates the principles contained in the King III Report on Corporate Governance. The Nelson Mandela Museum commits itself to the Principles of accountability, transparency and integrity as prescribed by the King III code of Corporate Governance.

This programme, therefore, is responsible for overall institutional co-ordination, accountability, planning, policy development, monitoring and risk management. The main entities involved in this programme are Museum Council, Office of the CEO, and the Corporate Services Function which includes finance.

### The broad Objectives of this programme include:

- Ensuring strategy, policy, oversight and accountability;
- Ensuring organisational sustainability and accountability;
- Co-ordinating the institutional functioning;
- Providing adequate support to council and ensuring implementation of council strategic and policy directions; and
- Rendering a corporate services function in all respects.

In the period under review, the following were the major focus points of the programme:

- Strengthening governance and aiming to achieve an unqualified audit opinion;
- Addressing issues raised by the Auditor General with the aim of achieving an unqualified audit opinion for the financial years 2016/17 and beyond;
- Strengthening organisational capacity and restructuring the museum to be fit for the new purpose;
- Strengthening the policy environment and compliance aspects; and

In line with these priorities the following progress was achieved:

- A new Council has been appointed and engaged on the 1<sup>st</sup> November 2016, given the end of the term of the previous one in October 2016 and the new one commenced operations immediately;
- Furthermore there has been an appointment of Company secretary who commenced in December 2016; and
- Phase two of the Institution's restructuring was completed resulting in the establishment of the museum's new organogram which attempts to address the new vision of the museum;

In the discharge of their mandate the Museum Council and council committees held nine (9) and sixteen (16) of their overall four (4) and twenty (20) statutory required meetings during the period under review.

### Council and Council Committees

The Nelson Mandela Museum is a Cultural Institution established by the Minister of Arts and Culture in terms of the Cultural Institutions Act no. 119 of 1998 as amended.

The Minister of Arts and Culture appoints members of the Public to form Council as the Accounting Authority to manage and control the affairs of the Nelson Mandela Museum in terms of the enabling Act and its Regulations in line with corporate governance principles. Currently the Museum council/Accounting Authority consists of twelve (12) Members appointed from diverse disciplines within the Republic of South Africa. The Council and its Committees operate in terms of approved Charters/Terms of Reference that clearly spell out their roles and responsibilities.

Below is the Nelson Mandela Museum organisational structure that outlines the position of Council, its committees, management and all staff of the museum.

### Council Committees and their Terms of Reference

#### Executive Authority

The Ministry of Arts and Culture has an overall oversight of the Nelson Mandela Museum. The Minister of Arts and Culture appoints the Council of the Nelson Mandela Museum. The Council reports to the Minister of Arts and Culture. The Minister and the chairperson of the Council, each year sign a shareholders compact.

#### Council

A Council composed by 12 members governs the Nelson Mandela Museum. The Council has 5 committees namely:

#### 1. Content Committee

- Give advice to council on strategic heritage policy matters and Marketing.
- Ensures alignment of heritage policies to the vision and mission of NMM
- Oversees the audit and collection register of NMM
- Advises council on disposal of NMM artefacts

- Makes decisions on loan requests.
- Oversees the development of marketing strategies and policies.

#### 2. Audit and risk Committee

- Oversees internal & external audit function  
Examines the AFS before submission to council
- Reviews the annual report so that it presents a balanced record of NMM
- Monitors the risk appetite of NMM
- Monitors achievements against corporate governance standards on internal controls

#### 3. Finance Committee

- Oversees financial planning and management
- Monitors financial performance of NMM  
Monitors compliance to financial objectives as set out by council in line with the PFMA and Treasury Regulations
- Reviews quarterly financial forecasts and reports
- Approves the virement of funds

#### 4. Institutional Development Committee

- Oversees human resources policy development
- Ensures manpower needs and plans support the organisation's vision
- Ensures that institutional development imperatives are accomplished  
Ensures that an organisational structure supportive of the vision of NMM is in place
- Ensures the upkeep of security, facilities and logistics  
Ensures that the ICT architecture is deployed
- Ensures that registry services to support NMM as a knowledge institution are in place

#### 5. Fundraising Committee

- Assists the Nelson Mandela Museum Council in the planning, coordination and implementation of all fundraising and marketing activities in support of the programs, projects and activities of the Nelson Mandela Museum.

- Provides direction to ensure that the Nelson Mandela Museum is donor-centric and adheres to fundraising best practices.

#### Composition of Council

During the year under reporting, the term of the old Council came to an end on 30 November 2016 and the new Council was appointed effective from 1 December 2016.

The following are the composition of our councillors:



## COUNCILLORS



MR V JARANA



MS A VIKILAHLE



PROF. B MNGOMEZULU



MR K BUTHELEZI



DR BO TEMA



MR AK GONTSE



MR M KOBESE



DR K NGQILA



DR S MZAMO



ADV. LT NEVHONDWE



MR V BOOI



MS N MANDELA

## New COUNCILLORS

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	meetings attended
MR V JARANA	Chairperson	2016	-	Diploma in Engineering, Bachelor Commerce, Masters in Business Administration	Business, Finance, Organisational development,	5
MS A VIKILAHLE	Deputy chairperson & Chairperson of Finance committee	2016	-	Bachelor of Commerce (Honours)	Finance	8
PROF B MNGOMEZULU	Chairperson of Content committee	2016	-	PhD in African Political History (Rice University-Texas-USA) May 2004 M.A in Politics (UNISA) September 2007	Heritage and conservation	5
DR B TEMA	Chairperson of Community development and fundraising committee	2016	-	PhD Science, University of Reading UK, (1990-1993) M.Ed Science, University of Cape Town (1985-1986)	Fundraising and community dev.	5
MR K BUTHELEZI	Chairperson of Audit Committee	2016	-	ACCA,	Audit	10
MR K GONTSE	Chairperson of Institutional Development Committee	2016	-	National Diploma in Security Risk Management ( UNISA) National Intelligence Agency Security Managers Course	Business and organisational development	5
MR V BOOI	Member of Content Committee	2016	-	Bachelor of Social Sciences, PG/diploma in heritage Studies, Master Arts (history)	Heritage and Conservation	6
DR K NGQILA	Member of the Content Committee	2017	-	Bachelor of arts BA (Hons) Anthropology MA Anthropology B Soc Science Hons (Politics & International Relations)	Heritage and conservation	1
MR M KOBESE	Member of Content committee	2017	-	Bachelor of Philosophy, Post graduate diploma in Museums and heritage studies	Heritage and conservation	1
MR S MZAMO	Member of Community development and fundraising committee	2017	-	Master of Business Administration Business School Netherlands (BSN) -	Community development	1
MS N MANDELA	Member of Community development and fundraising committee	2017	-	Community development	Community development	0
ADV T NEVHONDWE	Member of the Institutional development committee	2016	-	Masters of Laws (LLM) University of Venda (2005)	Business administration, finance and Institutional development	4
MS R KIRSTEN	Member of the community development and fundraising committee	2016	2017	BAdmin, BAdmin Honours, MDP Programme at Stellenbosch Business School	Fundraising and community dev.	3



## Old COUNCILLORS

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	meetings attended
MRS N YOKWANA	Chairperson	2013	-	Diploma in Nursing, Bachelor of Social Work, Masters In Development Studies	Community Development	4
MR V. JARANA	Deputy chairperson	2013	-	Diploma in Engineering, Bachelor Commerce, Masters in Business Administration	Business, Finance, Organisational development,	N/A
MS A VIKILAHLE	Chairperson of Finance Committee	2013	-	Bachelor of Commerce (Honours)	Finance	N/A
MR S GROOTBOOM	Chairperson of Content Committee	2013	-	Senior Secondary Teachers Diploma, Bachelor of Arts, Master of Arts	Heritage and Conservation	5
MR K BUTHELEZI	Chairperson of Audit Committee	2013	-	ACCA,	Audit	N/A
MR V BOOI	Member of Content Committee	2013	-	Bachelor of Social Sciences, PG/diploma in heritage Studies, Master Arts (history)	Heritage and Conservation	N/A
MS S VANZYL	Member of Content Committee	2013	-	Bachelor of Arts,	Conservation	5
MR N MANDELA	Member of the Content Committee	2013	-	Bachelor of Arts (honours)	Business, Fundraising, heritage	0

*N/A- Term renewed, refer to new council list above*



## COMMITTEES OF COUNCIL

Committee	Meetings held	Members	NEW members	OLD members
INSTITUTIONAL DEVELOPMENT COMMITTEE	2	5	Mr Gontse Adv Nevondwe Dr Ngqila Prof Mngomezulu Mr Kobese	Mr Jarana Mr Dithake Ms Vikilahle Mr Grootboom
FINANCE COMMITTEE	2	4	Ms Vikilahle Mr Gontse Mr Buthelezi Adv Nevondwe	Mr Jarana Mr Dithake Ms Vikilahle Mr Mandela
CONTENT COMMITTEE	3	4	Prof Mngomezulu Dr Tema Dr Ngqila Mr Booi	Mr Grootboom Ms Van Zyl Mr Booi Mr Mandela
FUNDRAISING COMMITTEE	1	4	Dr Tema Mr Mzamo Mr Kobese Ms Mandela	This committee was not in existence in the old council
AUDIT AND RISK COMMITTEE	6	3	Mr Buthelezi Mr Mangquku (independent member) Ms Motsielwa (independent member)	Mr Buthelezi Mr Mangquku (independent member) Ms Motsielwa (independent member)



## REMUNERATION OF COUNCIL MEMBERS

The Council of the Nelson Mandela is a part time body and they are paid per sitting as reflected in the table below.

### NEW COUNCIL

Name	Remuneration	Other allowances	Other re-imbursment	Total
MRS V JARANA	R 0	-	-	R 0
MS A VIKILAHLE	R 31 500	-	-	R 31 500
MR K BUTHELEZI	R 51 500	-	-	R 51 500
PROF B MNGOMEZULU	R 17 000	-	-	R 17 000
DR B TEMA	R 10 750	-	-	R 10 750
MR V BOOI	R 50 000	-	-	R 50 000
MR K GONTSE	R 39 250	-	-	R 39 250
DR K NGQILA	R 2 000	-	-	R 2 000
MR M KOBESE	R 0	-	-	R 0
MR S MZAMO	R 0	-	-	R 0
MS NDILEKA MANDELA	R 0	-	-	R 0
ADV T NEVONDWE	R 16 000	-	-	R 16 000
MS ROJIE KIRSTEN	R 6000	-	-	R 6 000
<b>TOTAL</b>	<b>R 224 000</b>			<b>R 224 000</b>

### OLD COUNCIL

Name	Remuneration	Other allowances	Other re-imbursment	Total
MRS N YOKWANA	R 53 000	-	-	R 53 000
MR V JARANA	R 0	-	-	-
MS A VIKILAHLE	R 0	-	-	-
MR K BUTHELEZI	R 0	-	-	-
MR S GROOTBOOM	R 0	-	-	R 0
MS S VAN ZYL	R 0	-	-	R 0
MR M DITHLAKE	R 26 000	-	-	R 26 000
MR V BOOI	R 0	-	-	-
MR N MANDELA	R 0	-	-	-
<b>TOTAL</b>	<b>R 76 000</b>			<b>R 76 000</b>

*Mr S Mzamo, Mr M Kobese, Ms P. Grootboom and Ms S. Van Zyl are not paid honoraria for attendance of Museum Business as they are the employees of the State. Mr V Jarana is not paid the honoraria, he is donating his efforts to the Museum.*



## SENIOR MANAGEMENT



**MR B TYHULU**  
CHIEF EXECUTIVE OFFICER



**MR M MSONGELWA**  
CHIEF FINANCIAL OFFICER



**MS N TWALA**  
SENIOR MANAGER-  
HERITAGE & CONSERVATION



**MS N TETANI**  
SENIOR MANAGER -  
PUBLIC ENGAGEMENT

## NELSON MANDELA STAFF



The Nelson Mandela Museum Management is divided into two components, that is to say, senior management that directly reports to the Chief Executive Officer and middle management that report to various senior managers.

The management of Nelson Mandela Museum is jointly and severally accountable to the Accounting Authority of the museum through the Office of the CEO.



## NMM PROGRAMME TEAMS



CEO & EXECUTIVE ASSISTANT



CORPORATE SERVICES TEAM



HERITAGE & CONSERVATION TEAM



PUBLIC ENGAGEMENT TEAM

## SECURITY FACILITIES AND LOGISTICS

The Security, Facilities and Logistics unit is responsible for a safe and clean environment of the Nelson Mandela Museum. The Nelson Mandela Museum has two sites namely Nelson Mandela Youth & Heritage Centre (NMY&HC) in Qunu and the Bhunga site in Mthatha.



The DPW has a project in the pipeline which is Qunu based condition maintenance and the project includes upgrade of sewer system that has been giving problems to the museum for a number of years. The sewer upgrade will be accompanied by the renovation of the buildings and some facelifts of certain buildings that will ensure that the material used can withstand the elements of nature and are durable. The final handing over of the site for construction purposes is expected to be done in September 2016.



