



in the footsteps ●●●

an agency of the
Department of Arts and Culture

NELSON
MANDELA
MUSEUM



NELSON
MANDELA
MUSEUM



2017/18

NELSON MANDELA MUSEUM ANNUAL REPORT





ANNUAL REPORT 2017/18

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Legal form of entity
Public Entity

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Controlling entity
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Secretary
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External Auditors
Auditor General of South Africa

www.nelsonmandelamuseum.org.za



NELSON ROLIHLAHLA MANDELA

1918 - 2018

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



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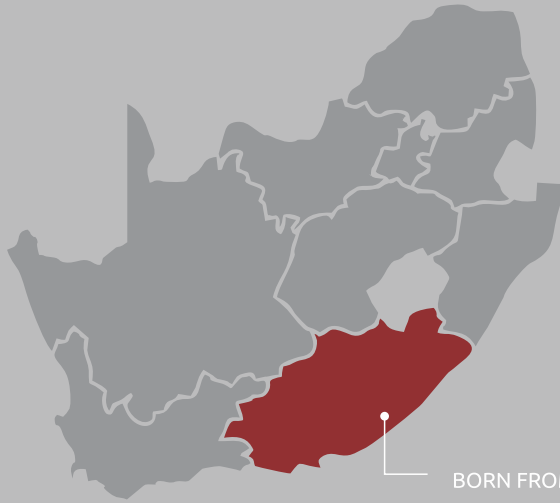
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BORN FROM THE ROOTS OF THE RICH
EASTERN CAPE

Nelson Mandela inspires us towards a just and equitable society based on dignity and human rights for all.

Acronyms

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



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Nelson Mandela
Centenary
2018
Be the Legacy

PART A

STRATEGIC OVERVIEW

FOREWORD by the chairperson

On this year of the commemoration of Nelson Mandela's and Mama Albertina Nontsikelelo Sisulu's Centennial, the Nelson Mandela Museum Council submits its 2017/2018 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.

The report is presented at the backdrop of challenges to the 'rainbow nation.' Over the last few months, ugly scenes of racial intolerances and angry protests have threatened the pillars of social cohesion and nation building. The report is also presented at a time when positive pronouncements have been made by the government, the free higher education and expropriation of land without compensation.

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 need 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.



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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.

Working with Executive Management, the Council has consolidated its Strategic focus. The re-engineering of the museum structure is starting to bear fruits. The attainment of the unqualified audit results during 2016/2017 is evidence of this collective leadership and appreciated dedication by all those in the employ of the organisation. We furthermore commit our uninhibited support to the new Director General, Mr Vusumuzi Mkhize and wish him success in his new role. To this end, the success of the organisation would not have been possible without the support and guidance provided by the Department of Arts and Culture led by the Honourable Minister Emmanuel Nkosinathi Mthethwa. The Portfolio Committee on Arts and Culture has through their oversight work contributed immensely to the growth of the NMM and as the organisation appreciative of the inputs and guidance provided.

Furthermore, we shall embark on fund raising initiatives 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 museum has been able reach out to the public in various forms including media. The Department of Arts and Culture remains the pillar of the museum’s successes. Its strategic and financial support is warmly appreciated.

The sterling contribution of the museum employees cannot go unnoticed. Led by the capable Executive Management, the museum has been able to deliver on its key mandate. In delivering its mandate, the museum worked with national and international partners.

“ 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.”



A handwritten signature in black ink, appearing to read 'A. Vikilahle'.

Ms Andiswa Vikilahle
Chairperson: Nelson Mandela Museum



CEO overview

Given rather a simple looking mandate of preserving Nelson Mandela's legacy, yet profoundly complex because of the calibre of Madiba, the museum started 2017/2018 financial year by welcoming the new Chief Executive Officer. Given this responsibility, the museum operated with a full staff compliment, with no vacant positions. This stabilised the administration while also ensuring that there was a constant link between the Council and Staff. It also simplified the business operations of the entity. This appointment also guaranteed that the strategic direction of the museum was effectively communicated with all staff. The also enhanced the levels of accountability. Whilst this was the case, the museum still experienced challenges of capacity. However, a plan to curb the impact was developed.

The 2017/2018 Annual Report is presented with renewed energy. The 2016/2017 unqualified audit outcome invigorated the museum.

With 2018 Calendar year dedicated to the Centennial celebrations of both Mama Nontsikelelo Albertina Sisulu and Tata Nelson Rolihlahla Mandela, the museum was also a major point of international attention. Through the centennial programmes held across the world, people of the world were connected and united by a shared purpose. The purpose of remembering and reflecting on the legacy of the world statesman, Nelson Mandela.

Nelson Mandela Museum played its part in celebrating the centennial year of the two liberation stalwarts. The nature of programmes designed by the museum and its partners ensured that Mandela's international footprint was maintained.

The world has embraced the values and legacy of Nelson Mandela to make a positive change in society. Similarly, the museum continued to inspire society through these values. In embracing these values, the museum sought to partner with various partners in order to reach out to a bigger audience.

The 2017/2018 financial year was implemented with delight as the museum is rejuvenated by the knowledge that the world has internalised the former world statesman's values.

The Museum is in the right track in preserving the legacy of Nelson Mandela and sharing that with the public utilizing various programmes. During 2017/2018 financial year the museum reached new and remote areas with its travelling exhibitions.

During the 2017/2018 financial the museum also published a booklet on the values of the former President Nelson Mandela. The thoroughly researched book provides a better understanding of what those values are. To be shared with schools, the easy to read and understand book is to be translated into other official languages to improve its accessibility. Already, isiXhosa and Afrikaans versions are complete.

The museum has partnered with Google to launch a Google Expedition which allowed a museum Virtual Tour. This initiative enabled visitors to view the museum exhibits in the comfort of their places. The impact of this initiative has been the increase of visitors viewing the museum's exhibitions through use of technology.

During the year in question, the museum maintained its international footprint. Partnerships with Michigan State University, University of Winchester, National Museums of Kenya were strengthened whilst also partnerships with local institutions were consolidated. These endeavours provided a platform for the museum to reach out to new audiences and enhance its international visibility whilst also consolidating its programmes.

ICT remains a challenge that the museum is working on. This is precisely due to the fact that the building was not built for the museum, but rather for a particular purpose. Having acquired a permanent ICT person, the museum would be able to improve its ICT infrastructure and related programmes.



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As the museum obtained an unqualified audit opinion during 2017/2018 financial, the strategy is to maintain that opinion though with lesser matters of emphasis. The ultimate goal is to get an unqualified audit opinion with no areas of emphasis or findings. Working with the Council, the unqualified audit opinion with no findings is possible. This is so as the museum has improved its compliance with all the legal prescripts. The valuation of the heritage assets (GRAP 103) has also given the museum enhanced status.

Despite its capacity challenges, the museum was able to achieve its targets. This has enabled the museum to receive positive public commendation.

Through its public engagement programme, the museum continued reaching new frontiers and breaking boundaries as its took its travelling exhibitions to Northern Cape, Mpumalanga Provinces, in areas that would not have been able to share on the legacy of Nelson Mandela the museum is mandated to preserve. These programmes have enhanced the museum’s public profile whilst also allowing communities to engage with this legacy.

Whilst 2018 was a year to celebrate, yet lives were also lost, with many artists like Joe Mafela, Robbie Malinga, Hugh Masekela, Prof. Kgosisile, Akhumzi Jezile, Siyasanga Kobese etc departing from the living.



Bonke Tyhulu
Chief Executive Officer



Statement of responsibility and confirmation of accuracy for the annual report

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Statement of General Reporting Accounting Standards.

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



Chief Executive Officer
Mr Bonke Thyulu
31 August 2018



Chairperson of the Board
Ms Andiswa Vikilahle
31 August 2018



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STRATEGIC OVERVIEW

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Vision

An African museum that inspires positive change in society through the legacy and values of Nelson Mandela

Mission

A centre of excellence that preserves, documents, researches, disseminates knowledge and interprets the values of Nelson Mandela.