# Report of the Audit and Risk Committee for the period 2016/17

## Introduction

The Committee is pleased to present its close-out annual report for the financial year ending 31 March 2017.

This report is presented in accordance with the requirements of the Public Finance Management Act No. 1 of 1999, as amended and the recommendations contained in the fourth King Report on Governance for South Africa and the King Code of Governance Principles (King IV).

## Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from sections 51 (1) (a) (ii) and 77 of the Public Finance Management Act read with Treasury Regulation 27.1.

The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## Committee Meetings

The Nelson Mandela Museum had three Audit and Risk Committees during the period under review. The meeting consisted of the members of the committee whom were appointed by the Museum's Accounting Authority. The attendance is summarised below:

Name of Member	25th May 2016	26th July 2016	04th November 2016	18th December 2016	21st January 2017	20 <sup>th</sup> February 2017
Mr K Buthelezi (Chairperson)	Present	Present	Present	Present	Present	Present
L Mangquku (CA)(SA)	Present	Present	Present	Present	Present	Present
P Motsielwa (CA) (SA)	Present	Present	Present	Present	N/A	Present

## Effectiveness of Internal controls

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The system of internal control applied by the Nelson Mandela Museum over financial and risk management is ineffective, inefficient and not transparent.

In accordance with the PFMA and the King IV Report on Corporate Governance requirements, internal audit is required to provide the audit committee and management with assurance that the internal controls, governance and risk management processes of the Nelson Mandela Museum are appropriate and effective.

This is achieved by means of the risk management, as well as the identification of corrective actions and suggested enhancements to the internal controls and processes.

Internal audit performed periodic independent evaluations of the adequacy and effectiveness of internal controls, financial reporting, performance information and the integrity of information systems and records.

No	Internal Audit Area	Number of Findings	Report Rating
1	Risk Assessment	39	Significant
2	Performance Information (Q1,2 and 3)	6	Significant
3	Performance Information - Follow up Review	5	Significant
4	Human Resources	7	Significant
5	Supply Chain Management	14	Critical
6	IT Governance & General Controls Review	15	Significant
7	Annual Financial Statement review	N	Significant
<b>ADHOC Assignment</b>			
8	Review of Fraud Prevention	N/a	Significant

As at 31 March 2017, 100% of the approved Annual Audit Plan was completed. The Committee is satisfied that the internal audit function is operating effectively and that it continues to provide assurance in relation to the risks pertinent to the Museum in its audits.

The committee remains concerned about the slow progress on the implementation of management actions to address audit findings and related risk associated with the Nelson Mandela Museum.

There were significant matters which came to the attention of the Audit Committee to indicate that material breakdown of controls, procedures and systems occurred during the year under review. The following were areas of concerns:

#### 2016/2017

- No approved policies or procedures in place
- No Performance Agreements for 2016/17 financial year.
- Inadequacies noted regarding Portfolio of Evidence
- Inadequacies noted in corrective measures documented
- SCM policy not reviewed and approved by the Council.
- Payments to suppliers were made after 30 days of receiving the tax invoice.
- Inadequacies noted on review of creditor's reconciliation statements
- Inadequacies noted on the Recruitment and Selection Process
- Inadequacies in the Leave Administration
- Supporting documentation not attached to leave form

**2015/2016**

- Inadequate Performance Management and Monitoring;
- Inadequacies noted regarding safeguard of the Museum's assets;
- The Museum has no Policy in place to manage performance information;
- Inadequacies noted in regards to contract management;
- Ineffective Supply Chain Management processes;
- Heritage assets has not been included in the Fixed Asset Management policy;
- Ineffective and inefficient Information Technology Systems/Strategy;
- Non-compliance with laws, regulations, policies and contracts;
- Controls deficiencies are not timely addressed, as evident by the status of follow-up activities and repeat/recurring findings; and
- Recommendations from assurance providers and management action plans are not timeously implemented.

**2014/2015**

- Integrity, accuracy and reliability of financial information Revenue management and debt collection;
- Inadequate procurement/supply chain management environment;
- Inadequate Performance Management;
- Poor document management; and
- Lack of accountability and discipline.

Accordingly, we report that the general system of internal control for the period under review was unfortunately ineffective and inefficient, and that the internal controls are not operating satisfactorily to ensure that the financial records may be relied upon for the preparation of the Annual Financial Statements and that accountability for assets and liabilities is maintained.

**In-Year Management and Monthly/Quarterly Report**

The public entity has reporting monthly and quarterly to Treasury as is required by the PFMA. The audit committee will monitor the process and procedures designed and implemented to ensure that there is an improvement in the quality, accuracy and reliability of performance information for the forthcoming financial year and achievement of planned targets.

**Evaluation of the 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.
- Reviewed the Auditor-General's management report and management's response thereto.
- Reviewed any changes in accounting policies and practices.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the information on predetermined objectives to be included in the annual report.
- Reviewed any significant adjustments resulting from the audit.
- Ensured that the quality and timeliness of the financial information availed to the Audit Committee for oversight purposes during the year such as interim financial statements.

Whilst the audit opinion is an Unqualified Audit opinion, the Audit Committee is pleased to note the following improvement in the audit outcome since the previous financial year:

- The following issues on the audit report which formed the basis of a qualified in the prior year were resolved:
- Heritage Assets.

With the following emphasis of matters;

- Restatement of corresponding figures;
- Underspending of the conditional grants; and
- Irregular expenditure.

### **Auditor-General of South Africa**

We have met with the Auditor-General of South Africa to ensure the resolution of significant issues. We shall continue to engage regarding corrective action to be taken to address the root causes of audit findings.

### **Remedial Action**

The Audit Committee believes that the following 6 interventions are required to address the root causes of audit findings and to turn around the situation at the Museum:

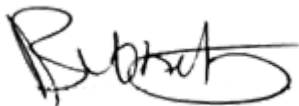
- Internal controls for identifying irregular expenditure;
- Consequence management and holding staff accountable;
- Supply Chain Management Training;
- Performance and documents Management;
- ICT Governance and Management; and
- Skills transfer and capacity building.

In addressing the above, Management has compiled an Action Plan which aims to address some aspect of service delivery and financial management in the Museum. It contains a set of items that require urgent attention in the medium term to ensure that the Nelson Mandela Museum improves the quality of its financial information and addresses its people management issues.

Our oversight responsibilities for the forthcoming financial year will include rigorous monitoring of managements adherence to the above mentioned action plan. Should this plan be implemented as intended, we are confident that the Nelson Mandela Museum will be able to reposition itself in order to effectively and efficiently deliver upon its mandate.

### **Conclusions**

We would like to extend our appreciation to the Executive Authority, Accounting Authority, management, and internal and external auditors for their efforts being made to address concerns raised by the audit committee. We look forward to an improved audit outcome in the 2016/2017 financial year.



Mr K Buthelezi  
**Chairperson of the Audit and Risk Committee**





# PART D

## *Human Resource Management*

“ *It is time for the next generation to continue our struggle against social injustice and for the rights of humanity. It is in your hands.* ”

- Nelson Mandela



The Human Resource Unit, which is under the museum Corporate Services Department, is responsible for recruitment and staff wellness of museum employees. The unit aims to retain museum employees, through continuous training, develop the skills capacity of all staff and ensure that such trained staff is retained by the museum. It also aims to harmonise relations between staff members and the management and ensures that a healthy working environment is created.

#### Nelson Mandela Staff Complement

The museum has 26 full staff members in its payroll. Of the 26 staff members, the 11 managers are all on fixed term contracts, both senior managers and middle management. We hope that this position will change and middle managers contracts will be converted into fulltime permanent employment contracts in the museum restructuring process that is taking place. The tables in this report will show the number of staff members that were sent for training by the museum.

The museum also encourages its staff members to register for diplomas and degrees in fields of their choice that are related to museum work and in line with their responsibilities in the museum. We have a number of staff members that are registered with the University of South Africa for degrees and diplomas. Two of these staff members that started with the museum have completed her studies and have graduated while the other one is about to complete his studies.

The following table reflects the Skills Development progress:

## STAFF SKILLS DEVELOPMENT IN 2016/2017

#### Personnel Costs by Programme

Programme	Total Expenditure for the Entity	Personnel Expenditure	Number of Employees	Average personnel costs per employee
Heritage and Conservation	1 187 609	1 504 591	5	376 148
Public Engagement	1 807 266	1 606 481	8	178 498
Corporate Services	24 780 570	6 665 954	13	512 766
<b>TOTAL</b>	<b>27 775 445</b>	<b>9 777 026</b>	<b>26</b>	<b>376 039</b>

#### Personnel costs by salary band

Level	Personnel Expenditure	% personnel exp. To total personnel cost	Number of Employees	Average Personnel costs per employee
Executive management	3 186 059	33%	5	531 010
Middle Management	2 702 062	27%	6	459 344
Staff	3 888 905	49%	15	298 086
<b>TOTAL</b>	<b>9 777 026</b>	<b>100%</b>	<b>26</b>	<b>376 039</b>

### Performance Rewards

Programme	Performance Rewards	Personnel Expenditure	Number of Employees	% of performance Rewards to total personnel
Executive management	0	0	0	0
Middle Management	0	0	0	0
Staff	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Training costs

Business Unit	Personnel Expenditure	Training Expenditure	Training expenditure as % of personnel costs	Number of employees trained	Average training cost per employee
Heritage and Conservation	1 504 591	6 410	4%	1	6410
Public Engagement	1 606 481	69 773	36%	3	23 257
Governance	6 665 954	119 452	60%	8	14 932
<b>TOTAL</b>	<b>9 777 026</b>	<b>195 635</b>	<b>100%</b>	<b>24</b>	<b>8 151</b>

### Employment and Vacancies

Programme	2015/16 Number of Employees	2016/17 Approved posts	2016/17 Number of Employees	2016/17 Vacancies	% of vacancies
Heritage and Conservation	5	6	5	1	20%
Public Engagement	9	8	8	0	0%
Governance	11	13	12	1	8%
<b>TOTAL</b>	<b>25</b>	<b>27</b>	<b>26</b>	<b>2</b>	<b>13%</b>

Programme	2015/16 Number of employees	2016/17 Approved posts	2016/17 Number of Employees	2016/17 Vacancies	% of vacancies
Executive Management	3	4	4	0	0%
Middle Management	6	6	6	0	0%
Staff	17	17	15	2	13%
<b>TOTAL</b>	<b>26</b>	<b>27</b>	<b>25</b>	<b>2</b>	<b>13%</b>

### Reasons for vacant post

(1) Recruitment process

### Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Executive management	3	3	2	4
Middle Management	6	Nil	Nil	6
Staff	15	Nil	Nil	15
<b>TOTAL</b>	<b>25</b>	<b>3</b>	<b>2</b>	<b>25</b>

### Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death		
Resignation	1	50%
Dismissal		
Retirement		
Ill health		
Expiry of contract	1	50%
Other		
<b>Total</b>	<b>2</b>	<b>100%</b>

**Attempts made to retain staff**

Qualifying staff of the museum, and as per the museum study policy is encouraged to capacitate themselves through studying and attending training courses, budget allowing. They are also encouraged to see the Nelson Mandela Museum not only as just another employment agency, but employer of choice, also as an institution that seeks to transform the lives of South Africans through the story of Nelson Mandela. In other words, museum staff is encouraged to see themselves as change agents.

**Labour Relations: Misconduct and disciplinary action**

Ill health	0
Expiry of contract	0
Nature of disciplinary Action	0
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0

**Equity Target and Employment Equity Status**

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	1		nil		nil		nil	
Middle management	3		nil		nil		nil	
Staff	8		nil		nil		nil	
<b>TOTAL</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	3		0		0		0	
Middle management	3		0		0		0	
Staff	7		0		0		0	
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Disabled Staff

Level	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Executive management	0	0	0	1
Middle management	0	0	0	1
Staff	1	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>

### Organisational development

The Nelson Mandela Museum Council adopted a new 5 years strategy. The implementation of the strategy started this financial year, 2015/16. In line with the new strategy, the museum has undergone a process of restructuring which is aimed at ensuring that the new strategy is supported by an organisational structure that is fit for purpose.

### RESIGNATIONS AND TERMINATIONS

In 2016/17, one member of Executive resigned.

### HUMAN RESOURCES ALIGNMENT

The restructuring process is aimed at aligning the staff of the museums in accordance to the training they have received. The process of restructuring also aims at auditing the skills capacity of staff members.

### LABOUR RELATIONS MATTERS

The National Health and Allied Workers Union (NEHAWU) is one of the recognised unions at the Nelson Mandela Museum since the majority of staff are its members. Two staff members were appointed by NEHAWU to represent the interest of their members.

### DISCIPLINARY CASES

One

### CCMA

A former employee who was dismissed in 2015 had taken NMM to court for unfair dismissal and the case is still in progress.

### GRIEVANCES

There are no grievances that have been lodged under the reporting year.

### PERFORMANCE MANAGEMENT SYSTEM

Performance agreements are in place for all managers and staff and Reviews not completed for all four quarters. Quarterly reports are submitted by each manager to the relevant council committees to monitor the performance of the Institution's annual targets.

### POLICY REVIEW

Most Museum policies have been reviewed through departmental submission in the relevant council committees.