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

To help without looking for personal gain

Stewardship

Custodians of Nelson Mandela's legacy

Integrity

To inculcate honesty and respect

Service excellence

To ensure qualitative and satisfactory service delivery

Development and learning

To be the hub of information sharing

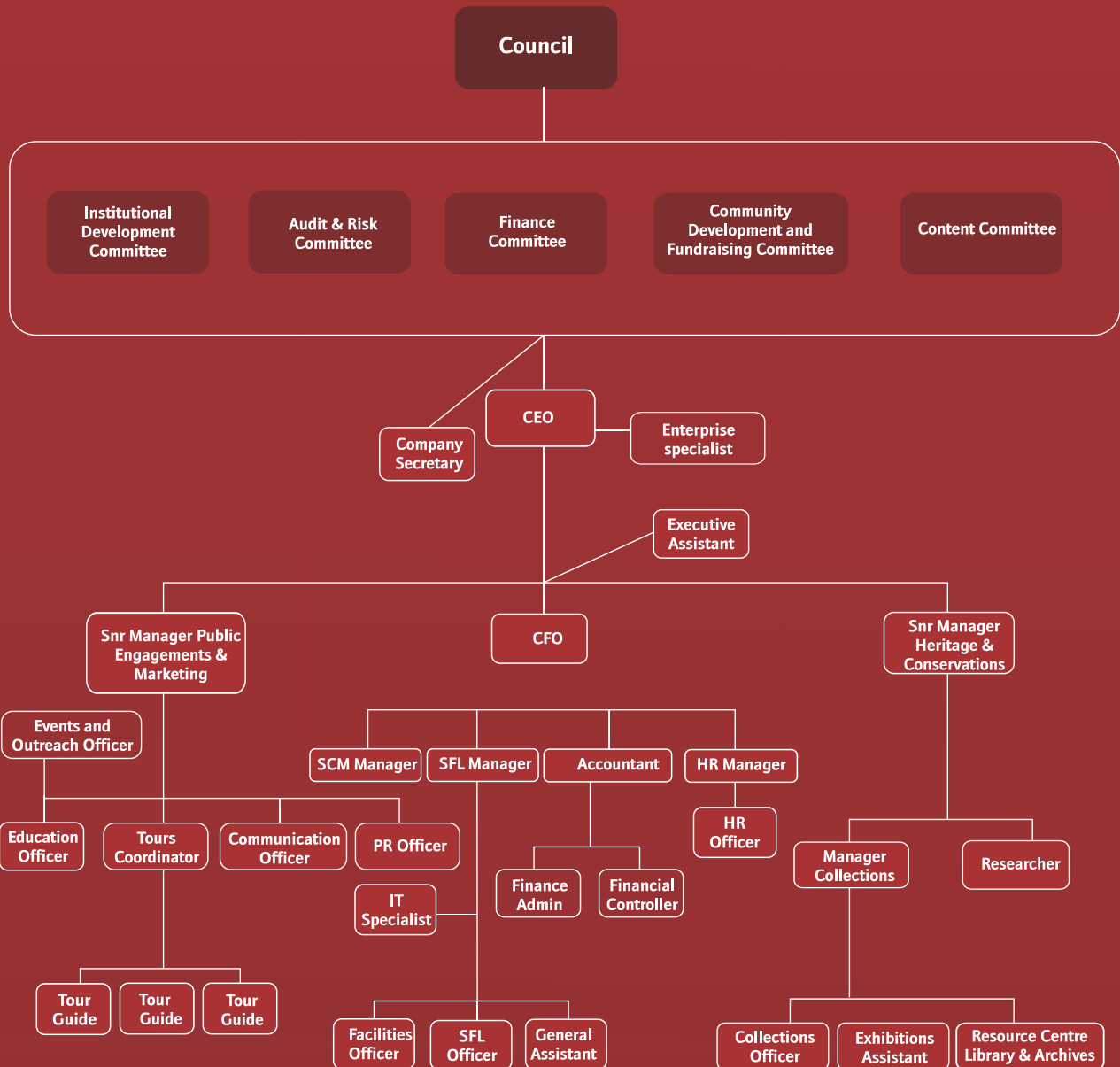
Innovation

To be creative in developing new ideas

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ORGANISATIONAL STRUCTURE



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Legislative and other Mandates

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

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.

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

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.





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PART B

PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 56 - 61 of the Report of the Auditors Report, published as Part E: Financial Information.



SITUATIONAL ANALYSIS

Service Delivery Environment

This Annual report presents opportunities for the museum to accelerate its reach of the national audience, particularly the rural landscape that have not seen a museum before. Through its travelling exhibitions and colloquia, the museum will increase its audience. Opportunities also include the leadership training programmes, targeting the rural youth and unemployed graduates, working with reputable universities. The centenary year will also provide opportunities for the provision and improvement of infrastructure in Qunu.

Whilst there are general capacity challenges, there is comfortability with skills at both finance and heritage and conservation management will enhance the museum's ability to execute the APP. The completion of a heritage assets valuation is a welcome relief. This has enabled the museum to be GRAP 103 compliant.

As the Nelson Mandela Museum finalise the Annual Report, there are major trends that are taking place in South Africa with regard to the legacy of Nelson Mandela.

There are emerging trends throughout the heritage and museum sector such as:

- Virtual tours, travelling exhibitions, App development, Social media, Active citizenry, Growing demand for heritage, expectation for museums to contribute to economic activities, Partnerships with national and international institutions, youth engagements, etc.

The White Paper Policy review may have an impact on all heritage institutions. In addition to this, institutions are operating in an environment where globally there is an economic meltdown and government call for stricter measures on how funds are utilised. This also impacts on institutional flexibility on the kind of projects the Museum can participate in.

The museum operates under tight financial environment. This affects its planning and implementation of programmes as funds are insufficient.

The museum's financial challenges are further compounded by the non-completion of Nelson Mandela Youth and Heritage Centre. The facility, which was the museum's revenue generation stream was closed in March 2017 to allow the Department of Public Works to finalise renovations. Services that were run in this facility have also been discontinued whilst also temporary employment activities have also discontinued.

The non-completion of Qunu maintenance by the Department of Public Works has brought some financial strain to the museum as it was a revenue generating facility. Since its closure the museum had to terminate contracts of other employees. Furthermore, the programmes that were arranged for the facility are no longer taking place and therefore, the community is suffering. The museum has received numerous calls from the media regarding the opening to the public of Nelson Mandela's grave in Qunu. The museum is also inundated with the same calls from its clientele. The museum is aware that this is a family affair and therefore cannot make any comment to that effect.

Organisational environment

The museum's Accounting Authority is the Council. The stable Council has allowed the museum to function effectively and with management team to run the museum on a daily basis. The Council also plays its oversight role while also providing oversight role while also providing strategic direction. It is fully functional with its five committees which are:

- Content development
- Finance
- Audit and Risk
- Institutional Development
- Community Development and Fundraising

The functioning of the Committees ensures that there is accountability at management whilst the Council is able to deal with Strategic issues and policies. The symbiotic relationship between the Council and the management will enhance the organization and improve performance. It will also ensure accountability,



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transparency and respect while adhering to the values of Nelson Mandela.

Of the three campuses of the Nelson Mandela Museum, only Bhunga is fully operational while Mvezo has its challenges. Moreover, the closure of Qunu has limited the museum to execute its mandate effectively as other programmes earmarked for the Youth Centre cannot be performed.

The museum invests in its employees and thereby increase its revenue generating capacity. Nelson Mandela is a brand and such the museum has to, whilst respecting the brand, creatively find ways of generating income out of the brand. The museum has to be sensible and with great caution. As an international brand, it also needs to manage it effectively and guide against any brand misuse.

Maintenance of facilities is a necessary undertaking and when it is not done that impacts on the collections. Damaged collections cannot be used again, and that would be a loss to the generation to come.

Furthermore, the use of and enhancement of security services especially that there is likely to be an increased number of visitors in 2018 and beyond needs to be given a priority.

Key policy developments and legislative changes

There were no material legislative changes that had an impact on the operations of the Museum.

Strategic Outcome Oriented Goals

STRATEGIC GOAL	SUB-PROGRAMME
1 IMPROVE AND MAINTAIN HERITAGE DEVELOPMENT AND CONSERVATION	1.1 Collections and Conservation 1.2 Exhibitions 1.3 Resource centre Library and archives 1.4 Research
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



PERFORMANCE MATRIX

An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela	5 Platforms conducted	4 Platforms conducted	5 Platforms conducted	1 platform	Over-achievement was a result of other partnerships engaged which saw the museum being requested to host other activities. A partnership was reached with PanSALB where a dialogue on the International Mother Tongue Day was held in February 2018.
To use exhibitions to drive and entrench the values of Nelson Mandela	8 Geographical locations reached	8 Geographical locations reached	9 Geographical locations reached	1 geographical location	Over-achievement was a result of a request to exhibit at Somerset East Museum. This was because of a popular demand from this museum. The image of the NMM is appetising to other museums and they want association with it, hence requests to loan exhibitions.
To research museum collections for better understanding and sustainable use	265 Items	100 items to research	100 items to research	0	
To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route	1 site	0	0	0	



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
To facilitate focused understanding of the museum through the development of learning material	1 Learning Material Produced	1 Learning Material Produced	1 Learning Material Produced	0	
To create in-person and digital platforms of community engagement	4 Community engagements	3 community engagements	6 Community engagements	3 Community engagements	Over-achievement was caused by invites to participate at other national events like the ANC National Conference and hosting of 'Reception Committee' dialogues in Mthatha which were hosted by other stakeholders. These had a minimum cost to the Museum.
	4 expos attended	3 expos and shows	3 expos attended	0	
To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela	4 platforms	4 platforms to be undertaken during the Financial year	4 Platforms conducted	0	
To profile the Nelson Mandela Museum brand through various markets	0	1 Strategy developed	0	1 strategy	A draft Strategy was presented to Committee and it suggested that it be improved. The Committee also decided that the Strategy should wait for the arrival of the Senior manager.



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
	3 Activities Held	3 Museum Activities	3 Activities Held	4 Activities held	Public Engagement and Tourism. Over-achievement was a result of a partnership with Google to launch the Google expedition (museum virtual tour). Google hosted the virtual tour of the museum.
	9 Council Meetings held	4 Council Meetings	5 Council Meetings held	1 Council Meeting	Over-achievement was caused by preparations and need to approve Centennial activities. The cost was minimal as it was a teleconferencing.
To ensure a functioning Council that provides effective oversight and accountability in accordance with the Council Charter	16 Committee Meetings	20 Committee Meetings	27 Committee Meetings	7 Committees	Over-achievement was a result of planning for Centennial activities.
To create financial stability for the museum	0	1 fundraising strategy developed	0	1 Fundraising strategy	A draft strategy was presented to Community Development and Fundraising Committee. The Committee decided to defer the Strategy until the Senior Manager: Public Engagement and Marketing is in place.

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An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
	0	1 Fund Raising initiative	0	1 Fundraising Initiative	It was under-achieved as the Fundraising Strategy was not approved and the number of initiatives were not approved also.
To develop policies, procedures and systems	0	6 policies and Procedures	10 Policies and procedures	4 policies	Over-achievement was caused by new policies that were developed and amended during the year. It was NMM's first review in a long time.
To ensure effective financial management, accountability and administration	0	1 Unqualified Audit Outcome	1 Unqualified Audit Outcome	0	
Financial Planning and Accounting	100% Compliance	100% Compliance	100% Compliance	0	
	100% Compliance	100% Compliance	100% Compliance	0	
To optimally develop and manage human capital	1 Workplace skills plan	1 Workplace skills plan	1 Workplace skills plan	0	
	16 Performance Contracts	25 Performance contracts	25 Performance Contracts	0	
To ensure effective utilisation, safe and clean environment of the museum infrastructure	1 User Asset Management Plan	1 User Asset Management Plan Completed	1 User Asset Management Plan	0	

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Key performance indicators, planned targets and actual achievements

An African museum that inspires positive change in society through the legacy and values of Nelson Mandela

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
Number of learning platforms and conversations held	N/A	6 Platforms conducted	5 Platforms conducted	4 Platforms conducted	5 Platforms conducted
Number of Geographical locations reached	N/A	12 Geographical locations reached	8 Geographical locations reached	8 Geographical locations reached	9 Geographical locations reached
Number of collections researched	N/A	0	265 Items	100 items to research	100 items to research
To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route	N/A	1 site	1 site	N/A	N/A
Number of learning material produced	N/A	1 Learning Material Produced	1 Learning Material Produced	1 Learning Material Produced	1 Learning Material Produced
Number of community engagement platforms	N/A	7 community engagements	3 community engagements	3 community engagements	6 Community engagements
Number of learning engagements and conversations held	N/A	5 Platforms conducted	4 platforms to be undertaken during the Financial year	4 platforms to be undertaken during the Financial year	4 Platforms conducted



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
	3 expos and shows	3 expos and shows	3 expos and shows	3 expos and shows	3 expos attended
Number of marketing strategies developed	N/A	0 Strategy developed	0 Strategy developed	1 Strategy developed	0
Number of activities implemented based on marketing strategy	N/A	0	3 Museum Activities	3 Museum Activities	3 Activities Held
Number of Council and Committee meetings held	4 Council Meetings	5 Council Meetings	4 Council Meetings	4 Council Meetings	5 Council Meetings held
Number of fundraising strategies developed	N/A	19 Committee Meetings	20 Committee Meetings	20 Committee Meetings	27 Committee Meetings
Number of fundraising initiatives to be held	N/A	0 Fundraising strategy	0 fundraising strategy developed	1 fundraising strategy developed	0
Number of policies, procedures and systems developed	0 Policies	0	2 policies and Procedures	6 policies and Procedures	10 Policies and Procedures
Improved Audit Outcomes	0 Unqualified Audit Outcome	0	1 Unqualified Audit Outcome	1 Unqualified Audit Outcome	1 Unqualified Audit Outcome
Compliance with PFMA and Treasury Regulations	N/A	100% Compliance	100% Compliance	100% Compliance	100% Compliance



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
Compliance with budget and supply chain management	N/A	100% Compliance	100% Compliance	100% Compliance	100% Compliance
Number of human capital initiatives	1 Workplace Skills plan	1 Workplace skills plan	1 Workplace skills plan	1 Workplace skills plan	1 Workplace Skills Plan
	0 Performance Contracts	25 Performance contracts	25 Performance contracts	25 Performance contracts	25 Performance Contracts
User Asset Management Plan Completed(UAMP)	1 User Asset Management Plan Completed	1 User Asset Management Plan Completed	1 User Asset Management Plan Completed	1 User Asset Management Plan Completed	1 User Asset Management Plan
Audit and Risk Committee Meetings operating in accordance to Audit Committee Charter	4 Audit Committee	N/A	N/A	N/A	N/A
Approved Strategic Plan and APP	1 Strategic Plan	N/A	N/A	N/A	N/A
Number of quarterly performance review sessions for managers and staff	0	N/A	N/A	N/A	N/A
Security breaches reported	1	N/A	N/A	N/A	N/A
Number of Contracts vetted and managed	1	N/A	N/A	N/A	N/A
IT governance manual developed	0	N/A	N/A	N/A	N/A
Number of monthly budgets versus expenditure reports submitted	12	N/A	N/A	N/A	N/A
Quarterly financial reports and performance information reports to Council and DAC submitted and approved	4	N/A	N/A	N/A	N/A



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
Timely compiled quarterly projections and reports submitted to management and Council	0	N/A	N/A	N/A	N/A
Developed and submitted Procurement Plan to DAC	1	N/A	N/A	N/A	N/A
Annually updated and reviewed the supplier database	1	N/A	N/A	N/A	N/A
Number of Updated asset registers	4	N/A	N/A	N/A	N/A
Submitted Audit and Risk Plan to Audit and Risk Committee	1	N/A	N/A	N/A	N/A
Submitted and approved quarterly reports to Audit and Risk Committee	4	N/A	N/A	N/A	N/A
Reviewed Risk Register. Developed of Fraud Prevention plan	0	N/A	N/A	N/A	N/A
Collected pieces on or related to Nelson Mandela	0	N/A	N/A	N/A	N/A
Documented pieces on or related to Nelson Mandela	0	N/A	N/A	N/A	N/A
Percentage of collection systems aligned to Programme for Museum Development in Africa (PMDA) and South African Museums Association (SAMA) guidelines	100%	N/A	N/A	N/A	N/A
Conservation measures in place in accordance with NMM Policy Provisions	0%	N/A	N/A	N/A	N/A
Number of catalogues artefacts provenance and historical analysis researched	50	N/A	N/A	N/A	N/A
Number of exhibition fabricated and installed	1	N/A	N/A	N/A	N/A



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela					
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
Number of camps held	1	N/A	N/A	N/A	N/A
Colloquium on Archives deepening Democracy	0	N/A	N/A	N/A	N/A
Number of Conferences held on archives in partnership with UWC, UFH, Archival Platform, NHC, NM Foundation and relevant organisations	0	N/A	N/A	N/A	N/A
Number of seminars related to Nelson Mandela, his contemporaries and the Liberation struggle and Heritage held	4	N/A	N/A	N/A	N/A
Number of travel exhibitions taken to various provinces	4	N/A	N/A	N/A	N/A
Number of education material distributed to schools	53	N/A	N/A	N/A	N/A
Number of events hosted that attracts diverse audiences	2	N/A	N/A	N/A	N/A
Media Publications, i.e. Folders and brochures produced and upgraded	0	N/A	N/A	N/A	N/A
Number of print, electronic and broadcast articles and features	262	N/A	N/A	N/A	N/A
Number of print, electronic and broadcast adverts	0	N/A	N/A	N/A	N/A
Percentage increase in social media fans and followers increase	8.3%	N/A	N/A	N/A	N/A
Number of Customer satisfaction Surveys for visitor retention conducted	4	N/A	N/A	N/A	N/A
Visitor numbers increased	29 769	N/A	N/A	N/A	N/A



An African museum that inspires positive change in society through the legacy and values of Nelson Mandela

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018
Group School tours increased	124	N/A	N/A	N/A	N/A
Tour operators visiting increased	44	N/A	N/A	N/A	N/A
Approved and Implemented annual corporate social responsibility project	4	N/A	N/A	N/A	N/A
Number of visitors, youth and learners using NMM internet	112	N/A	N/A	N/A	N/A
Number of partnerships formed to assist development of local communities	18	N/A	N/A	N/A	N/A

The explanation of variances between the actual and the target for 2017/18 are as per the table above (Performance Matrix)



Strategy to overcome areas of under performance

For 2017/18 financial year there were 3 areas that were under achieved i.e. Development of strategies and the implementation thereof. A draft Strategy was presented to Committee and it suggested that it be improved. The Committee also decided that the Strategies should wait for the arrival of the Senior manager: Public Engagement and Tourism of which is expected to join the Museum in September 2018.

Changes to planned targets

There were no changes during the 2017/18 financial year from the planned targets.

Linking performance with budgets

The spending was in line with the approved budget.

Activity	2016/2017		2017/2018		(Over)/Under	Actual	(Over)/Under
	Budget	Actual	Budget	Actual			
Total Income	27 447 931	25 981 123	27 895 000	29 983 033	(1 466 807)	2 088 033	
Total Expenditure	27 447 730	27 775 440	27 895 000	28 964 669	(327 715)	(1 069 669)	
Total	201	(1 794 317)	NIL	1 018 364	(1794 116)	1 018 364	

Revenue Collection

All revenues are allocated by DAC as operational grants except for the revenue from finance income amounting to R 1 563 710 (2017: R 1 919 711)

Capital Expenditure

There have been no material capital expenses in the current year except for procurement of Computer equipment.



PROGRAMME 1

HERITAGE AND CONSERVATION

1. 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 entrusted with the collections and conservation of artefacts that narrate the values of the former President Nelson Mandela. It also focuses on the archives and library services. The above activities are executed on the following key areas of delivery:

2. Learning platforms and conversation

During this period, we hosted five learning platforms to stimulate debate on the values that Nelson Mandela represented. The first one was held at Bhunga building in August. Then the next one was in Pietermaritzburg at Old Prison Museum in August. The third one was held at the City of Polokwane library in September. The fourth one was held at Bhunga building in December and the last one was held in February also at Bhunga building.



[Rev. Bongani Finca on 4 December 2017 during the Commemoration of Nelson Mandela]

3. Research

During this period, research was conducted on 100 objects. Oral interviews with children who once had Christmas with Nelson Mandela were conducted. The interviews provided more

meaning into the influences of the former president to the lives of many young South Africans.

4. Travelling Exhibition

The Museum had nine exhibitions travelling to different locations namely, Fort Beaufort Museum (x2), Our Heritage Museum, Adelaide Museum, Nomoya Masilela Museum in Bethal and Carolina Library, Mpumalanga. Uitenhage Museum, Colesberg Museum and Somerset East Museum.



[Long walk travelling exhibition in one of the Museums in South Africa]

Over and above the areas travelled as mentioned above, the unit continued to exhibit at different outdoor events. These programmes have increased the public profile of the museum.