# PART E

## *Annual Financial Statements*

“ Sometimes, it falls upon a generation to be great. You can be that great generation. Let your greatness blossom. ” - Nelson Mandela



## GENERAL INFORMATION

<b>Type of Financial Statements</b>	Entity
<b>Controlling Department</b>	Department of Arts & Culture
<b>National/Provincial Entity</b>	National Public Entity
<b>For the Year ended</b>	31 March 2017
<b>Type of Financial Statements</b>	Public Entities Annual Financial Statements
<b>Chief Executive Officer:</b>	Mr B Tyhulu (047) 501 9509 bonke@nelsonmandelamuseum.org.za
<b>Chief Financial Officer:</b>	Mr M. Msongelwa CA (SA) (047) 501 9509 mandisi@nelsonmandelamuseum.org.za
<b>Contact at relevant treasury:</b>	Mr Thomas Matjeni (012) 315 5792 thomas.matjeni@treasury.gov.za
<b>Auditors:</b>	Auditor General of South Africa (043) 709 7200 Delene Pillay: delenep@agsa.co.za
<b>Preparer:</b>	Mr M Msongelwa CA (SA) (047) 501 9509 mandisi@nelsonmandelamuseum.org.za
<b>Internal Auditors:</b>	PricewaterhouseCoopers (043) 707 9871 Bulumko.kwetana@za.pwc.com
<b>Museum Bankers:</b>	ABSA Bank Limited Sutherland Street Mthatha
<b>Company Secretariat</b>	Siyathemba Sokutu Attorneys Vincent Park East London (043) 735 1312 sokutu@sokutuattorneys.co.za



## COUNCIL MEMBERS

Chairperson of council	Ms N. Yokwana - <i>Term ended December 2016</i>
Chairperson of the Council	Mr V. Jarana - <i>Term renewed in November 2016</i>
Chairperson of Finance Committee and Deputy Chair for Council	Ms A. Vikilahle - <i>Term renewed in November 2016</i>
Chairperson of Audit and Risk Committee	Mr K. Buthelezi - <i>Term renewed in November 2016</i>
Chairperson of Content Committee	Mr S. Grootboom - <i>Term ended December 2016</i>
Chairperson of Content Committee	Mr B Mngomezulu - <i>Appointed in November 2016</i>
Chairperson of Institutional Development Committee	Mr A K Gontse - <i>Appointed in November 2016</i>
Chairperson of Community development	Dr B.O. Tema - <i>Appointed in November 2016</i>
Councillor	Mr V. Booii - <i>Term renewed in November 2016</i>
Councillor	Mr M. Dithlake - <i>Term ended December 2016</i>
Councillor	Mr N. Mandela - <i>Term ended December 2016</i>
Councillor	Ms S. Van Zy I- <i>Term ended December 2016</i>
Councillor	Adv. L T Nevondwe - <i>Appointed in November 2016</i>
Councillor	Ms R. Kisten- <i>Resigned in January 2017</i>
Councillor	Dr K Ngqila - <i>Appointed in November 2016</i>
Councillor	Mr S Mzamo - <i>Appointed in November 2016</i>
Councillor	Mr M Kobese - <i>Appointed in November 2016</i>
Councillor	Ms N Mandela - <i>Appointed in November 2016</i>

## ACRONYMS

<b>PFMA</b>	Public Finance Management Act
<b>GRAP</b>	General Recognised Accounting Practice
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>TR</b>	Treasury Regulations

# MUSEUM COUNCIL'S *Report*

## 1. General Information

### 1.1 The Role of the Council of the Nelson Mandela Museum

In accordance with the provisions of the Public Finance Management Act, Act 1 of 1999, (PFMA) as amended by Act 29 of 1999, and the Treasury Regulations, the Council of the Nelson Mandela Museum, (the Council) is the Accounting Authority. Its role includes the submission to the Executive Authority general information such as Annual Financial Statements and Performance Information by 31 May each year.

## 2. Statement of responsibility

The Public Finance Management Act (Act 1 of 1999) as amended requires the Council to ensure that the Nelson Mandela Museum keeps full and proper records of its financial affairs. The Annual financial statements should fairly present the state of affairs of the Nelson Mandela Museum, its financial results, its performance against pre-determined objectives and its financial position at the end of the year in terms of the Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act 1973 in South Africa (Act No. 61 of 1973).

The Annual Financial Statements are the responsibility of the Council. The Auditor General is responsible for independently auditing and reporting on the Financial Statements.

The Annual Financial Statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice. These Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

The Council has reviewed the Nelson Mandela Museum's budget and cash flow projections for the year ending 31 March 2018. On the basis of this review, and in view of the current

financial position, the Council has every reason to believe that the Nelson Mandela Museum will be a going concern in the period ahead and has continued to adopt the going concern basis in preparing the Financial Statements.

The Council determines, introduces and implements systems of internal control and risk management that are designed to provide reasonable assurance against material misstatements and losses. The entity also maintains these controls to safeguard assets against unauthorised use or disposal, and for the maintenance of proper accounting records and the reliability of the financial information used within the Nelson Mandela Museum.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. The internal audit function is in place and has been functional throughout the year, and nothing has come to the attention of the Nelson Mandela Museum Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

## 3. Financial results

Full details of the financial results are set out on pages 58 to 106 in the Financial Statements.

## 4. Business Address

Physical Address:

Cnr Nelson Mandela Drive & Owen Street  
Bhunga Building, Mthatha. 5099

Postal Address:

PO Box 52808  
Mthatha. 5099

In the financial period until 31<sup>st</sup> March 2016 the Museum was operating at:

Qunu Youth and Heritage Centre  
Qunu Admin Area  
Mthatha

**5. Nature of Entity and its Principal Business**

The Nelson Mandela Museum which is spread over three sites, namely Mvezo site, Bhunga Building, and Qunu Youth and Heritage Centre is a public entity falling under the National Department of Arts and Culture and was established in accordance with the prescripts of the Cultural Institutions Act, Act No. 119 of 1998 and is one of the Cabinet legacy projects.

Its core business is the conservation of heritage centred on Nelson Mandela, collecting, exhibiting and exercising stewardship over heritage resources linked to Madiba, inspires people to learn and share from his legacy, impact on development through education, culture and tourism.

**6. Materiality and Significance Framework for 2016/2017**

In terms of the Public Finance Management Act, Act No. 1 of 1999 as amended, read with

paragraph 28.1.5 of the National Treasury Regulations, the Council has developed and agreed to a framework of acceptable levels of materiality and significance.

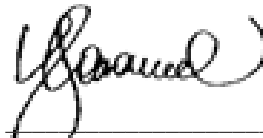
**7. Opinion and Approval**

In the opinion of the Nelson Mandela Museum Council, based on the information available to date, the Annual Financial Statements set out on pages 58 to 106 fairly present the financial position, the results of its operations, Cash Flow information of Nelson Mandela Museum and fairly comply with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended) for the year then ended and fairly comply with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended)

The Annual Financial Statements set out on pages 58 to 106 for the year then ended were approved by the Museum Council on 29<sup>th</sup> May 2017:



**Bonke Tyhulu**  
 Chief Executive Officer  
 Date: 31 July 2017



**Vuyani Jarana:**  
 Chairperson of Council  
 Date: 31 July 2017

# MANAGEMENT *Report*

## 1. General review of the state of affairs

The Nelson Mandela Museum is located in the rural part of the Eastern Cape. It is on the N2, halfway between Durban and East London, halfway between the Indian Ocean and the Drakensberg Ukhahlamba World Heritage Site. The Museum sites traverse, include and overlook the authentic landscape of Mr. Nelson Mandela's childhood and retirement. There are three sites namely: Bhunga Building, Qunu and Mvezo.

The Museum was opened in February 2000 by former president Nelson Mandela and the then Minister of Arts and Culture, having been established in terms of the Cultural Institutions Act of 1998.

Oversight over the Museum, strategic and policy direction are provided by the Council established by the Minister every three years. The current Council commenced its responsibilities in November 2016.

As an organ of state, the Museum delivers its services in alignment with Government objectives. The Museum contributes to social cohesion, patriotism, unity, reconciliation, economic regeneration through tourism and cultural activities, and its procurement practices, citizen participation and awareness through outreach, education programs and exhibitions. The Museum programs include: Governance (which deals with administration and Council support), Human Resources, Public Engagement and Communication, Heritage Resources and Infrastructure Services.

The Nelson Mandela Museum's results for the year ended 31 March 2017 show a decrease in reserves from R 9, 591,016 to R 7,899,912. This is due to a deficit of R 1, 856,895 realized during the year under review.

The Nelson Mandela Museum received most of its funding from the subsidy allocations from the National Government through the Department of Arts and Culture. Total revenue collected by the Nelson Mandela Museum

including finance income for the period under review increased by 3.97% from R 24,948,573 to

R 25,981,123 compared to same period last year. This increase is attributable to net of an inflationary increase in grant allocation, increase in interest received from investments as well as increase in project expenditure recognized as revenue. The grant from the Department of Arts and Culture accounted for 92.36% of the total revenue while 7.61% is project expenditure recognized as revenue on project implementation with 1.07% realized as our own income generated through rental of conference facilities and charge for accommodation at Qunu Youth and Heritage Centre, and 6.60% as interest from investments, profit on disposal of non-current assets as well as donations.

The operating expenditure for the period under review including finance costs is R 27,775,445 eliciting a decrease of R 4,982,803 from the expenditure recorded in the previous period. The operating expenditure is made up of 35.20% fixed costs of personnel, 21.16% administrative expenses, 7.05% Audit fee, 0.23% finance costs and 32.85% other operating expenses which constitute the core business of the organization with expense categories like exhibition expenses and advertising and promotion forming a major part, and Security expenses as major contributors as well.

The Nelson Mandela Museum is a going concern with a budget of R 27 664 000 for the Year 2017/2018. The Museum will continue to adopt a going concern basis in preparing its annual financial statements in the period ahead as the budget indicates. The institution had filled the majority of key positions but at the beginning of the 2017/2018 financial year, we will start to see the improved results in strategic areas and performance in the 2017/2018 financial year.

While a great deal of work still needs to be done to improve the baseline funding to facilitate meeting targets set in the Museum's

strategic plan, the results for the year under review demonstrate progress, and management remains committed to achieving the strategic objectives set by Council.

## 2. Services rendered by the Nelson Mandela Museum

The core business of the Nelson Mandela Museum is education from and conservation of Heritage Resources centered around Nelson Mandela in context, collecting, exhibiting and exercising stewardship over heritage resources linked to Madiba, inspire people to learn and share from his legacy, impact on development through education, culture and tourism. To achieve this objective the Museum uses guided and unguided tours, public programs (indoor and outdoors), formal outreach like use of popular programmes to reach people and make an impact. Social dialogues and seminars are also used to reach out to a wider public.

In the course of conducting its business the Museum has identified the sale of memorabilia, books and services like conference venues and accommodation as key income generating mechanisms.

## 3. Tariffs

Tariffs are charged for rental of conference facilities, supply of sleeping accommodation, hiring out of buses as means of transport, and prices are fixed for the sale of books and golf shirts. These have been determined by benchmarking against the conference facilities rentals charged in this area as well as the consideration of the Museum operating costs. The Nelson Mandela Museum reviews its tariffs on an annual basis as well as when there are supplier price changes.

In the year 2016/17 the Qunu site where most of the above revenue is generated has not been in operation due to the challenges with the infrastructure and subsequent to the year end it has been closed for maintenance and improvement. The anticipation is that it will be re-opened in 2019 as a new and improved site.

## 4. Donation Box

The museum does not charge entrance fee to its visitors. Instead, there is a Donation Box, which is used to encourage visitors to donate. However, there has not been much activity when it comes to donations this current year.

## 5. Museum Shop

The Nelson Mandela Museum Memorabilia shop has been in full operations since the upgrade of Bhunga node of the Museum. The shop has been run in partnership with the Department of Sports, Recreation, Arts and Culture in the overall objective of promoting local entrepreneurs to sell their artwork to the visitors. The museum doesn't charge for the space except to promote the local entrepreneurs.

## 6. Opinion

In the opinion of the Nelson Mandela Museum Management, based on the information available to date, the Annual Financial Statements set out on pages 58 to 106 fairly present the financial position, the results of its operations, Cash Flow information of Nelson Mandela Museum and fairly comply with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended) for the year then ended and were approved by the Museum Management.

## 9. Conclusion

Over the period of time, the museum has been progressively improving its skills base by providing funding to internal staff to study in critical fields. Today the museum is fully functional and operating at its optimal point

The completion of evaluation of museum's heritage assets has not come at an opportune time for the museum. The process has highlighted and re-profiled the significance of conserving objects and legacy of Nelson Mandela.



**Bonke Tyhulu**  
Chief Executive Office

## Report of the auditor-general to Parliament on the Nelson Mandela Museum

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Nelson Mandela Museum set out on pages 58 to 106 which comprise the statement of financial position as at 31 March 2017 and the statement of financial performance, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and factual 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 Nelson Mandela Museum as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA 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 my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors and change in accounting policy in the financial statements of the museum at and for the year ended 31 March 2017. This was mainly due to the revaluation of heritage assets.