- a. During this quarter, the Museum was invited to showcase Mandela and Luthuli exhibition in East London ICC on the 13 January 2018 during January ANC statement. This was done in memory of both these leaders as members of the ANC, Presidents of the ANC in different times and both Nobel laureates.
- b. On the 03 February 2018, the Museum was invited to showcase Long Walk to Freedom exhibition during South Africa Boxing Awards. This was done in memory of Nelson Mandela as an amateur boxer.



x x x x x x x x x x x x x x x x x x x x

- c. On the 11 February 2018, the museum showcased Nelson Mandela exhibition during the launch of Centenary activities and Nelson Mandela values book in Cape Town.
Freedom exhibition during the Policy speech by Department of Sport, Recreation, Arts, and Culture.
- d. On the 15 March 2018, the Museum was invited to showcase Long Walk to Freedom and Parenting a Nation exhibition during Human Rights month celebrations
- e. On the 16 March 2018, the Museum was invited to showcase Long Walk to Freedom and Parenting a Nation exhibition during Human Rights month celebrations



[Traditional dance by the Mthatha Prison inmates on 10 February 2018]



PROGRAMME 2

PUBLIC ENGAGEMENT

1. The Public Engagement Strategy

The Public Engagement and Marketing department serves as a driving force in promoting Nelson Mandela Museum's geographical location, promotion and protection of the museum brand.

This is done through a well-crafted Community, Education Outreach program, Expos and Museum events aligned to former President Nelson Mandela and the Museum timeline with an intention to attract local, national and international visitors for viewing of Museum exhibitions (Content & Motion) and the visible authentic sites of Nelson Mandela's upbringing.

2. Brand performance

Nelson Mandela Museum is an institution mandated to advocate Nelson Mandela's values and preserve his Legacy through a robust programing aimed at informing, educating, and most of all contribute to rural development through Tourism orientated initiatives. Due to the importance of the brand name carried by this institution, its employees and interested parties have a responsibility to be guided, embrace and live Nelson Mandela's values.

The commitment shown by the Museum management and its Council has yielded positive outcomes in brand management. This year the museum has an interests from various private and public sector departments participating in events organised by the museum.

The positive Brand performance of the museum can be attributed to the museum events and programing which led to Media publicity of the Museum events and programs held within the borders of South Africa and Internationally. The publicity received has repositioned the museum as a tourist destination and a place to hosts events of National Interests.

The positive outcomes can be noticed through Stakeholders participation, Museum events trend, Tourists stats, Media and Publicity performance, Social Media performance.

3. Stakeholder Engagements

The Museum worked hand with various governmental departments and private sector. Among the institutions, Nelson Mandela Museum worked with is Google expedition, Department of Arts and Culture, Department of Public Works, Department of Tourism, Eastern Cape Department of Sport Recreation Arts and Culture, Department of Education, Municipalities, Yelethu Eliphulo NGO, Signature Foundation, Africa Rising Foundation, University of Stellenbosch, National Heritage Council, ECPTA, ECPACC, WSU, a DAC entity- Robben Island, PANSALB, SANABO, Political parties, Winchester University, Traditional Leaders and private sector in order to advance its targeted goals during this quarter. The interest shown by these institutions and their support during the year under review has proven beyond doubt that Nelson Mandela Museum is a place to host events of National Interests.



4. Community Engagement Platforms

As time evolves, Nelson Mandela Museum have embraced Community participation as one of the key paradigms to provide interactive programs to reposition and promote the museum towards audience building.

The Community Engagement programs of the Museums provide the public with balanced and objective information, community feedback on analysis, alternatives and to work directly with communities throughout the process to ensure their aspirations and concerns are understood and considered and to partner with communities in each aspect of the decision including the development of alternatives and identifying the preferred approach.

The Museum held a number of Community Engagement platforms in the form of Expos & Shows and Community Engagement Outreach. The expos held during the year under review; Tourism Indaba in Durban, Sondela Youth Festival and Careers expo.

Community engagement program; Inquza Hill Commemoration, International Museum Day, ANC policy conference, Isingqi Sethu Festival, Mandela Day event in Qunu where a Park home was donated to the Clinic in Qunu and a Ceiling material donated to refurbish five classes at Milton Mbekela SSS. As time evolves, Nelson Mandela Museum have embraced Community participation as one of the key paradigms to provide interactive programs to reposition and promote the museum towards audience building.

5. Learning Platforms

Nelson Mandela Museum learning platforms are designed to educate, inform learners and students about museum education programs and to encourage learners and students to debate and interrogate Nelson Mandela's values towards Social Cohesion and National Building.

The museum hosted a Winter School Camp featuring learners coming from the Eastern Cape and kwaZulu Natal held at the Nelson Mandela Museum in Mthatha. As part of its partnership program with Anne Frank Museum in Lower Saxony, the museum participated in the International Youth Camp where one of its employees led a delegation of 5 young people from around South Africa. Delegates from the province of the Eastern Cape, Gauteng, North West, Mpumalanga and Northern Cape represented South Africa. The Camp took place from 03-16 April 2017. Participating countries were Germany (as the host country), Belarus, Russia, Lithuania, Poland, Netherlands, Israel, Slovakia and South Africa.

The aim of the youth camp was to convey history through the learners' exploration of the multi-lingual materials on exhibitions and trying to address different ways in which history and remembrance are dealt with in the respective countries.

During the entire duration of the camp, participants were intensely engaged on research, investigative journalism and art production in a form of posters and banners on Bergen-Belsen concentration camps, the Nazi ideology and system, various forms of exclusion, persecution and violence.

The Museum used Sondela Youth Festival held in Aliwal North, Careers Expo held in Mthatha and the Human Rights Youth Camp which is a partnership program between Nelson Mandela Museum and Robben Island to reposition the Museum as a center of heritage knowledge.





[Career Expo held in Mthatha]

In advancing its objectives, the museum produced a learning material to enhance learners from the Foundation phase with knowledge on Nelson Mandela values. The activity is designed in a manner that allows learners or kids to easily understand and engage on it.



[Children from all over South Africa attending Youth Camp in Qunu]

6. Learning Material

The unit planned to produce one learning material during the year under review. A learning material met for utilisation by learners who are still at the Foundation phase have been produced in order to engage with learners. The activity is designed in a manner that will allow learners or kids to understand it.

7. Events/ Activities

Museum marketing is unique because of its objective to preserve, educate, inform and as well build audience. In promoting and marketing of Nelson Mandela Museum, the museum hosted three annual in honour of President Nelson Mandela.

The museum hosted four Mandela day event on the 18th of July to celebrate the birth date of Nelson Mandela. In celebrating the birth date of Nelson Mandela, the museum donated Ceiling material to Milton Mbekela high school in Qunu to fix its five classes. The institution further donated a park home to Qunu Clinic for use by patients.



[Donation of Park home to Qunu Clinic]

On the 05th of December, the museum hosted an event at Bhunga building site in Mthatha to commemorate the life and times of Nelson Mandela. The 04th commemoration of Nelson Mandela became a launching pad of the Centenary activities dedicated to honour the late President Nelson Mandela. On the 10th of February, the museum further hosted a centenary event to commemorate the release of Nelson Mandela and Museum 18th anniversary.

8. Accessibility

The museum planned spaces and consolidated knowledge to enable effective physical and digital access to all collections and to maximize their use.

The Museum 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.





9. Marketing, Public Relations & Communications

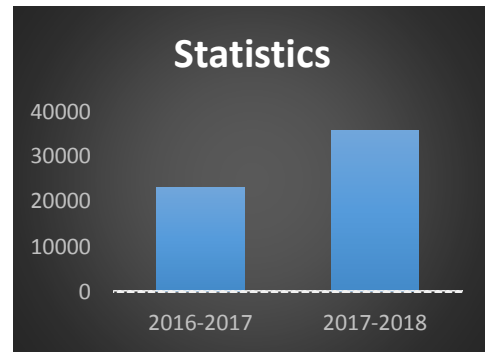
Tourists Stats

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.

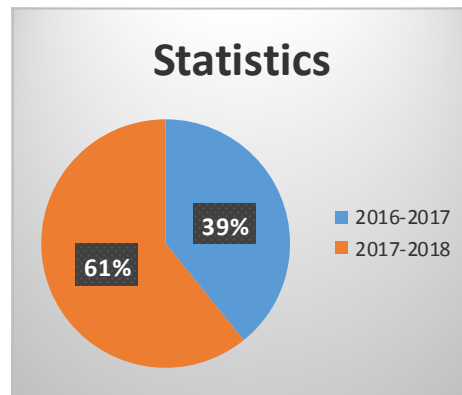
Nelson Mandela Museum has mandate to attract tourists to its sites and to pave way for economic and infrastructure development within King Sabata Dalindyebo. The existence of the Museum in Mthatha and Qunu enforces business operators within the hospitality industry to improve their brand image by providing better services to tourists who come in this region and district. The museum further use its events and its participation to national, international and local tourism oriented expos ad festivals to promote the museum to tour operators and to ordinary citizens about its offerings.

The institution further uses media and its social media platforms to attract domestic tourists and international tourists to its shores. In welcoming tourists, the museum provides free guided tours at its two centres and further provide unpaid village tours. Museum tour guides receive a monthly salary and hence it is against the museum’s policy to pay a tour guide.

For the year under review, the museum has managed to attract a total of thirty-five thousand nine hundred and thirty (35 930) compared to twenty-three thousand one hundred and fifty (23 150) tourists visited Nelson Mandela Museum. The highlighted figures for this year excludes the number of people who attend museum events and seminars.



Number of visitors per year



Percentage of visitors in both years

Countries visited Nelson Mandela Museum

The museum welcomed tourists from Germany, France, Nepal, United Kingdom, Japan, Belgium, Argentina, Peru, Australia, China India, Spain and Canada. South Africa, Netherlands, Switzerland, United States of America, Finland, Austria and Singapore to mention a few.



[Visitors from different countries visiting the Museum]



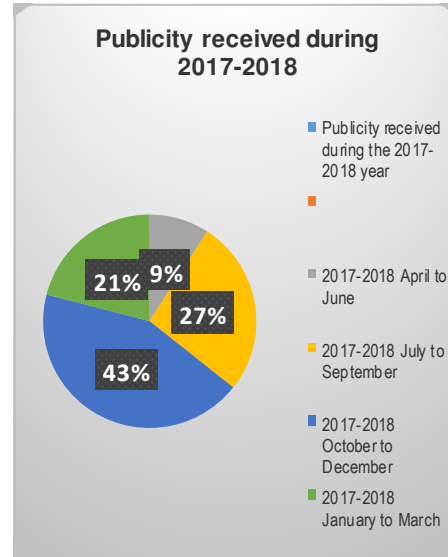
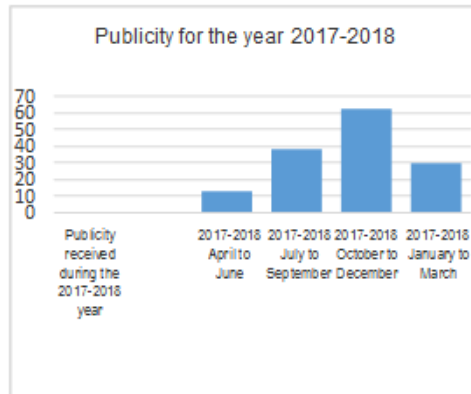


The museum also attracted tourists from other African countries like Ethiopia, Uganda, DRC, Zimbabwe, Zambia, Swaziland and Kenya to mention a few.

Publicity

Nelson Mandela Museum publicity mainly focuses on building or maintaining positive brand image, gives support to museum programs and events, handle and advice on problems and challenges, reinforce positioning, promote its geographical location, and to promote travelling exhibitions and seminars held in different provinces of South Africa. Press releases are sent out to various media houses for free air-time on radio or television, and to print media for general media coverage opportunity to inform listeners, viewers and readers to inform and promote Nelson Mandela Museum programs and its brand.

For the year under review, the Museum has managed to receive publicity Local, Nationally and Internationally. The museum received a positive publicity as compared to the 2016-2017.



Social Media

Nelson Mandela Museum foresees social media as a tool that signifies a dual communication model with an opportunity to positively influence active participation and profiling not only for the museums but to its social media followers in order to entice them to come to the museum.

The museum uses its website, Facebook, twitter to publicise and promote Nelson Mandela Museum programs and events. The museum has improved tremendously in its drive of promoting its programs and events.



PROGRAMME 3

ADMINISTRATION

The main purpose of this programme is to ensure sound and effective governance. This Branch has been organised to carry out its work according to the following sub-programmes:

- Chief Executive and Finance Offices
- Human Resources
- Support Services

This programme has eleven performance indicators ranging from measuring the council meetings and its committees, fundraising strategies and its implementation, governance of which covers the evaluation of compliance and business processes and lastly the User Asset Management Plan.

Council Meetings

NMM held five Council Meetings which were all quorate throughout the year. The first meeting for the year was held in April 2017 and the last meeting was in January 2018 in order for the Council to dispense their oversight duty.

Council Committees

All five committees were effective the whole year with each met for more than four times as expected by the charter.

Fundraising Strategy and Activities

This is one of the areas that were not achieved by the Museum. The main reason would have been due to the office of the CEO that had not been stable for a long time until 2017/18 financial year. With the appointment of the new CEO we believe that NMM would achieve this target going forward.

Development of policies and processes

This performance indicator is linked to the CEO's office, however in the 2017/18 NMM had managed to review and develop policies for the first time since 2010. Ten policies were developed and approved by Council. All policies are reviewed yearly to encompass new changes in the economy.

Improved in the Audit Report and Compliance with Laws and regulations

The Museum had retained the unqualified audit report with one emphasis of matter and this is a huge improvement as compared to the previous year.

All the requirements of PFMA, GRAP and Treasury regulations were adhered to.

Human Capital Initiatives

There are two performance indicators that are within this umbrella i.e. Performance agreements and Work Place Skills Plan. In both indicators NMM had adhered to as per the requirement of the strategic document.

User Asset Management Plan

As required by Government Immovable Asset Management Asset (GIAMA), the capital plan that is aligned with the strategic requirements of the Museum had been developed and submitted to DAC for infrastructure developments.





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 (NMM) has two sites namely Nelson Mandela Youth & Heritage Centre (NMY&HC) in Qunu and the Bhunga building site in Mthatha.



Nelson Mandela Museum: Bhunga building



Nelson Mandela Youth & Heritage Centre in Qunu



x x

NMM is outsourcing the cleaning and security services, the previous service provider's contracts expired and the following were appointed for the period of two years:

- Eastern Guard Security and
- Zedek Cleaning Services.

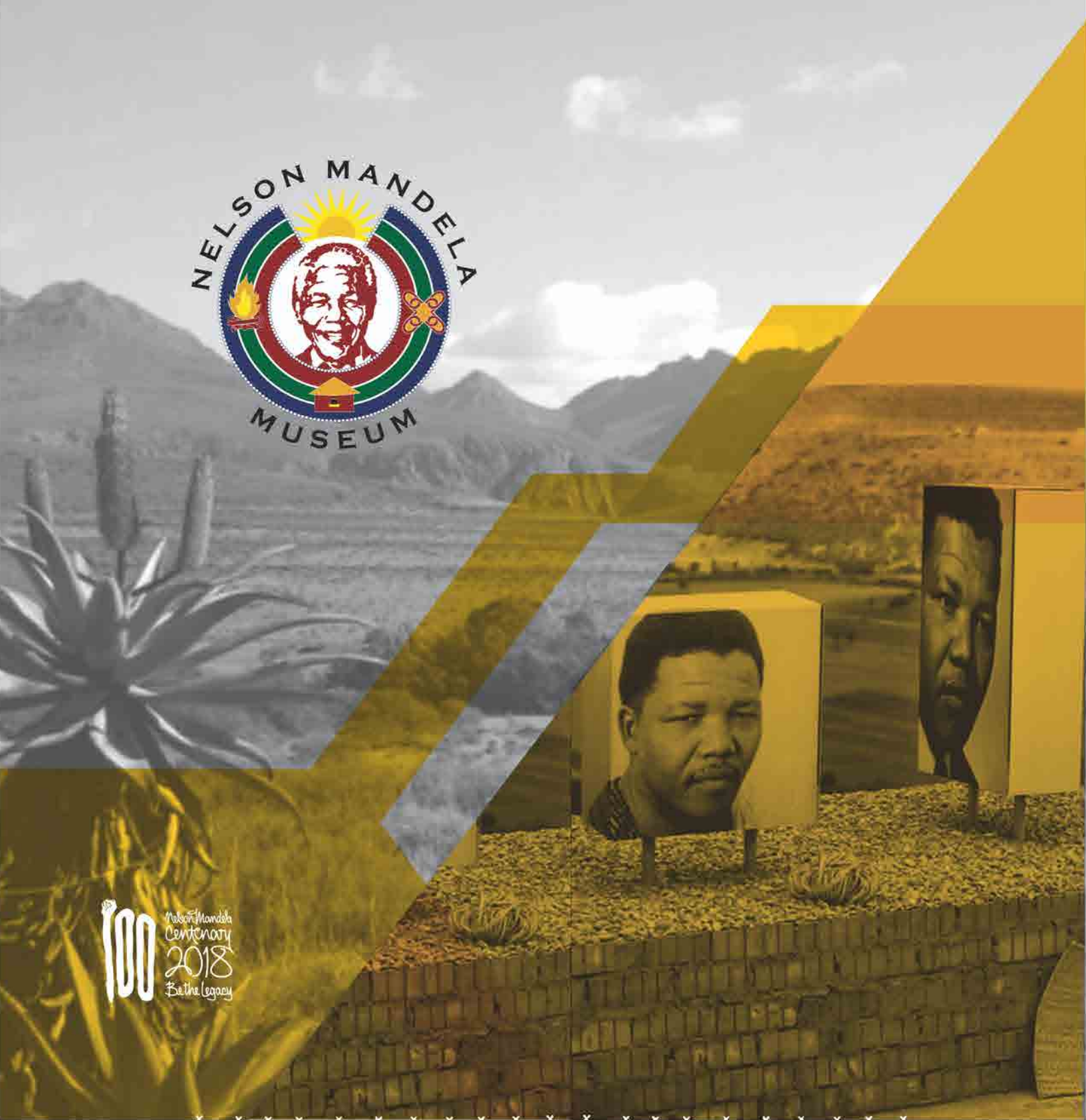
The NMM also appointed the services of Akwethu Engineers for a period of three years to provide project management support for the implementation of infrastructure programmes.

The Qunu site was temporarily closed due to the sewer system and the building deteriorating, the Department of Arts and Culture (DAC) and NMM requested the Department of Public Works (DPW) to repair certain areas in Qunu site for Nelson Mandela 100 years' Centenary activities that will start in May – December 2018. A rescue plan project where critical elements were identified was implemented and completed by April 2018. This had led to portion of NMY&HC to be temporarily open for the 2018 to celebrate Madiba's centenary year.

The main project which is Qunu based condition maintenance includes upgrade of sewer system that has been a challenge 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. NNM has committed to co-fund for capital improvements to be included in the scope of this project. The final handing over of the site for construction purposes is expected to be in November 2018 and construction will start in January 2019.

Due to the aging of our fleet and concerns around safety, majority of our fleet was disposed on auction toward end of 2017 and NMM is in the process of procuring new fleet.





100
Nelson Mandela
Centenary
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PART C

GOVERNANCE

Introduction

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 IV Report on Corporate Governance. The Nelson Mandela Museum commits itself to the Principles of accountability, transparency and integrity as prescribed by the King IV 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 maintain an unqualified audit opinion with limited matters of emphasis;
- Addressing issues raised by the Auditor General with the aim of improving an unqualified audit opinion for the financial years 2017/18 and beyond;
- Strengthening organisational capacity and restructuring the museum to be fit for the new purpose;
- Strengthening the policy environment and compliance aspects; and
- Improve in infrastructural needs of the Museum.