### Underspending of conditional grants

As disclosed in note 10 to the financial statements, the museum has materially underspent the conditional grant to the amount of R19.7 million. This was as a result of unforeseen technical specifications required for the procurement process relating to infrastructure.

### Irregular expenditure

8. As disclosed in note 30 to the financial statements, irregular expenditure to the amount of R 3.6 million was incurred, as proper supply chain management processes had not been followed. Furthermore, irregular expenditure to the amount of R1.6 million that was incurred in the previous years was not investigated.

### Responsibilities of accounting authority

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with South African standards of Generally Accepted Accounting Practice and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) 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 Nelson Mandela Museum'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 accounting authority either intends to liquidate the museum 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 objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the 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 material findings on the reported performance information against predetermined objectives for

selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the museum. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
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 objectives presented in the annual performance report of the public entity for the year ended 31 March 2017:

Objectives	Pages in the annual performance report
Objective 1 – To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela.	3
Objective 2 – To use exhibitions to drive and entrench the values of Nelson Mandela.	3
Objective 3 –To research museum collections for better understanding and sustainable use.	3
Objective 4 – To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route.	3
Objective 5 – To facilitate focused understanding of the museum through the development of learning material.	3
Objective 6 – To create in-person and digital platforms of community engagement.	4
Objective 7 – To profile the Nelson Mandela Museum brand through various markets.	4

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 objectives:
  - To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela.



- To use exhibitions to drive and entrench the values of Nelson Mandela.
- To research museum collections for better understanding and sustainable use.
- To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route.
- To facilitate focused understanding of the museum through the development of learning material.
- To create in-person and digital platforms of community engagement.
- To profile the Nelson Mandela Museum brand through various markets.

**Other matters**

18. I draw attention to the matters below.

**Achievement of planned targets**

19. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under achievement of a target.

**Adjustment of material misstatements**

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Objective 1: To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela and Objective 2: To use exhibitions to drive and entrench the values of Nelson Mandela. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information

**Report on 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 compliance of the museum with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

**Annual Financial Statements**

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 section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets 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 steps were not taken to prevent irregular expenditure amounting to R 3.6 million and fruitless and wasteful expenditure amounting to R17 564 as disclosed in notes 30 and 31 respectively to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA.

#### Consequence management

25. Disciplinary steps were not taken against officials who had incurred and/or permitted irregular expenditure amounting to R 3.6 million and fruitless and wasteful expenditure amounting to R17 564 as disclosed in notes 30 and 31 to the annual financial statements as required by section 51(1)(e)(iii) of the PFMA.

#### Procurement and contract management

26. Goods and services with a transaction value below R 500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

#### Other information

27. The Nelson Mandela Museum accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
28. 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.
29. I have not yet received the annual report. When I do receive 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 re-issue my auditor's report amended as appropriate.

#### Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below

are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

- Whilst leadership has held management accountable for poor performance they did not enforce adequate consequence management for transgressions against legislation, resulting in repeat compliance findings.
- The museum did not have a proper filing system to maintain information that supported the reported financial and performance information in the annual financial statements and annual performance report.
- Management did not implement all the recommendations of the internal audit and audit committee which impacted the effectiveness of their oversight.

### Other reports

31. I draw attention to the following engagement that could potentially have an impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of this engagement that has been completed.

#### Investigation

32. An independent consulting firm performed an investigation at the request of the museum which covers the prior period. The investigation was initiated based on an allegation of bribery and corruption. This investigation was finalised during the year under review and a report issued in July 2016.

*Auditor General*

East London

31 July 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  3. 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.
  4. 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 museums internal control.
  5. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
  6. conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nelson Mandela museums ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
  7. evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

8. 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.
9. 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 here applicable, related safeguards.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	Mar-17 R	Restated Mar -16 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
		<b>13 907 135</b>	<b>14 007 135</b>
Property, Plant and Equipment	2	4 038 135	4 138 135
Heritage Assets	3	9 869 000	9 869 000
<b>Current Assets</b>			
		<b>25 401 622</b>	<b>27 433 693</b>
Inventory	4	209 061	234 418
Receivables from Exchange Transactions	5	3 213	157 797
Receivables from Non-Exchange Transactions	6	76 248	67 051
Cash and Cash Equivalent	7	25 113 100	26 974 427
<b>TOTAL ASSETS</b>		<b>39 308 757</b>	<b>41 440 828</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
		<b>317 772</b>	<b>19 963 324</b>
Unspent Conditional Grants	10	212 173	19 696 532
Finance Lease Liability-Non-Current	11	105 599	266 792
<b>Current Liabilities</b>			
		<b>21 693 274</b>	<b>2 479 381</b>
Payables from Exchange Transactions	8	1 370 766	1 800 624
Finance Lease Liability-Current portion	11	161 192	139 108
Unspent Conditional Grants	10	19 439 342	
Provision for 13th cheque	35	99 238	
Provision for leave	35	622 736	539 649
<b>TOTAL LIABILITIES</b>		<b>22 011 046</b>	<b>22 442 705</b>
<b>NET ASSETS</b>			
<b>CAPITAL RESERVES</b>			
Accumulated Surplus	13	7 432 101	9 123 205
Revaluation Reserve		9 865 610	9 865 610
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>17 297 711</b>	<b>18 988 815</b>

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2017

REVENUE	Notes	Mar-17 R	'Mar-16 R
		<b>1 933 811</b>	<b>1 906 004</b>
Other Income	17	14 100	267 588
Profit/(Loss) on Disposal of Non-current Assets	14	0	31 740
Finance Income	23	1 919 711	1 606 676
<b>Revenue from Non-exchange Transactions</b>		<b>24 047 312</b>	<b>23 042 575</b>
Transfers and Subsidies	15	24 047 312	23 041 315
Gifts, Sponsorships and donations	16	0	1 260
<b>Total Revenue</b>		<b>25 981 123</b>	<b>24 948 579</b>
<b>EXPENDITURE</b>			
Administrative Expenses	18	(5 512 232)	(4,132,305)
Depreciation	21	(1 037 494)	(773 290)
Staff Costs	19	(9 777 026)	(8 957 477)
Audit Fees	20	(1 959 553)	(2 041 309)
Other Operating Expenses	22	(9 489 140)	(6 888 261)
<b>TOTAL EXPENDITURE</b>		<b>(27 775 445)</b>	<b>(22 792 642)</b>
<b>Deficit from Operations</b>		<b>(1 794 322)</b>	<b>2 155 937</b>
Finance Costs	24	(62 573)	(27 024)
<b>Deficit for the period/year</b>		<b>(1 856 895)</b>	<b>2 128 913</b>

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

### Mar-17

		Accumulated Surplus	Revaluation Reserve	Total
Opening Balance as at 1 April		9 123 205	9 865 610	18 988 815
Adjustment to the opening balance	27	165 791	-	165 791
(Deficit) for the period		(1 856 895)	-	(1 856 895)
<b>Balance as at 31 March 2017</b>	<b>13 &amp; 27</b>	<b>7 432 101</b>	<b>9 865 610</b>	<b>17 297 711</b>

### Mar-16

		Accumulated Surplus	Revaluation Reserve	Total
Opening Balance as at 1 April		7 462 103	-	7 462 103
Adjustment to the opening balance		(467 811)	9 865 610	9 397 799
Surplus for the period		2 128 913	-	2 128 913
				-
<b>Balance as at 31 March 2016</b>	<b>13 &amp; 27</b>	<b>9 123 205</b>	<b>9 865 610</b>	<b>18 988 815</b>

**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Mar-17 R	Mar-16 R
<b>Cash Generated /(utilized) from Operations</b>	25	<b>(2 747 352)</b>	<b>1 596 270</b>
<b>Adjust for:</b>		<b>1 868 735</b>	<b>1 579 646</b>
Finance income	23	1 919 711	1 606 670
Finance costs	24	(50 976)	(27 024)
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>		<b>(878 617)</b>	<b>3 175 916</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of:			
Property, Plant and Equipment	2	(961 745)	(2 573 771)
Proceeds on Sale of Property, Plant and Equipment	14	0	32 263
<b>Net Cash Flow from Investing Activities</b>		<b>(961 745)</b>	<b>(2 541 508)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in non-current Liabilities			
Unspent Conditional Grants	10	-	(1 432 947)
Finance Leases	11	(20 961)	266 792
<b>Net Cash Flow from Financing Activities</b>		<b>(20 961)</b>	<b>(1 166 155)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(1 861 323)</b>	<b>(531 747)</b>
<b>Cash and Cash equivalents at beginning of the period</b>	7	<b>26 974 423</b>	<b>27 506 170</b>
<b>Cash and Cash equivalents end of the period/year</b>		<b>25 113 100</b>	<b>26 974 423</b>



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

<i>Statement of financial performance</i>	Actual R	Adjusted Budget R	Variance R	% Variance
Other Income	14,100		14,100	100%
Transfers and Subsidies	22,309,317	24,683,886	2,374,569	9,62%
Municipal Charges Grant	1,737,995	1,737,995	0	0%
Finance Income	1,919,711	1,026,050	(893,661)	(87,10)%
<b>Total revenue</b>	<b>25,981,123</b>	<b>27,447,931</b>	<b>1,466,807</b>	<b>5,34%</b>
<b>EXPENDITURE</b>				
Administrative Expenses	(5,512,231)	(5,560,827)	(48,596)	(0,82)%
Staff Costs	(9,777,026)	(10,162,581)	(385,555)	(3,79)%
Audit Fees	(1,959,553)	(1,970,552)	(10,999)	(1)%
Other Operating Expenses	(10,526,635)	(9,753,770)	772,865	8%
<b>TOTAL EXPENDITURE</b>	<b>(27,775,445)</b>	<b>(27,447,730)</b>	<b>327,715</b>	<b>1%</b>
<b>Surplus/(Deficit) from Operations</b>	<b>(1,794,322)</b>	<b>201</b>	<b>1,794,522</b>	
Finance Costs	(62,573)	-	62,573	100%
<b>Surplus/(Deficit) for the Year</b>	<b>(1,856,895)</b>	<b>201</b>	<b>1,857,095</b>	

Reasons for material variances and overspending in expenditure above are explained in Note 28

# Accounting Policies

## 1.1 Reporting Entity

These financial statements are for the Nelson Mandela Museum. The financial statements encompass the reporting entity as specified in the Public Finance Management Act (Act No. 1 of 1999)

## 1.2 Basis of Preparation

The Annual Financial Statements have been prepared in accordance with Statements in Generally Recognized Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act No. 29 of 1999). The Annual Financial Statements have been prepared on an accrual basis of accounting using the going concern assumption and are in accordance with the historical cost basis incorporating the principal accounting policies as set below unless specified otherwise. Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. Assets, Liabilities, Revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless explicitly stated. The details of any changes in the accounting policies are explained in the relevant policy. The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

## 1.3 Presentation Currency

The Financial Statements are presented in South African Rand, which is the functional currency of the entity. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

## 1.4 Going Concern Assumption

These Annual Financial Statements have been prepared on the assumption that the entity will continue to operate as a going concern for at least the next twelve months.

## 1.5 Comparative information

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

## 1.6 Significant Judgments

### 1.6.1 Receivables from Exchange and Non-Exchange Transactions

The entity assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the Portfolio and scaled to the estimated loss emergence period.

## Accounting Policies (continued)

### 1.6.2 Allowance for slow moving, damaged and obsolete stock

An Allowance for stock that is older than 5 years, redundant and is projected to take more than 5 years to sell is provided for in full. Any stock that is physically identified as damaged is written off when discovered.

#### Impairment testing

Management used value in use or fair value less cost to sell to determine the recoverable amount of assets that may have been impaired.

#### Provisions

Provisions were raised and management determined an estimate based on information available. Additional disclosure of these estimates of provisions are included in note 35- Provisions are measured in the management's best estimate of the expenditure required to settle the obligation at the reporting date.

### 1.7 Property, Plant and Equipment and Heritage assets

#### Property, plant and equipment

##### Initial recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset when:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

##### Subsequent measurement

Property, plant and equipment are tangible items that:

- (a) Are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- (b) Are expected to be used during more than one reporting period.

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is written off over the useful life of the assets to the residual value using the straight line method.

The useful life of the assets is estimated as follows:

Motor vehicles	5 years
Computer equipment	3 years
Office equipment	6-7 years
Furniture and fittings	6-7 years
Other non-current assets	5 years
Building and structures	10 years

## Accounting Policies (continued)

The assets residual value and the useful life are reviewed and adjusted if appropriate, at each financial year end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation charge for each period is recognized in the profit or loss unless it is included in the carrying amount of another asset. An item of property plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the item is derecognized.

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets. If there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the assets are depreciated over the shorter of the lease term and its useful life.

### Impairments

The residual value, useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimates in the Statement of Financial Performance.

The entity tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of impairment is done at the reporting date. Where the carrying amount of an item of property, plant, and equipment is greater than the estimated recoverable amount (or service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### Subsequent expenditure

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalized and included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

### Heritage Assets

#### Initial Recognition

##### General

- (a) Heritage assets shall be recognised as an asset if, and only if:
  - It is probable that future economic benefits or service potential associated with the asset will flow to Nelson Mandela Museum
  - The cost or fair value of the asset can be measured reliably
- (b) For recognition of heritage assets, the assets needs to be controlled by Nelson Mandela Museum as a results of past events. Such events may include: Purchased, donated, bequeathed, transfer and loans. In the event were Nelson Mandela Museum is restricted from disposing of the asset it will still be recognised due to the fact that it is controlled by Nelson Mandela Museum. It is the judgement of Nelson Mandela Museum to assess the degree of certainty attached to the flow of future economic benefits.
- (c) If Nelson Mandela Museum holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criterial of heritage measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

## Accounting Policies (continued)

### Initial measurement

#### General

- (a) Due the nature of assets controlled by Nelson Mandela Museum assets shall be valued according to circumstances.
- (b) All asset acquired by means of purchase should initially be measured at cost. Where no cost can be determined the fair value will be determine as at the date of acquisition.
- (c) In instances were heritage assets are donated or bequeathed to Nelson Mandela Museum at no cost, the cost will then be the fair value as at the date of acquisition.
- (d) In determining the fair value of a heritage asset acquired through a non-exchange transaction, Nelson Mandela Museum will apply the principles under the section on determining the fair value.

#### Elements of cost

- (a) The cost of the heritage asset will comprise of the following:
  - i. its purchase price, including import duties and non-refundable purchases taxes, after deducting trade discounts and rebates
  - ii. any cost directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (b) These costs can include cost such as:
  - Cost of employee benefits for example the initial assessment of the heritage asset
  - Cost incurred to remove the heritage asset or restore the site where it was located
  - Professional fees
  - Initial delivery and handling cost
  - Installation and assembly cost
  - Other transactions costs
- (c) Costs which will not be included in the carrying amount:
  - Cost of opening a new exhibition
  - Cost of conducting operation in a new location
  - Administration and other general overhead cost

#### Measurements of these cost

- (a) The cost is the cash price or cash price equivalent at recognition date.
- (b) In instances were Nelson Mandela Museum cannot measure the cost of the heritage asset, the fair value of an asset can reliably be measured if:
  - the variability in the range of reasonable fair value is not significant for that asset or
  - the probabilities of the various estimates within the range can reasonably be assessed and used in estimating fair value.

## Accounting Policies (continued)

### Subsequent measurement

- (a) In accordance GRAP 103, an entity should choose either the cost model or the revaluation model for subsequent measurement of an entire class of heritage assets.
- (b) In accordance with the Cost Model, after recognition as an asset a class of heritage assets measure in accordance with the Cost Model, shall be carried at its cost less any accumulated impairment losses
- (c) In accordance with the Revaluation Model, after recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at revalued amount, being its fair value at date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.
- (d) Nelson Mandela Museum has elected the cost model and shall apply the policy to an entire class of heritage assets.

### Impairment

- (a) A heritage asset shall not be depreciated but Nelson Mandela Museum shall assess at each reporting date whether there is an indication that it may be impaired. If any such indications exist Nelson Mandela Museum shall estimate the recoverable amount or the recoverable service amount of the heritage asset in accordance with the Standards of GRAP on Impairment of Cash-generating assets and Impairment of non-cash-generating Assets.
- (b) In assessing whether there is an indication that an asset may be impaired and Nelson Mandela Museum shall consider, as a minimum the following indications
- (c) External sources of information:
  - i. during the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
  - ii. the absence of an active market for a revalued heritage asset.
- (d) Internal sources of information
  - i. evidence is available of physical damage or deterioration of a heritage asset.
  - ii. a decision to halt the construction of the heritage asset before it is complete or in a usable form

### Compensation for Impairment.

- (a) Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

### Transfers

- (a) Transfers from heritage assets can only be made when an asset no longer meets the definition of a heritage asset e.g. from Heritage to PPE.
- (b) Transfers to heritage assets can only be made when an asset subsequently meets the definition of a heritage asset.

### De-recognition of heritage assets

#### De-recognition

- (a) The carrying amount of a heritage asset shall be derecognised:
  - i. on disposal (including disposal through a non-exchange transaction), or
  - ii. when no future economic benefits or service potential are expected from its use or disposal.

## Accounting Policies (continued)

- (b) The gain or loss arising from the De-recognition of a heritage asset shall be included in surplus or deficit when the item is derecognised.

### De-Accessioning Policy

- (a) An item will be considered for de-accessioning if it no longer meets and complies with the statement of purpose of the archival collection of the museum or is damaged beyond repair and unusable;

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The impact on the financial statements is that heritage assets have been valued at a nominal value of R1 and will be subsequently valued at market related rates.

The carrying amount of a Heritage asset is derecognised:

- on disposal
- When no future economic benefits or service potential are expected from its use or disposal.

The Collections on and Gifts to Nelson Mandela are considered to be Heritage Assets (the value of these assets is determined not by the commercial but rather by their historical significance) and therefore are irreplaceable.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11, and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

### 1.8 Financial instruments

#### Initial recognition

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

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

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

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost (or fair value if significant difference), plus in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of the financial instrument that is initially recognized is normally the transaction price, unless the fair value is evident from the observable market data. The entity uses a discounted cash flow model which incorporates entity – specific variables to determine the fair value of the financial instruments that are not traded in an active market.

## Accounting Policies (continued)

### Subsequent measurement

Financial assets are categorized according to their nature as either financial assets at fair value through surplus or deficit, held-to-maturity, loans and receivables, or available-for-sale. Financial liabilities are categorized as either at fair value through surplus or deficit or financial liabilities carried at amortised cost.

The classification depends on the purpose for which the entity acquired the financial assets.

### Financial assets at fair value through profit or loss

This category has two sub classifications, namely, financial assets held for trading and financial assets designated as at fair value through profit or loss at the inception of the instrument. Derivative instruments are classified as held for trading unless they qualify as designated and hedging instruments.

### Payables from Exchange and Non-Exchange Transactions and Other borrowings

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities at amortised cost and are initially recognized at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### Cash and cash equivalents

Cash and cash equivalents are classified as financial instruments at fair value through profit or loss. Cash and Cash equivalents consists of cash in the bank and short term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Financial assets are designated into this category when their accounting treatment in terms of this category results in more relevant information than accounting in terms of another category or it is a contract that contained one or more embedded derivatives.

Financial assets at fair value through profit or loss are initially measure at fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains and losses recognized in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on derecognition and they are included in "other income" or "other expenses". Interest and Dividend Income are reported separately from net gains or losses. Interest income, calculated using the effective rate method, is included in "interest income".

### Held to maturity and loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognized.

Financial assets that the company has a positive intention and ability to hold to maturity are classified as held to maturity.



## Accounting Policies (continued)

### Receivables from exchange Transactions and Non-Exchange Transactions

This category represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It includes short-term receivables, such as trade and other receivables, and long-term receivables such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the period. Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains and losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Impairment losses are recognized on loans and receivables when there is objective evidence of impairment. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Assets that are individually significant are considered separately for impairment. When these assets are impaired, impairment loss is recognized directly against the related asset. Assets that are individually significant and that are not impaired and groups of small balances are considered for impairment on a portfolio basis, based on similar credit risk. Impairment losses are recognized in an "allowance account for credit losses" until the impairment can be identified with an individual asset, and at that point, the allowance is written off against the individual asset.

Financial Instruments carried on the statement of Financial Position include Cash, Bank balances, Call and Notice Deposits, Receivables and Payables and are measured at cost.

### 1.9 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Unrealised differences on monetary assets and liabilities are recognized in profit or loss in the period in which they occur.

### 1.10 Inventories

Inventories of the entity consists of books which are for sale and also used for donations to Invited participants to certain important museum events.

Inventories are initially measured at cost and subsequently at the lower of cost or net realizable value. Any write-down to net realizable value is recognized in the profit or loss. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity). Cost is calculated using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less any costs of completion and disposal.

### 1.11 Payables from Exchange Transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## Accounting Policies (continued)

### 1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

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

#### Finance Leases – Lessee

Finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

#### Operating leases – lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset, this liability is not discounted. Any contingent rents are expensed in the period they are incurred.

### 1.13 Irregular and Fruitless and Wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of or not in accordance with, a requirement of any applicable legislation. Fruitless and Wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalization of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

## Accounting Policies (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law:

The expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.14 Taxation

The Museum is exempt from taxation in terms of section 10(1) (Ca) (i) of the Income Tax Act.

### 1.15. Transfers and Subsidies/Government grants

An inflow of resources from a non-exchange transaction, e.g grant, other than services in-kind, that meets the definition of an asset shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

The entity only recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

Grants received without any conditions attached are recognised as revenue when the asset is recognised. If the entity has satisfied all the present obligations related to the inflow, it recognises an asset in the Statement of Financial Position and corresponding revenue in the Statement of Financial Performance.

If the entity has partially satisfied the present obligations related to the inflow, it recognises an asset and revenue to extent that a liability is not also recognised and a liability in the Statement of Financial Position to the extent that the present obligations have not been satisfied.

### 1.16 Provisions

The entity recognizes a provision when it has a present obligation as a result of a past event, and it's probable that the entity will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect at the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year. A reliable estimate can be made of the obligation.

### 1.17 Contingent Liabilities

A contingent Liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or A contingent liability is a present obligation that arises from past events but is not recognised because:

## Accounting Policies (continued)

- it is not probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation, or
- an amount of the obligation cannot be measured with sufficient reliability .

Contingent Liabilities are disclosed as part of the disclosure notes to the Annual Financial Statements.

### 1.18 Employee benefits

#### Compensation of Employees

Short – term employee benefits include salaries and wages, short-term compensated absences and bonus plans. The entity recognizes a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him or her to the benefits.

#### Defined Contribution Plan

Payments made to defined contribution plans are recognized as an expense on the accrual basis. The Nelson Mandela Museum operates defined contribution plans called omed Orion Provident Fund administered by Old Mutual and Medical Aid Scheme administered by Bonitas and Liberty Medical Aid Scheme. Once the contributions have been paid, the museum has no further payment obligation. The regular contributions constitute periodic costs for the year in which they are due and such are included in the staff costs.

### 1.19 Revenue

#### Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

There is a specific criteria in order to determine if the entity is acting as principal or agent. The recognition criteria must be met before revenue is recognised.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to other party in exchange.

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

#### Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

## Accounting Policies (continued)

### Rendering of services

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; and
- 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 any 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 services performed to date as a percentage of total services to be performed.

### Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer.

### Interest

Revenue from interest is recognised if it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably. Interest is recognised, in the surplus or deficit, using the effective interest method.

### 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.

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 or gives value to another entity without directly receiving approximately equal value in exchange.

## Accounting Policies (continued)

### 1.19 Revenue (Continued)

#### Recognition

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

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

#### Grant Funding

An unconditional grant is recognised in surplus or deficit as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the entity will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

As an 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 shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

### 1.20 Budget information

Entities are 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 approved budget covers the fiscal period 1/04/2016 to 31/03/2017

The Annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the Annual financial statements. Refer to note 29.

### 1.21 Non-Cash Generating Assets

Non-cash Generating assets are assets other than Cash Generating Assets

Recoverable services amount is the higher of the Non- cash generating asset's value less costs to sell and its value in use.

#### Impairment of Non-Cash generating Assets

An impairment is a loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the loss of the asset's future economic benefit or service potential through depreciation.

## Accounting Policies (continued)

Value in use of a Non-cash generating asset is the present value of the asset's remaining service potential.

A commitment to discontinue or restructure an operation in the near future is an indication of a reversal of an impairment loss of an asset belonging to the operation where such commitment constitutes a significant long term change with favourable effect on the entity in the extent or manner of the use of that asset.

### 1.22 Related Parties

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the Family of a person are considered to be those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

### 1.23 Accounting Standards and Interpretations that have been issued but are not effective

The Annual Financial Statements have been prepared in accordance with Statements of Generally recognized Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act ( Act no 29 of 1999) The Annual Financial Statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The following are the GRAP standards complied with:

- GRAP 1: (as revised in 2010): Presentation of Financial Statements
- GRAP 2: (as revised in 2010): Cash Flow Statement
- GRAP 3: (as revised in 2013): Accounting policies, changes in accounting estimates & errors
- GRAP 4: The Effects of Changes in Foreign Exchange Rates
- GRAP 5: Borrowing Costs
- GRAP 9: (as revised in 2010): Revenue from exchange transactions
- GRAP 12: (as revised in 2010): inventories
- GRAP 13: (as revised in 2010) leases
- GRAP 14: (as revised in 2010): Events after the reporting date
- GRAP 17: (as revised in 2010): Property, Plant & Equipment
- GRAP 19: (as revised in 2010): Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21: Impairment of non –cash generating assets
- GRAP 23: (as revised in 2010): Revenue from non -exchange transactions
- GRAP 24: (as revised in 2010) Presentation of budget information in financial statements
- GRAP 25: Employee Benefits
- GRAP 26: (as revised in 2010): Impairment of cash generating assets
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments

## Accounting Policies (continued)

The following are GRAP Standards that are effective and the entity has opted to use the transitional period until 2015 for the full implementation:

- GRAP 20: Related Party Disclosure
- GRAP 103: Heritage assets
- GRAP 106 - Transfer of Functions between Entities Not Under Common Control
- GRAP 107 Mergers

Other GRAP Standards issued but not yet effective that might affect the entity in future are as follows:

- GRAP 18: Segment Reporting

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

### 1.24 Changes in Accounting Estimates

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly are not corrections of errors.