In line with these priorities the following progress was achieved:

- Strengthening internal human resources capacity and strengthening finance unit to achieve better outcome; and
- User Asset Management Plan

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

The following are the composition of our councillors



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NMM COUNCILLORS

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	meetings attended
MR V JARANA	Chairperson	2016	Oct 2017	Diploma in Engineering, Bachelor Commerce, Masters in Business Administration	Business, Finance, Organisational development,	2
MS A VIKILAHLE	Chairperson	Jan 2018	-	Bachelor of Commerce (Honours)	Finance	9
	Deputy Chairperson & Chairperson of Finance committee	2016	Dec 2017			
PROF B MNGOMEZULU	Chairperson of Content committee & Member of Institutional Development Committee	2016	-	PhD in African Political History (Rice University-Texas-USA) May 2004 M.A in Politics (UNISA) September 2007	Heritage and conservation	13
DR B TEMA	Chairperson of Community Development & Fundraising Committee & Content Committee	2016	-	PhD Science, University of Reading UK, (1990-1993) M.Ed Science, University of Cape Town (1985-1986)	Fundraising and community dev.	8
MR K BUTHELEZI	Chairperson of Audit Committee & Member of Finance Committee	2016	-	B. Com and Advanced Diploma in Auditing	Audit	14
MR K GONTSE	Chairperson of Institutional Development Committee & Member of Finance Committee	2016	-	National Diploma in Security Risk Management (UNISA) National Intelligence Agency Security Managers Course	Business and organisational development	14



x x x x x x x x x x x x x x x x x x x

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	meetings attended
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 & Institutional Development Committee	2017	-	Bachelor of arts BA (Hons) Anthropology MA Anthropology B Soc Science Hons (Politics & International Relations)	Heritage and conservation	13
MR M KOBESE	Member of Content committee & Community Development and Fundraising Committee	2017	-	Bachelor of Philosophy, Post graduate diploma in Museums and heritage studies	Heritage and conservation	6
MR S MZAMO	Member of Community development & fundraising committee and Institutional Development Committee	2017		Master of Business Administration Business School Netherlands (BSN) -	Community development	9
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 & Finance Committee	2016		Masters of Laws (LLM) University of Venda (2005)	Business administration, finance and Institutional development	12



x x x x x x x x x x x x x x x x x x x

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	meetings attended
	Deputy Chairperson of the Council	Jan 2018				

Mr Jarana has resigned during the year and Ms Vikilahle was appointed as a Chairperson of the Council.

Subsequent to 2017/18 Financial year but before the Audit report was publicised the following council members were appointed:

Name	Designation
MS K GUSTOFSON	Member of Community Development and Fundraising
MR S MADIKIZELA	Chairperson of Finance Committee

COMMITTEES OF COUNCIL

Committee	Meetings held	Members	Committee members
INSTITUTIONAL DEVELOPMENT COMMITTEE	6	5	Mr Gontse Adv Nevhondwe Dr Ngqila Prof Mngomezulu Mr Kobese
FINANCE COMMITTEE	7	4	Ms Vikilahle until February 2018 Mr Gontse Mr Buthelezi Adv Nevondwe
CONTENT COMMITTEE	6	4	Prof Mngomezulu Dr Tema Dr Ngqila Mr Booi
FUNDRAISING COMMITTEE	5	4	Dr Tema Mr Mzamo Mr Kobese Ms Mandela
AUDIT AND RISK COMMITTEE	6	3	Mr Buthelezi Mr Mangquku (independent member) Ms Motsielwa (independent member)





COUNCILLORS



MR V JARANA



MS VIKILAHLE



PROF. B MNGOMEZULU



MR K BUTHELEZI



DR BO TEMA



MR AK GONTSE



MR S MADIKIZELA



MR M KOBESE



DR K NGQILA



MS K GUSTOFSON



MR S MZAMO



ADV. NEVHONDWE



MR V BOOI



MS N MANDELA

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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.

NMM COUNCIL REMUNERATION

Name	Remuneration	Other Allowances	Other re-imbursment	Total
MRS V JARANA	R 0	-	-	R 0
MS A VIKILAHLE	R 65 820	-	-	R 65 820
MR K BUTHELEZI	R 49 700	-	-	R 49 700
PROF B MNGOMEZULU	R 56 250	-	-	R 56 250
DR B TEMA	R 38 250	-	-	R 38 250
MR V BOOI	R 24 350	-	-	R 24 350
MR K GONTSE	R 81 400	-	-	R 81 400
DR K NGQILA	R 50 000	-	-	R 50 000
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 28 000	-	-	R 28 000
TOTAL	R 393 770			R 393 770

Mr S Mzamo and Mr M Kobese are not paid honoraria for attendance of Museum Business as they representing their employers DSRAC and COGTA in the council. Mr V Jarana is not paid the honoraria, he is donating his efforts to the Museum.

There are four members of the Executive Management, comprise the following: CEO, CFO, Senior Manager; Heritage and Conservation and Senior Manager: Public Engagement and Marketing. There are also five middle managers that report to 3 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.

Profile of Executive Management

No	Name	Qualification	Position
1.	Mr. Bonke Tyhulu	MA (History-University of Fort Hare)	CEO
2.	Mr. Mandisi Msongelwa	CA (SA)	CFO
3.	Ms. Nelisiwe Thwala	BA Honours (Anthropology)	Senior Manager: Heritage and Conservation
4.	Ms. Nokuzola Tetani	Dip: Property Evaluation	Senior Manager: Public Engagement and Marketing

Ms N Tetani's contract has come to an end at the end of 2017/18 and Mr Wisani was appointed to act in the position.





AUDIT & RISK COMMITTEE



MR K BUTHELEZI



MR L MANGQUKU



MS P MOTSIELWA

SENIOR MANAGEMENT



MR B TYHULU
MA (History-UFH)

CHIEF EXECUTIVE
OFFICER



MR M MSONGELWA
CA (SA)

CHIEF FINANCIAL
OFFICER



MS N TWALA
BA Honours (Anthropology)

SENIOR MANAGER-
HERITAGE & CONSERVATION



MR F WISANI
B Tech - Journalism

ACTING SENIOR MANAGER -
PUBLIC ENGAGEMENT

Report of the Audit and Risk Committee for the period 2017/18

Introduction

The Committee is pleased to present its close-out annual report for the financial year ending 31 March 2018.

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 has three Audit and Risk Committees during the period under review. The meetings consisted of the members of the committee who were appointed by the Museum's Accounting Authority. The attendance is summarised below:

Name of Member	20th April 2017	24th May 2017	20th July 2017	10th October 2017	25th October 2017	15 th February 2018
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	N/A	Present	Present	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.



x x

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.

Internal audit visits were conducted during the year and covered the period 01 April 2017 to 31 March 2018. The areas covered during the internal audit visits included the following:

Completed Assignments

No	Internal Audit Area	Number of Findings	Report Rating
1	Risk Register Workshop	32	Significant
2	Prepare Annual Audit Plan	N/A	N/A
3	Audit Improvement Plan	N/A	N/A
4	Charters Review	N/A	N/A
5	Supply Chain Management;	3	Significant
6	Performance Information	5	Significant

The key highlights of reports discussed are summarized as follows:

Supply Chain Management

- Incomplete information was provided for review.
- NMM Council meeting minutes not signed.
- Inadequacies noted on review of creditor's reconciliation statements.
- Commencement of projects without Security Clearance.
- Payment not made within 30 days.

Performance Information.

- Performance information is not made publicly available on the Museum website.
- Inconsistencies noted in the Alignment of Strategic Objectives, Performance Indicators and Performance targets.
- Inconsistencies noted regarding the Portfolio of Evidence provided for achieved Performance Targets.

Information Technology

The Committee has raised concerns on ICT management. There are no controls and no senior resources to manage the risks posed by the ICT environment. This review can only be considered once there are controls and resources assigned with the responsibility. The findings from 2016/17 financial year have not been addressed.

- IT Governance Structures have not been put in place within the Museum.
- Lack of adequately trained ICT staff.
- IT Governance Framework not developed.
- The IT Strategic Plan had not been developed.
- Inadequate ICT Risk Framework/Management.
- No formally documented process in place.
- No naming convention is followed for user accounts.



x x

- Inadequate password controls.
- User rights are not reviewed periodically.
- A disaster recovery plan (DRP) and business continuity plan (BCP) has not been developed.
- Inadequate backup and restoration process.
- Automated process of updating anti-virus is not monitored Inadequate.
- Review of audit logs have not been performed.
- Service level agreements for third parties are not monitored.
- An inadequate Firewall has been implemented.

Risk Management

The Committee has raised concerns on risk management. We have made recommendations to management to improve the effectiveness of the risk management and reporting and management of risk. Some of the top risks facing the Museum are listed below:

- Lack of well-established ICT systems with appropriate IT governance framework that
- Support and enable the business, delivers value and improves performance.
- Inadequate safety and security control measures for artefacts
- Lack of disaster management plan in place (artefacts may be damaged by natural disaster)
- Inadequate planned revenue generation (no charge/ tariff for tour guiding in the Museum, entrance fee, facilities rental.)

An enterprise-wide risk assessment was conducted and system of internal control was not entirely effective for the year under review. Deficiencies in and/or deviations from the system of internal controls were reported by internal auditors and the Auditor-General. NMM does not have an established a risk appetite and / or risk criteria which enables the entity to determine the nature and extent of the significant risks the entity is willing to take in achieving its strategic objectives.

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 NMM has been 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.



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- 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.

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.
- 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 2018/2019 financial year.

Approval

The report represents activities from the day of the Committee's occupation of office.