### 1.25 Events after reporting Date

Recognised amounts in the Financial Statements are adjusted to reflect events arising after the Statement of Financial Position date that provide evidence of the conditions that existed at the Statement of Financial Position date that are indicative of the conditions that arose after the Statement of Financial Position date, are dealt with by way of a note.

### 1.26 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the legislature will discharge its responsibilities, thereby incurring future expenditure that will result in the outflow of cash.

This is where the expenditure has been approved and the contract has been awarded at the reporting date.

#### Approval but not yet contracted commitment

This is where the expenditure has been approved and the contract is yet to be awarded or is awaiting finalization at the reporting date.

### 1.27 Off Setting

Assets, Liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.



## Notes to the Annual Financial Statements

Mar-17

### 2. Property, Plant and Equipment

Opening net carrying amount  
30 April 2016

Gross carrying amount

Accumulated depreciation

Movements for Period ending  
31 March 2017

Additions

Disposal

Depreciation charge

Closing net carrying amount  
31 March 2017

Gross carrying amount

Accumulated depreciation

	Motor Vehicle	Computer Equipment	Office Equipment	Furniture & Fit	Capitalised Leased Assets	Other non-Current assets	Building & Str	Total
	R	R	R	R	R	R	R	
Opening net carrying amount 30 April 2016	9	921 711	48 093	309 841	392 407	24 211	2 432 555	4 128 827
Gross carrying amount	1 462 313	2 961 572	797 052	3 517 367	751 927	1 299 258	3 247 286	14 036 775
Accumulated depreciation	(1 462 304)	(2 039 861)	(748 959)	(3 207 526)	(359 520)	(1 275 047)	(814 731)	(9 907 948)
Movements for Period ending 31 March 2017	-	(140 031)	(18 044)	334 038	(152 695)	(3 339)	(110 621)	(90 692)
Additions	-	174 352	-	572 959	-	-	214 434	961 745
Disposal				(14 939)	(4)		-	(14 943)
Depreciation charge	-	(314 383)	(18 044)	(223 982)	(152 691)	(3 339)	(325 055)	(1 037 494)
Closing net carrying amount 31 March 2017	9	781 680	30 049	643 879	239 712	20 872	2 321 934	4 038 135
Gross carrying amount	1 462 313	3 135 924	797 052	3 972 660	458 077	1 299 258	3 461 720	14 587 004
Accumulated depreciation	(1 462 304)	(2 354 244)	(767 003)	(3 328 781)	(218 365)	(1 278 386)	(1 139 786)	(10 548 869)



## Notes to the Annual Financial Statements

Mar-16

### Property, Plant and Equipment

	Motor Vehicles	Computer Equip	Office Equip	Furniture & Fit	Capitalised Leased Assets	Other non-Current assets	Building & Str	Total
	R	R	R	R	R	R	R	R
<b>Opening net carrying amount 30 April 2015</b>	<b>471 020</b>	<b>66 468</b>	<b>137 054</b>	<b>678 311</b>	<b>5</b>	<b>33 956</b>	<b>1 409 868</b>	<b>2 796 682</b>
Gross carrying amount	1 462 313	2 109 820	797 052	3 515 318	579 600	1 300 657	2 024 971	11 789 731
Accumulated depreciation	(991 293)	(2 043 352)	(659 998)	(2 837 007)	(579 595)	(1 266 701)	(615 103)	(8 993 049)
Correction of prior year error	(467 811)							(467 811)
<b>Movements for Period ending March 2016</b>	<b>(3 200)</b>	<b>855 244</b>	<b>(88 960)</b>	<b>(368 470)</b>	<b>392 401</b>	<b>(9 746)</b>	<b>1 022 688</b>	<b>1 799 957</b>
Additions	-	893 378	-	2 049	458 077	-	1 222 316	2 575 820
Disposals	-	(2 520)	-		(2)	(50)	-	(2 572)
Depreciation charge	(3 200)	(35 614)	(88 960)	(370 519)	(65 674)	(9 696)	(199 628)	(773 291)
<b>Closing net carrying amount 31 March 2016</b>	<b>9</b>	<b>921 711</b>	<b>48 093</b>	<b>309 841</b>	<b>392 407</b>	<b>24 211</b>	<b>2 432 555</b>	<b>4 128 827</b>
Gross carrying amount	1 462 313	2 961 572	797 052	3 517 367	751 927	1 299 258	3 247 286	14 036 775
Accumulated depreciation	(1 462 304)	(2 039 861)	(748 959)	(3 207 526)	(359 520)	(1 275 047)	(814 731)	(9 907 948)

### Pledged as Security

None of Property, plant and equipment have been pledged as security and are therefore not encumbered except for Leased assets that amounting to R239, 712 (2015/16 R392, 407)



## Notes to the Annual Financial Statements

### 3. Heritage Assets

#### March 2017

Opening balance	9 869 000
Additions	0
Impairment	0
<b>Closing balance</b>	<b>9 869 000</b>

#### March 2016

Opening balance	3 390
Restatement of prior year	9 865 610
Additions	-
Impairment	-
<b>Closing balance</b>	<b>9 869 000</b>

The Heritage assets consists of gifts ( not limited to insignia, Medals, Coins, Stamps, objects of decorative or Fine Arts, Stationery, Precious metal and weaponry) that Dr. Nelson Rolihlahla Mandela had given when he was still a president of South Africa and also after he has retired.

During the year the heritage assets were revalued with a sole objective of determining fair value of assets that were donated.

The value of assets went up from R3 390 to R9 869 000. The valuation was carried out by an independent valuer, The Valuator Group which is a professional associated valuator. It has experience in the facets of collection being valued. For further details about the change in accounting policy, refer to note 27.

In the year under audit all heritage assets were in good condition and there was no asset that had indications for impairment.

The NMM is still investigating 8 items that have not been verified as at 31 March 2017 as listed under Assets Under Investigation register. The estimated cost of these 8 items is R12 470. This investigation will be closed in the year 2017/2018.

#### Pledged as Security

None of Heritage Assets have been pledged as security and are therefore not encumbered.

## Notes to the Annual Financial Statements

	Mar'17 R	Mar'16 R
<b>4. Inventory</b>		
Finished goods (Books)	209,061	234,418
<b>Total</b>	209,061	234,418

### Pledged as Security

None of inventory items have been pledged as security and are therefore not encumbered

### 5. Receivables From Exchange Transactions

Receivables are composed of:

Receivables from Exchange Transactions	72,463	72,463
Prepayments	0	154,584
Less ; Provision for Doubtful Debts	(69,250)	(69,250)
	3,213	157,797

These figures relate to amounts owed by Customers for using accommodation and conferencing facilities at Qunu and are 90 days and over. A provision for doubtful debts amounting to R69,250 has been made.

### Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)

Current (0-30 day)		154, 584
31-60 Days		
61-90 Days		
91- 120 Days		3, 213
121 + Days	3,213	
<b>Total</b>	3,213	157,797

## Notes to the Annual Financial Statements

	Mar- 17 R	Mar-16 R
Summary of Debtors by Classification		
Current (0-30 day)		154,584
31-60 Days		
61-90 Days		
91- 120 Days		72,463
121 + Days	72,463	
<b>Total debtors before Provision for doubtful debts</b>	<b>72,463</b>	<b>227,047</b>
Less: Provision for doubtful debts	(69,250)	(69,250)
<b>Total Net debtors</b>	<b>3,213</b>	<b>157,797</b>
<hr/>		
<b>Reconciliation of the doubtful debt provision</b>		
Opening balance	(69,250)	
Contribution to provision		(69,250)
<b>Closing balance</b>	<b>(69,250)</b>	<b>(69,250)</b>
<hr/>		

### 6. Receivables From Non-Exchange

#### Transactions

Receivables are composed of:

Loan to a former Employee	<u>76,248</u>	<u>67,051</u>
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This consists of an amount owed to the Museum by the former employee for PAYE that has been paid on his behalf to SARS while the said amount was erroneously paid to him as part of settlement. The debt is 90 days and over.

## Notes to the Annual Financial Statements

### 7. Cash and Cash Equivalent

Cash and balances with banks	414,925	413,791
Short-term deposit/investments	24,698,175	26,560,636
	<b>25,113,100</b>	<b>26,974,427</b>

#### For the purposes of the cash flow statement:

Balance as per bank statements	<b>25,113,100</b>	<b>26,974,427</b>
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There are no restriction attached to the funds, except for conditional grants that must be utilized according to the grant specifications.

Short term deposits is made of all investments for project funds

### 8. Payables from Exchange Transactions

Accruals		
Trade and creditors	1,370,766	1,800,624
<b>Total</b>	<b>1,370,766</b>	<b>1,800,624</b>

In the previous year there was a misclassification of trade and creditors to credit accruals but the misclassification was within current liabilities and that error would have not had any financial implications in the previous year.

### 9. Contingent Liabilities

The amount of R 320 262 (2016: R320 262) relates to a possible amount that would be payable to a service provider provided that it can prove the validity and occurrence of amount claimed to the Museum.

An amount of R 2 900 660 (2016: R2 090 660) relates to possible loss by NMM if they lose the case underway. A former employee who was dismissed in 2015 had taken NMM to court for unfair dismissal and at year end the case was still in progress and estimated to be concluded in August 2017. As per legal representative the case can go either way.

## Notes to the Annual Financial Statements

### 10. Unspent Conditional grants

#### Qunu Fencing Project

Opening balance	179,089	179,089
Add: Amount Received Current year		-
Less: Revenue recognized		
<b>Closing balance</b>	<b>179,089</b>	<b>179,089</b>

#### Qunu Development Project

Opening Balance	14,637,917	14,640,451
Add: Amount Received Current year	-	-
Less: Revenue Recognised	-	(2, 534)
<b>Closing Balance</b>	<b>14,637,917</b>	<b>14,637,917</b>

#### Storage of Artefacts Project

Opening Balance	-	110,139
Add: Amount Received Current Year	-	-
Less: Revenue Recognised	-	(110,139)
Closing Balance	-	-

#### Information Communication Technology Project

Opening Balance	4,846,442	4,944,401
Add: Amount Received Current year	-	-
Less: Revenue Recognised	(45,017)	(97,959)
<b>Closing Balance</b>	<b>4,801,425</b>	<b>4,846,442</b>

#### Installation of Burglar Bars Project

Opening Balance	33,084	1,255,399
Add: Amount Received Current Year		-
Less: Revenue Recognised		(1,222,315)
<b>Closing Balance</b>	<b>33,084</b>	<b>33,084</b>

#### Total Unspent Conditional Grants

Analysis for financial reporting purposes:	<b>19,651,515</b>	<b>19,696,532</b>
<b>Non-Current portion</b>	212,173	
<b>Current portion</b>	19,439,342	19,696,532

## Notes to the Annual Financial Statements

The main cause of non-spending of the conditional grant in the year under audit is due to unforeseen technical specification required for procurement process for infrastructure.

The Nelson Mandela Museum decided to reclassify the majority of the conditional grants from Non-Current liabilities to Current liabilities as it became evident that the implementation of the projects will take in less than 12 months. The two major projects i.e. Qunu Development and ICT Projects are already in the procurement process stages, as evidence of above classification.

### 11. Finance Lease Liability

#### Mar-17

	Minimum Lease Payments R	Future Finance Charges R	Present Value of Minimum Lease Payments R
Amount payable under finance leases within one year	190,084	28,892	161,192
In the second to third year inclusive	110,882	5,283	105,599
Total finance lease liability	<b>300,966</b>	<b>34,174</b>	<b><u>266,791</u></b>

The lease terms is 3 years and the average effective borrowings rate is 14.83%. Interest rates are determined on inception. The Museum entered into a Lease agreement with financing company named Fusion Office Automation for three Printing Machines for a period of 3 years.

No arrangements have been entered into for contingent rent.

#### Mar-16

Amount payable under finance leases within one year	190,084	50,976	139,108
In the second to third year inclusive	300,966	34,174	266,791
<b>Total</b>	<b>491,049</b>	<b>85,150</b>	<b><u>405,899</u></b>

### 12. Operating Lease

The Museum entered into an operating Lease contract with a financing company named Fintech for two Telephone systems for a period of three years ending end of December 2014 but extended on a month to month basis. The lease is a non-cancellable lease falling due as follows

	Mar- 17 R	Mar-16 R
Amount payable within one year		
In the second year to 5 years	-	83,247
After 5 years	-	-
	-	-



## Notes to the Annual Financial Statements

	Notes	Mar-17 R	Mar-16 R
<b>13. Accumulated Surplus</b>			
Balance at 1 April as Originally Stated		9,123,205	7,462,103
Correction of an error	27	165,791	(467 811)
Amount after corrections		9,288,996	6,994,292
Surplus/(Deficit) for the year		(1,856,895)	2,128,913
<b>Balance as at 31 March</b>		<b>7,432,101</b>	<b>9,123,205</b>
<b>14. Profit/(Loss) on Disposal of Non-Current Assets</b>			
Proceeds from disposal of Assets		-	32,263
Book Value on Disposal		-	(523)
<b>Total</b>		<b>-</b>	<b>31,740</b>
<b>15. Transfers and subsidies</b>			
National Departments		22,264,300	21,143,000
Project funds		45,017	1,429,179
Municipal Charges		1,737,995	469,136
<b>Total</b>		<b>24,047,312</b>	<b>23,041,315</b>
<b>16. Gifts, sponsors and donations (Annexure 1 Statement of Gifts, Donations and Sponsorship)</b>			
		-	<b>1,260</b>

During the year Grant Thornton had revalued the NMM heritage assets at no cost and based on their estimated cost of services, NMM would have incurred an amount of R 731, 652(2016:0) had those services not being in-kind.

### 17. Other income

Other income		14,100	267,588
<b>Total</b>		<b>14,100</b>	<b>267,588</b>

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>18. Administrative expenses</b>		
Professional fees	615,439	345,248
Interest Paid	-	1,458
Stationery and printing	204,328	260,816
Bank charges	65,557	65,746
Cleaning	681,131	770,156
Insurance	228,111	234,471
Electricity and Water	1 737,995	469,136
Licenses	62,717	216,860
Recruitment expenses	259,520	72,905
Telephone and postage	818,081	934,537
Training and staff development	195,635	266,536
Subscriptions	30,179	27,443
Legal Fees	528,767	451,833
Staff Welfare	7,618	15,160
Workmen`s Compensation	77,153	
<b>Total</b>	<b><u>5,512,232</u></b>	<b><u>4,132,305</u></b>

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>19. Staff costs</b>		
Wages and salaries	<b>9,098,493</b>	<b>8,402,011</b>
Basic salaries	5,812,873	4,629,105
Other non-pensionable allowances	147,800	
- Temporary staff	13,790	14,922
13th Cheque	99,238	301,874
Executive director's emoluments	2,865,059	3,317,873
Defined contribution plan expense	159,733	138,237
Social contributions (Employer's contributions)	<b>357,533</b>	<b>326,716</b>
- Medical	215,519	162,908
- UIF	55,723	81,012
- SDL	86,291	82,796
Museum Council Honoraria	321,000	228,750
<b>Total</b>	<b><u>9,777,026</u></b>	<b><u>8,957,477</u></b>

### Remuneration of Mr B Nyengule - Chief Executive Officer

Annual Salary	-	981,393
13 <sup>th</sup> Cheque and Incentive Bonus	-	80,445
Contribution to UIF, Medical and Pension fund	-	1338
<b>Total</b>	<b><u>-</u></b>	<b><u>1,063,176</u></b>

The CEO left the employment of the museum in December 2015 and an interim CEO has been employed.

### Remuneration of Mr N Solani - Acting CEO

Salary	129,270	723,654
Acting Allowance	46,536	67,648
13 <sup>th</sup> Cheque	10,596	59,318
Leave pay	86,189	
Contribution to UIF, Medical and Pension fund	297	1,785
<b>Total</b>	<b><u>272,888</u></b>	<b><u>852,405</u></b>

He acted as a CEO from December 2015 until May 2017

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>Remuneration Ms M Malapane- Acting CEO</b>		
Annual Salary	934,710	-
Contribution to UIF,Medical and Pension fund	1,487	-
<b>Total</b>	<b>936, 197</b>	<b>-</b>

She acted as a CEO from May 2016 until April 2017

### Remuneration of Mr M Mdludlu- Chief Financial Officer

Annual Salary	846,600	865,236
13 <sup>th</sup> Cheque and incentive bonus	70,550	65,468
Contribution to UIF,Medical and Pension fund	1,785	1,785
<b>Total</b>	<b>918,935</b>	<b>932,489</b>

### Remuneration of Mr M Msongelwa- Chief Financial Officer

Annual Salary	76,069	
13 <sup>th</sup> Cheque and Incentive Bonus		
Contribution to UIF Medical and Pension Fund	148	
<b>Total</b>	<b>76,217</b>	

He joined the Museum in March 2017

### Remuneration of Ms N Tetani Senior Manager

Annual Salary	496,099	468,018
13 <sup>th</sup> Cheque and Incentive Bonus	-	-
Contribution to UIF,Medical and Pension fund	1,778	1,785
<b>Total</b>	<b>497,877</b>	<b>469,803</b>

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>Remuneration of Ms N Thwala- Senior Manager</b>		
Annual Salary	162,500	-
13 <sup>th</sup> Cheque and incentive bonus	-	-
Contribution to UIF, Medical and Pension fund	445	-
<b>Total</b>	<b>162,945</b>	<b>-</b>

She joined the Museum in January 2017

### Non- Executive Management/Museum Council

N. Yokwana ( <i>Chairperson of the Council</i> ) <i>Term ended December 2016</i>	53,000	32,500
V. Jarana ( <i>New Chairperson of the Council</i> )- <i>Term renewed in November 2016</i>	-	11,250
A. Vikilahle ( <i>Deputy Chairperson of Council and Committee Chairperson</i> )- <i>Term renewed in November 2016</i>	31,500	58,500
B Mngomezulu ( <i>Committee Chairperson</i> )- <i>Appointed in November 2016</i>	17,000	
A K Gontse ( <i>Committee Chairperson</i> ) – <i>Appointed in November 2016</i>	39,250	
K Buthelezi ( <i>Committee Chairperson</i> )- <i>Term renewed in November 2016</i>	29,000	
B O Tema ( <i>Committee Chairperson</i> )- <i>Appointed in November 2016</i>	10,750	
L T Nevondwe- <i>Appointed in November 2016</i>	16,000	
R Kisten- <i>Resigned in January 2017</i>	6,000	
V.Booi- <i>Renewed in November 2016</i>	50,000	44,000
K Ngqila- <i>Appointed in November 2016</i>	2,000	
S Mzamo- <i>Appointed in November 2016</i>		
M Kobese- <i>Appointed in November 2016</i>		
Nd Mandela- <i>Appointed in November 2016</i>		
M. Dithlake – <i>Term ended December 2016</i>	26,000	38,000
P. Grootboom- <i>Term ended December 2016</i>	-	-
N. Mandela- <i>Term ended Decemeber 2016</i>		8,000
S.Van Zyl- <i>Term ended December 2016</i>	-	-
<b>Total</b>	<b>280,500</b>	<b>192,250</b>

S Mzamo, M Kobese, P. Grootboom and S. Van Zyl are not paid honoraria for attendance of Museum Business as they are the employees of the State. Mr V Jarana is not paid the honoraria, he is donating his efforts to the Museum.

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>Remuneration of the Audit Committee</b>		
K. Buthelezi	22,500	22,500
P. Motsielwa	6,000	8,000
L. Mangquku	12,000	6,000
<b>Total</b>	<b>40,500</b>	<b>36,500</b>
<b>20. Audit Fees</b>		
Statutory Audit	1,959,553	2,041,309
<b>21. Depreciation</b>		
Depreciation Charge	1,037,494	773,290
<b>22. Other operating Expenses</b>		
Consultants, Contractors and Special Services	435,550	266,046
Equipment items expensed as per Entity Policy	-	-
Other project expenses	-	13,952
<b>Maintenance, Repairs and Running costs</b>	909,040	594,936
Property and Buildings	249,873	127,769
Machinery and Equipment	42,430	268,936
Other maintenance repairs and Running costs	616,737	198,231
Donations	6,750	
Exhibition Costs	1,164,944	1,086,306
Transportation and Storage costs	-	466,945
Travel and Accommodation	535,109	1,094,773
Advertising and Promotion	1,807,266	914,165
Stock Loss	-	-
Functions and Catering	207,019	12,048
<b>Contracted Services</b>	4,234,299	2,087,803
Travel and accommodation	1,562,907	
Security	2,671,392	2,087,803
Research and Development	22,665	

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>22. Other operating Expenses (continued)</b>		
Rentals in respect of operating leases	166,498	351,287
<b>Total</b>	<b>9,489,140</b>	<b>6,888,261</b>
<b>23. Finance Income</b>		
Interest on Cash and Bank Deposits	1,919,711	1,606,676
<b>Total</b>	<b>1,919,711</b>	<b>1,606,676</b>
<b>24. Finance Costs</b>		
Interest on Finance Leases	50,976	27,024
Other Interest	11,597	-
<b>Total</b>	<b>62,573</b>	<b>27,024</b>
<b>25. Cash Generated from (Utilised in) Operations</b>		
<b>Surplus/(Deficit) for the Year</b>	<b>(1,856,895)</b>	<b>2,128,913</b>
<b>Net Interest Total</b>	<b>(1,857,138)</b>	<b>(1,611,386)</b>
Finance Income	(1,919,711)	(1,606,670)
Profit/Loss) on Disposal of Non-current Assets	-	(31,740)
Finance costs	62,573	27,024
<b>Non-Cash Movements/Working Capital Changes</b>	<b>966,681</b>	<b>1,078,743</b>
Depreciation	1,037,494	773,290
Donations	-	-
Increase/(Decrease) in Debtors	-	-
Increase/(Decrease) in Payables	(225,450)	298,379
Increase/(Decrease) in Provisions	145,387	-
(Increase)/Decrease in Receivables	9,250	7,074
(Increase)/Decrease in Inventories	-	-
<b>Net Cash Flows from Operating Activities</b>	<b>(2,747,352)</b>	<b>1,596,720</b>

## Notes to the Annual Financial Statements

	Mar-17 R	Mar-16 R
<b>26. Cash flow from operating activities</b>		
<b>Receipts</b>	<b>24,216,049</b>	<b>23,317,237</b>
Sales from exchange transactions	-	-
National Departments	22,264,300	21,143,000
Project Funds	45,017	1,429,179
Municipal Charges	1,737,995	469,136
Other Income	14,100	267,588
Gifts, Sponsorships and Donations	-	1,260
Decrease in Receivables	145,387	7,074
Increase in Inventory	9,250	-
<b>Payments</b>	<b>(26,963,401)</b>	<b>(21,720,973)</b>
Goods and Services	(16,960,925)	(13,061,875)
Employee costs	(9,777,026)	(8,957,477)
(Decrease)/Increase in Payables	(225,450)	298,379
<b>Cash Generated from (Utilised in) Operations</b>	<b>(2,747,352)</b>	<b>1,596,264</b>

### 27. Accounting for Prior Period Errors and Change in accounting policy

In the previous year the following accounts were erroneously reported in the Annual Financial Statements:

1. Trade creditors (previously referred to as accruals) were overstated by an amount of R180 735
2. Provision for 13th cheque had not been recognised in our financial statements. The closing balance in the previous year would have been R92 439 and expenditure would have increased by the same amount however the adjustment will have a nil effect in retained earnings as 13<sup>th</sup> cheque is paid to employees in December and expenditure would have been recognised then.
3. An asset amounting R117 670 with accumulated depreciation R102 707 has been duplicated in our accounting system
4. Heritage assets were carried at a nominal amount not at fair value as required by GRAP103.
5. All motor vehicles were estimated to have residual values at the end of their useful-lives i.e. in 2011. At the end of their useful lives management should have assessed the use of residual values to evaluate whether were still applicable, but nothing was done. The residual values had not moved since 2011 and currently assets are overstated by an amount of those residual values of R 464 611 that should have been matched with the benefits obtained in those assets in the prior years.



## Notes to the Annual Financial Statements

All the misstatements listed above except point 4 and 5 were corrected in the year under review through retained earnings, due to the amounts being immaterial. The retrospective approach as required by the standard for material misstatements has been effected for point 4 and 5 as these figures were material.

The effect of misstatements are as follows:

	Mar- 17 R	Mar- 16 R
<b>Items Affecting Statement of Financial Position</b>		
Decrease in Retained earnings	(165,792)	(464 611)
Decrease in assets	(14,963)	(464 611)
Decrease in Liabilities	180,735	
<b>Decrease in Net Assets</b>	<u>-</u>	<u>-</u>
 <b>Change in accounting policy</b>		
<b>Items Affecting Statement of Financial Position</b>		
Decrease in Retained earnings		
Increase in assets	-	9,865,610
Increase in Revaluation Reserves	-	(9,865,610)
<b>Decrease in Net Assets</b>	<u>-</u>	<u>-</u>

The main cause of prior year adjustment in AFS is relating to adjustment for heritage assets that NMM had to revalue as per GRAP 103 requirements.

## Notes to the Annual Financial Statements

### 28. Explanation for material variances:

Variances above 5% are deemed material and explanations for material variances have been detailed below.

#### a. Revenue

Actual R	Budgeted R	Variance R	% Variance
25,981,123	27,447,931-	1,466,807	5.65%

Additional approval was granted by DAC to use surplus funds for Re-launch and there was a favorable variance on the interest due to budgeted interest was for lesser period than actual. Management had thought the award of tenders for project funds will take place during the year.