.....
K Buthelezi
Audit and Risk Committee Chairperson
Nelson Mandela Museum
31 August 2018





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Nelson Mandela
Centenary
2018
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PART D

HUMAN RESOURCE MANAGEMENT

Human Resources

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 staff, 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 Museum Staff Complement

The museum's structure has twenty-seven (27) full staff members in its payroll. Out of the twenty-seven (27) staff members however, the year 2017/18 end with 25 employees in existence.

The table 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 two staff members that are registered with the University of South Africa. One has registered for a Post Graduate Degree and the other one has registered for a Diploma.

The following table reflects the Skills Development progress:

STAFF SKILLS DEVELOPMENT IN 2017/2018

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	2 138 152	5	427 630
Public Engagement	1 807 266	3 045 666	9	338 407
Corporate Services	25 459 555	6 952 570	13	534 813
TOTAL	28 964 669	12 449 325	27	461 086

Personnel costs by salary band

Level	Personnel Expenditure	% personnel exp. To total personnel cost	Number of Employees	Average Personnel costs per employee
Executive management	3 821 221	31%	4	955 305
Middle Management	3 164 853	25%	6	527 476
Staff	5 463 251	44%	17	321 368
TOTAL	12 449 325	100%	27	461 086



x x

Performance Rewards

Programme	Performance Rewards	Personnel Expenditure	Number of Employees	% of performance Rewards to total personnel costs
Executive management	503 961	3 821 221	4	13%
Middle Management	347 023	3 164 853	6	11%
Staff	392 610	5 463 251	17	7%
TOTAL	1 243 594	12 449 325	27	10%

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	2 227 853	6 410	0,3%	3	2 137
Public Engagement	3 089 170	69 773	2,26%	3	23 257
Governance	7 132 302	119 452	1,67%	6	19 909
TOTAL	12 449 325	195 635	1,57%	12	16 303

Employment and Vacancies

Programme	2016/17 Number of Employees	2017/18 Approved posts	2017/18 Number of Employees	2017/18 Vacancies	% of vacancies
Heritage and Conservation	5	6	4	1	20%
Public Engagement and Marketing	8	8	8	0	0%
Governance	12	13	13	1	8%
TOTAL	26	27	25	2	13%

Programme	2015/16 Number of employees	2016/17 Approved posts	2017/18 Number of Employees	2017/18 Vacancies	% of vacancies
Executive Management	3	4	4	0	0%
Middle Management	6	6	6	0	0%
Staff	17	17	15	2	13%
TOTAL	26	27	25	2	8%



x x

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Executive management	4	2	2	4
Middle Management	6	Nil	1	5
Staff	16	3	3	16
TOTAL	26	5	6	25

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death		
Resignation	3	50%
Dismissal		
Retirement		
Ill health		
Expiry of contract	3	50%
Other		
Total	6	100%

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



x x

Equity Target and Employment Equity Status

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	2	2	nil		Nil		nil	
Middle management	3	3	nil		Nil		nil	
Staff	8	9	nil		Nil		nil	
TOTAL	13	14	0	0	0	0	0	0

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	2	2	0		0		0	
Middle management	3	3	0		0		0	
Staff	7	10	0		0		0	
TOTAL	12	15	0		0		0	

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
TOTAL	1	0	0	2

Organisational development

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



x x

EXPIRY OF CONTRACTS

In 2017/18, the contract of two members of Executive management and one member of middle management were expired and were not renewed.

HUMAN RESOURCES ALIGNMENT

The restructuring process was 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 are 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 Senior Managers and submitted to the relevant council committees.





MUSEUM STAFF 2018



OFFICE OF THE CEO



CORPORATE SERVICES AND FINANCE



HERITAGE AND CONSERVATION



PUBLIC ENGAGEMENT AND MARKETING



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PART E

ANNUAL FINANCIAL STATEMENTS

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 68 to 102, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and statement of comparison of budget information with actual information 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 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Accepted 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 this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Irregular expenditure

7. As disclosed in note 36 to the financial statements, irregular expenditure of R1,2 million (R3,6 million in the previous year) was incurred, as a proper procurement process had not been followed. As also disclosed in note 36, the irregular expenditure of R1,2 million incurred during the current year is included in the balance of irregular expenditure of R5,3 million incurred over a number of years that has not been recovered or written off.



x x

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and 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.
9. 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 public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PM) 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.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures 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.
14. 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 2018:



x x

Objective	Pages in the annual performance report
To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela Museum	8
To use exhibitions to drive and entrench the values of Nelson Mandela Museum	8
To research museum collections for better understanding and sustainable use	9
To facilitate conversations of sites associated with Nelson Mandela and facilitate their inclusion as part of the liberation heritage route	12
To facilitate focussed understanding of the museum through the development of learning material	12
To create in person and digital platforms of community engagement	12
To profile the Nelson Mandela brand through various markets	12

15. 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.

16. I did not raise 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 Museum
- To use exhibitions to drive and entrench the values of Nelson Mandela Museum
- To research museum collections for better understanding and sustainable use
- To facilitate conversations of sites associated with Nelson Mandela and facilitate their inclusion as part of the liberation heritage route
- To facilitate focussed 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 brand through various markets



x x

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages x to x and x to x for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on the audit of compliance with legislation**Introduction and scope**

19. 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 public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements, performance report and annual report

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

Expenditure management

22. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA and treasury regulation 9.1.1. The value of R6 433 548, as disclosed in note 36, is not complete as management is still in the process of quantifying the full extent of the irregular expenditure.

Other information

23. The 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 and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

24. 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.

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



x x x x x x x x x x x x x x x x x x x x

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

Internal control deficiencies

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

Leadership

29. Whilst leadership held management accountable for poor performance, they did not implement and monitor adequate internal control measures to prevent transgressions against legislation, resulting in repeat compliance findings.

Financial and performance management

30. 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.

Governance

31. Management did not implement all the recommendations of the internal audit unit and audit committee, which affected the effectiveness of their oversight.

AUDITOR-GENERAL

East London
31 July 2018



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 public entity's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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



x x

Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

General Information

Legal form of entity	Public Entity
Registered office	Cnr Owen street & Nelson Mandela Drive Bunga Building Mthatha 5100
Business address	Cnr Owen street & Nelson Mandela Drive Bunga Building Mthatha 5100
Controlling entity	Department of Arts and Culture
Bankers	ABSA Bank Sutherland Street
Secretary	Siyathemba Sokutu Attorneys
Internal Auditors	PWC
Preparer	The annual financial statements were internally compiled by: Chief Financial Officer
Published	31 July 2018
Members	Mr V Jarana - Chairperson (Until January 2018) Ms A Vikilahle - Chairperson (From February 2018) Mr K Buthelezi Prof B Mngomezulu Mr A K Gontse Dr B O Tema Mr V Booi Adv L T Nevondwe - Deputy Chairperson Dr K Ngqila Mr S Mzamo Mr M Kobese Ms N Mandela



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Index

The reports and statements set out below comprise the annual financial statements presented to the Parliament:

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AGSA	Auditor General South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
GRAP	Generally Recognised Accounting Practice
NMM	Nelson Mandela Museum
IAS	International Accounting Standards
NT	National Treasury
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Museum Council 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 Statement.

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 68 to 102 in the Financial Statements.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

4. 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.

5. Materiality and Significance Framework for 2017/18

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.

6. 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 68 to 102 accurately present the financial position, the results of its operations, Cash Flow information of Nelson Mandela Museum and comply in all material respects with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended) for the year ended and 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 68 to 102 for the year ended were approved by the Museum Council on 31 July 2018.



Ms A Vikilahle

Council Chairperson

31 July 2018



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Management Report

1. General Review of the State of Affairs

The Nelson Mandela Museum is located in the rural part of the Eastern Cape, in Mthatha. 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; although Mvezo is being operated by Chief Mandla Mandela.

The Museum was opened in February 2000 by former President Nelson Mandela and the then Minister of Arts and Culture Dr Pallo Jordan, having been established in terms of the Cultural Institutions Act of 1998 with a mandate to inspire positive change in society through the legacy and values of Nelson Mandela.

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, Human Resources, Public Engagement and Communication, Heritage Resources and Infrastructure Services.

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 10,28% from R 25 981 123 to R29 983 033 compared to same period last year. The Nelson Mandela Museum's results for the year ended 31 March 2018 show an increase in reserves from R 17 297 711 to R18 316 075. This is due to a surplus of R 1 018 364 realized during the year under review.

This increase is attributable to net of an inflationary increase in grant allocation, increase in interest received from investments as well as additional funding for valuation of heritage assets. The grant from the Department of Arts and Culture accounted for 93.70% of the total revenue while 5.22% relates to interest from investments and 1.10% to profit on disposal of non-current assets as well as sundry income, donations and sale of small items.

The operating expenditure for the period under review including finance costs is R 28 964 669 eliciting an increase of R1 126 651 from the expenditure recorded in the previous period. The operating expenditure is made up of 24.4% fixed costs of admin personnel, 10% administrative expenses, 7.2% Audit fee, and 58.41% other operating expenses which constitute the core business of the organization with expense categories like core personnel costs, exhibition expenses, 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 28 003 000 for the Year 2018/19. 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 at the beginning of the 2017/18 financial year, subsequently we have seen the improved results in strategic areas and performance in the 2017/18 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 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.



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

3. Tariffs

Tariffs are charged for rental of conference facilities, supply of sleeping accommodation 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 was 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 68 to 102 accurately present the financial position, the results of its operations, Cash Flow information of Nelson Mandela Museum and comply in all material respects 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.