#### b. Other Operating Expenses

Actual R	Budgeted R	Variance R	% Variance
10,526,635	9,753,770	772,865	8%

The difference is due to depreciation for the current year that is included in the current expenditure while it was not budgeted for.

## Notes to the Annual Financial Statements

### 29. Reconciliation of budget surplus/deficit with the deficit in the Statement of Financial Performance

	Mar-17 R	Mar-16 R
<b>Net surplus/(deficit) per Statement of Financial Performance</b>	<b>(1,856,895)</b>	<b>2,128,907</b>
<b>Adjust for:</b>		
Transfers and Subsidies	1,452,707	(0)
Gifts, Sponsorships and Donations received	-	( 1,260)
Other Income	14,100	709,132
Administrative expenses	(48,596)	(145,966)
Staff Costs	(385,555)	(2,128,786)
Audit Fees	(10,999)	472,994
Other operating expenses	(264,62)	459,943
Depreciation	1, 037,494	
Finance Income	-	(1,521,493)
Profit/Loss on Disposal of Non-current Assets	-	(31,740)
Finance Costs	62,573	27,024
<b>Net surplus/deficit per approved budget</b>	<b>201</b>	<b>(31,237)</b>

### 30. Irregular Expenditure

Reconciliation of Irregular Expenditure		
Opening Balance	1,642, 100	1, 617,461
Irregular Expenditure-Current year	3,636,507	24, 639
<b>Total Irregular Expenditure</b>	<b>5,278,607</b>	<b>1,642,100</b>

## Notes to the Annual Financial Statements

### Analysis of Current Irregular Expenditure

Incident	Disciplinary Steps/Criminal Proceedings
A total amount of R2 721 838 relating to the extension of Security Services Contract in excess of 15% as stated by the regulation. There has been a delay in awarding the tender due to the stringent requirements that NMM expects however we are in a process to award.	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.
A total amount of R134 576 relating to procurement in different media houses through single quotation without reasonable deviation approved.	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.
A total amount of R69 309, R9 000, R14 500, R71 752, R44 535 and R20 000 relating to purchase of fuel, transportation, cutting of keys, accompanying of artefacts, servicing our fleet and grass cutting respectively through a single quotation without any deviation being prepared by NMM	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.
An amount of R327 715 is relating to negative impact for depreciation that was not budgeted for and led to the museum seemed to be overspending in the year 2016/17.	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.
A total amount of R15 246 relating to procurement through single sourcing of service provider for shareholders compact. The deviation was prepared however the reasons to deviate were not reasonable.	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.

## Notes to the Annual Financial Statements

### 31. Fruitless and Wasteful Expenditure:

<b>Reconciliation of Fruitless and Wasteful Expenditure</b>	<b>R</b>	<b>R</b>
Opening Balance	54,097	24,342
Fruitless and Wasteful Expenditure-Current Year	17,564	29,755
<b>Total Fruitless and Wasteful Expenditure</b>	<b>68,661</b>	<b>54,097</b>

<b>Incident</b>	<b>Disciplinary Steps or Criminal Proceedings</b>
An amount of R5,967 relates to interest and penalties incurred for late payment of licencing for fleet of NMM at KSD Municipality.	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken.
An amount of R11 597 relates to interest incurred by the museum for late payments of statutory deductions of employees to the 3 <sup>rd</sup> parties	The letters has been issued to the units involved to explain the reasons of occurrence to ascertain the action to be taken

### 32. Related Parties

#### Relationships

#### Controlling Department

The Nelson Mandela Museum has been established by the South African Government through the Department of Arts and Culture in terms of the Cultural Institutions Act 1998 (Act No. 119 of 1998) and is ultimately controlled by the National Minister of Arts and Culture.

#### Non-Executive Management

The Nelson Mandela Museum Council is the Governing Accounting Authority of the Institution(see details in note 19)

#### Senior Management

The senior management of NMM as listed in note 19

## Notes to the Annual Financial Statements

### 33. Risk Management

#### Capital risk management

NMM is solely dependent on the grant from the Department of Art and Culture.

The entity receives a grant from the Department of Art and culture. All accruals and commitments in 2016/2017 are accounted for on the grant received for 2016/2017 financial year, therefore the entity will meet its expected financial commitments.

Ongoing reviews of cash flows are done to ensure that payments and accruals do not exceed grant received.

#### Interest rate risk

The entity limits its exposure by dealing with well-established institutions.

#### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through on-going review of future commitments and credit facilities

The table below analyses the entity's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

	Less than a year	Between 1 and 2 year R	Between 2 and 5 years R
<b>At 31 March 2017</b>			
Finance Lease	161,192	105,599	-
Trade & Other Payables	1,370,766	-	-
<b>At 31 March 2016</b>			
Finance Lease	266,791	-	-
Trade & Other Payables	1,800,624	-	-

#### Market Risk and Credit risk

The entity's activities expose it primarily to the risks of fluctuations in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitive analysis. A sensitive analysis shows how surplus, and/or net assets, would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

## Notes to the Annual Financial Statements

### 33. Risk Management (continued)

The entity's interest risk profile consists of fixed and floating rate bank balances which exposes the entity to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

#### Financial Assets

Bank deposits linked to South African prime rate.

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

	Mar-17 R	Ma-16 R
Increase/(Decrease) in interest rates		
The estimated increase/(Decrease) in basis points	50	50
Effect on Surplus	50	50



## Notes to the Annual Financial Statements

### 33. Risk Management (continued)

#### Financial risk management objectives and policies

The entity's principal financial liability comprises trade and other payables and financial lease liability. The main purpose of these financial liabilities is to raise finance for the entity's operations. The entity has financial asset in the form of cash and short-term deposits, which arise directly from its operations.

#### Classification of Financial Instruments

##### Mar-17

	Short Term Investments R	Financial Liability at amortised Cost R	Total R
<b>Assets</b>			
Cash and Cash equivalent	25,113,100	-	25,113,100
Accounts Receivable	79,461		79,461
<b>Liabilities</b>			
Trade and Other Payables	-	(1,370,776)	(1,370,776)
Finance Lease Liability-Current portion	-	(161,192)	(161,192)
	<b>25,192,561</b>	<b>(1,531,958)</b>	<b>23,660,603</b>

##### Mar-16

	Short Term Investments R	Financial Liability at amortised Cost R	Total R
<b>Assets</b>			
Cash and Cash equivalent	26,974,427	-	26,974,427
<b>Liabilities</b>			
Trade and Other Payables		(1,800,624)	1,800,624
Finance lease liability-current portion		(139,108)	139,108
	<b>26,974,427</b>	<b>(1,939,732)</b>	<b>25,034,695</b>



## Notes to the Annual Financial Statements

### 34. Going Concern

The financial statements have been prepared on the going concern basis based on the assumption that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities,

Commitments and obligations will occur in the ordinary course of business in the near future.

There were no events identified after balance sheet date that require adjustments or disclosure in the financial statements.

### 35. Employee benefit information

#### Pension Fund

For the period ending 31st March 2017 the monthly contributions towards the provident Fund are minimum of 7.5% of the employee's basic salary, which is calculated as the cost to company and a 7.5% is contributed by the employer. The employee reserves the right to contribute a larger percentage as and when he/she so decides.

The contributions of R 159,733 (31 March 2016: R 138,237) were expensed in the current period.

Provision for leave	R	R
Opening Balance	539,649	655,893
Utilised Amount	(489,560)	(139,306)
Additions	572,630	23,061
<b>Closing Balance</b>	<b>622,736</b>	<b>539,649</b>

Provision for 13 <sup>th</sup> cheque	R	R
Opening Balance	-	-
Utilised Amount	-	-
Additions	99,238	-
<b>Closing Balance</b>	<b>99,238</b>	<b>-</b>
<b>Total Provision</b>	<b>721,974</b>	<b>539,649</b>

### 36. Events after Reporting period

There is no material transaction that has been concluded after year end.

## Notes to the Annual Financial Statements

### 37. Segment Reporting

In order for an entity to report on a segment, the following 3 criteria should be met:

1. It must generate economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
2. Results must regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
3. For which separate financial information is available

The museum is generating the economic benefits as an entity not through its different divisions. The review is for the museum as a whole not for divisions, the decisions are made for the museum as a whole not for certain divisions.

Assets are managed and control by admin department, assets are not allocated as per division and separate financial information per division is not available

The Nelson Mandela Museum is a single segment and we are reported as segment at Department of Art and Culture.

### 38. Commitments

#### Operational Commitments

	Mar-17 R	Mar-16 R
<b>Commitments in respect of operational expenditure:</b>		
<b>- Approved and contracted for</b>	<b>563 840</b>	<b>405 899</b>
Leases	266 791	405 899
Maintenance		
Other	297 049	
<b>- Approved but not yet contracted for</b>	<b>-</b>	<b>-</b>
Leases		
Maintenance		
Other		
<b>Total</b>	<b>563 840</b>	<b>405 899</b>
<b>This expenditure will be financed from:</b>		
External Loans		
Government Grants	563 840	405 899
Own resources		
<b>Total</b>	<b>563 840</b>	<b>405 899</b>

There were no capital commitments as at 31 March 2017.

## ANNEXURE 1

### Statement of Gifts, Donations and Sponsorship (Unaudited)

	Name of Donor	Nature of gift donation or sponsor	Mar-17 R	Mar-16 R
In Cash	Kwelera J.S.S	Donation	-	50
In Cash	Sandi High School	Donation	-	550
In Cash	Lower Malepele	Donation	-	260
In Cash	Adel Romans	Donation	-	100
In Cash	Natali	Donation	-	200
In Cash	Gomomo Asanda	Donation	-	50
In Cash	Martin Scheider	Donation	-	50
<b>Total</b>			<b>-</b>	<b>1,260</b>

#### Services in Kind

During the year Grant Thornton had revalued the NMM heritage assets at no cost and based on their estimated cost of services the following would have been incurred by NMM including VAT:

	Mar-17	Mar-16
Service in kind	R731,652	-

## ANNEXURE 2

### Detailed Statement of Financial Performance (Unaudited)

	Mar-16 R	Mar-16 R
<b>REVENUE</b>		
Government grant	22,264,300	21,143,000
Conditional Grant conditions met	45,017	1,429,179
Municipal Charges	1,737,995	469,136
Donations received	-	1,260
Other Income	14,100	267,588
Profit/Loss on Disposal of Non-current Assets	-	31,740
Finance Income	1,919,711	1,606,676
	<b>25,981,123</b>	<b>24,948,579</b>
<b>LESS: EXPENDITURE</b>		
<b>Administrative Expenses</b>	<b>5,512,231</b>	<b>3,922,736</b>
Bank Charges	65,57	65,746
Bad Debts	-	-
Cell Phones	40,526	726,548
Cleaning	681,131	770,156
Courier Charges	18,837	16,112
Insurance	-	234,471
Electricity and Water	1 737,995,	469,135
Legal Fees	528,767	451,833
Insurance and Licences	290,828	7,292
Interest Paid	-	1,458
Printing and Stationery	204,327	260,816
Professional fees	615,439	345,248
Post box rental	860	420
Recruitment expenses	259,520	72,905
Workmen's compensation	77,153	-
Staff Training and welfare	203,253	281,696
Subscriptions	30,179	27,443
Telephone & Fax	397,858	191,457

**ANNEXURE 2****Detailed Statement of Financial Performance (unaudited)**

	<b>Mar-17</b>	<b>Mar-16</b>
	<b>R</b>	<b>R</b>
<b>Staff Costs</b>	<b>9,456,027</b>	<b>8,728,727</b>
Casual Labour	13,790	14,922
Salaries and Wages	8,677,933	8,248,852
UIF	55,723	81,012
Skills Development Levy	86,291	82,796
Pension	159,733	138,237
Medical Aid	215 519	162,908
<b>Council Honorarium</b>	<b>321,000</b>	<b>228,750</b>
<b>Audit Fees</b>	<b>1,959,553</b>	<b>2,041,309</b>
Statutory Audit	1,959,553	2,041,309
<b>Other Operating Expenses</b>	<b>9,489,141</b>	<b>7,871,119</b>
Museum Advertising and Promotion	1,807,266	914,165
Computer Expenses	205,063	216,860
Consulting Fees	435,550	266,046
Depreciation	1,037,494	773,290
Council Travel and Accommodation	635,797	537,921
Donations	6,750	-
Exhibition Expenses	1,164,944	1,086,306
Museum Functions and Catering	207,019	12,048
Leasing Charges	166,498	351,287
Fuel and Oil	162,902	190,939
Research and Development	22,665	13,952
Repairs and Maintenance	541,075	396,705
Security Expenses	2,671,392	2,087,803
Travel and accommodation-Local	1,462,219	556,852
Replacement Costs	0	-
Transportation and Storage	<b>0</b>	466,945
Stock Loss		-
<b>TOTAL EXPENDITURE</b>	<b>27,775,445</b>	<b>22,792,641</b>
Less: Finance Costs	(62,573)	(27,024)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(1,856,895)</b>	<b>2,128,913</b>



*in the footsteps* ●●●

an agency of the  
**Department of Arts and Culture**

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