7. 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 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
31 July 2018



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Inventories	6	210 705	209 061
Receivables from exchange transactions	7	-	3 213
Receivables from non-exchange transactions	8	151 181	76 248
Cash and cash equivalents	9	28 687 745	25 113 101
		29 049 631	25 401 623
Non-Current Assets			
Property, plant and equipment	4	2 970 288	4 038 134
Heritage assets	5	9 869 000	9 869 000
		12 839 288	13 907 134
Non-Current Assets		12 839 288	13 907 134
Current Assets		29 049 631	25 401 623
Total Assets		41 888 919	39 308 757
Liabilities			
Current Liabilities			
Finance lease obligation	12	105 599	161 192
Payables from exchange transactions	16	1 466 884	1 370 767
Unspent conditional grants and receipts	13	18 340 530	19 439 341
Provisions	15	3 659 831	721 974
		23 572 844	21 693 274
Non-Current Liabilities			
Finance lease obligation	12	-	105 599
Unspent conditional grants and receipts	13	-	212 173
		-	317 772
Non-Current Liabilities		-	317 772
Current Liabilities		23 572 844	21 693 274
Total Liabilities		23 572 844	22 011 046
Assets		41 888 919	39 308 757
Liabilities		(23 572 844)	(22 011 046)
Net Assets		18 316 075	17 297 711
Reserves			
Revaluation reserve	10	9 865 610	9 865 610
Accumulated surplus	11	8 450 465	7 432 101
Total Net Assets		18 316 075	17 297 711



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue	17&20	28 089 974	24 047 312
Revenue		28 089 974	24 047 312
Cost of sales		-	-
Other income	18	329 349	14 101
Operating expenses	1&22&24	(28 767 367)	(27 775 445)
		(28 438 018)	(27 761 344)
Operating deficit		(348 044)	(3 714 032)
Investment revenue	19	1 563 710	1 919 710
Finance costs	23	(197 302)	(62 573)
Surplus (deficit) before taxation		1 018 364	(1 856 895)
Taxation		-	-
Surplus (deficit) for the year from continuing operations		1 018 364	(1 856 895)
Surplus from discontinued operations		-	-
Profit (loss) for the period from continuing operations		1 018 364	(1 856 895)
Profit (loss) from discontinued operations		-	-
Surplus (deficit) for the year		1 018 364	(1 856 895)



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2016	9 865 610	9 123 205	18 988 815
Changes in net assets			
Surplus for the year	-	(1 856 895)	(1 856 895)
Adjustments to opening balance	-	165 791	165 791
Total changes	-	(1 691 104)	(1 691 104)
Balance at 01 April 2017	9 865 610	7 432 101	17 297 711
Changes in net assets			
Surplus for the year	-	1 018 364	1 018 364
Total changes	-	1 018 364	1 018 364
Balance at 31 March 2018	9 865 610	8 450 465	18 316 075



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Government Grants		28 108 901	-
Interest income		1 563 710	1 919 710
Donations Recieved		12 492	-
Sundry Income		256 875	-
		<u>29 941 978</u>	<u>1 919 710</u>
Payments			
Finance costs		-	(50 976)
Total Payments		(28 964 669)	-
Non Cash Payments		3 485 547	-
Other cash item		-	(2 747 353)
		<u>(25 479 122)</u>	<u>(2 798 329)</u>
Total receipts		29 941 978	1 919 710
Total payments		(25 479 122)	(2 798 329)
Net cash flows from operating activities	27	4 462 856	(878 619)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(67 186)	(961 745)
Proceeds from sale of property, plant and equipment	4	557 137	-
Net cash flows from investing activities		489 951	(961 745)
Cash flows from financing activities			
Repayment of other financial liabilities		(1 378 159)	-
Finance lease payments		-	(20 961)
Net cash flows from financing activities		(1 378 159)	(20 961)
Net increase/(decrease) in cash and cash equivalents		3 574 648	(1 861 325)
Cash and cash equivalents at the beginning of the year		25 113 101	26 974 426
Cash and cash equivalents at the end of the year	9	28 687 749	25 113 101



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sundry Income	-	-	-	300 079	300 079
P/Loss on disposal of non-current assets	-	-	-	29 270	29 270
Interest received - investment	885 000	-	885 000	1 563 710	678 710
Total revenue from exchange transactions	885 000	-	885 000	1 893 059	1 008 059
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	26 779 000	-	26 779 000	28 089 974	1 310 974
Rolled-over funds	-	231 000	231 000	-	(231 000)
Total revenue from non-exchange transactions	26 779 000	231 000	27 010 000	28 089 974	1 079 974
'Total revenue from exchange transactions'	885 000	-	885 000	1 893 059	1 008 059
'Total revenue from non-exchange transactions'	26 779 000	231 000	27 010 000	28 089 974	1 079 974
Total revenue	27 664 000	231 000	27 895 000	29 983 033	2 088 033
Expenditure					
Personnel	(11 962 362)	(231 000)	(12 193 362)	(12 449 325)	(255 963)
Administration	(5 921 916)	-	(5 921 916)	(4 936 199)	985 717
Depreciation and amortisation	-	-	-	(628 279)	(628 279)
Finance costs	(28 892)	-	(28 892)	(197 302)	(168 410)
Lease rentals on operating lease	(82 275)	-	(82 275)	-	82 275
Debt Impairment	-	-	-	(3 213)	(3 213)
Repairs and maintenance	(197 000)	-	(197 000)	(190 436)	6 564
General Expenses	(9 471 555)	-	(9 471 555)	(10 559 915)	(1 088 360)
Total expenditure	(27 664 000)	(231 000)	(27 895 000)	(28 964 669)	(1 069 669)
	-	-	-	1 018 364	1 018 364
	-	-	-	-	-
Surplus before taxation	-	-	-	1 018 364	1 018 364
Deficit before taxation	-	-	-	1 018 364	1 018 364
Taxation	-	-	-	-	-
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	1 018 364	1 018 364



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 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.

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.

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the NMM. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

1.2 Going concern assumption

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

1.3 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.

1.4 Significant judgements and sources of estimation uncertainty

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.

Allowance for slow moving, damaged and obsolete stock

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.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15. Provisions are measured in the management's best estimate of the expenditure required to settle the obligation at the reporting date.

1.5 Property, plant and equipment

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

- it is probable that future economic benefits or service potential associated with the item will flow to the constitutional institution; and
- 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent Measurement

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 live of items of property, plant and equipment have been assessed as follows:

Category	Depreciation method	Average useful life
Buildings	Straight line	10 years
Furniture and fixtures	Straight line	6-20 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6-10 years
IT equipment	Straight line	3-10 years
Other property, plant and equipment	Straight line	5-10 years

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.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

1.6 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.

1.7 Heritage assets

Initial Recognition

- (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.

Initial measurement

- Due the nature of assets controlled by Nelson Mandela Museum assets shall be valued according to circumstances
- 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.
- 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.
- 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.

Subsequent Measurement

- 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
- 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
- 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.
- Nelson Mandela Museum has elected the cost model and shall apply the policy to an entire class of heritage assets.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.7 Heritage assets (continued)

Elements of costs

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

- (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 rebate
 - (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:
 - (i) Cost of employee benefits for example the initial assessment of the heritage asset

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 state of an asset

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 asse.

Derecognition

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

Compensation for impairment

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.

De-Accessioning

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

- (a) On disposal
- (b) When no future economic benefits or services potential are expected from 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.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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 conditions that are potentially unfavourable to the entity.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.8 Financial instruments (continued)

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.9 Tax

Current tax assets and liabilities

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

1.10 Intangible Assets

All licences procured of the shelf and NMM doesn't have control over them. Each year all the licence fees are expensed.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.11 Leases

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position 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 statement of financial position as a finance lease obligation.

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

Minimum 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 on the remaining balance of the liability.

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

1.12 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.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the constitutional institution; or
- (b) the number of production or similar units expected to be obtained from the asset by the constitutional institution.

Criteria developed by the constitutional institution to distinguish cash-generating assets from non-cash-generating assets are as follow:



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.14 Employee benefits

Compensation of Employees

Short-term employee benefits include items such as:

- wages, salaries and third party contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

Defined Contribution Plan

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.15 Provisions and contingencies

Provisions are recognised when:

- the constitutional institution has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 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.

Measurement

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



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Sale of goods

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

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 .

1.18 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.

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

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

Recognition

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

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

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.20 Fruitless and wasteful expenditure

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



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.20 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any legislation providing for procurement procedures in the government.

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 and which was condoned before year end and/or before finalisation 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.

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 a 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.

1.22 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 entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

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



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.23 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. 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.

1.24 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, only entities within the national sphere of government are considered to be related parties.

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 management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 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.

1.26 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

2. Changes in accounting estimates

During the year NMM had embarked in assessing the useful lives of their property, plant and equipment. The assessment was as per the requirements of GRAP 15 that requires the useful lives of assets to be assessed annually.. The assessment was done and had the impact on the following classes:-

Class	Old Usefullives	Reviewed Usefullives
Office Equipemnt	6 Years	6-10 Years
IT Equipment	3 Years	3-10 Years
Furniture & Fittings	6 Years	6-20 Years
Other Assets	5 Years	5-10 Years

The above review of the useful lives had the following impact:

Increase in Statement of comprehensive income	R 377 938
Decrease in Statement of financial performance	(377 938)
Total	-

While we were conducting our reviews of the useful lives, we had identified assets for impairment. Those assets amounted to R121 663 were processed under impairment of assets as impairment loss.



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the constitutional institution has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- | | |
|---|---------------|
| • Grap 1(as amended 2016): Presentafoon of Financial Statements | 01 April 2017 |
| • Grap 2 (as amended 2016): Cash Flow Statements | 01 April 2017 |
| • Grap 3 (as amended 2016): Accounting Policies, Changes in Accounting Estimates and Errors | 01 April 2017 |
| • Grap 9 (as amended 2016): Revenue from Exchange Transactions | 01 April 2017 |
| • Grap 13 (as amended 2016) : Leases | 01 April 2017 |
| • Grap 14 (as amended 2016) : Events after reporting date | 01 April 2017 |
| • Grap 19 (as amended 2016): Provisions, Contingent Liabilities and Contingent Assets | 01 April 2017 |
| • Grap 23 (as amended 2016): Revenue from Non-exchange Transactions | 01 April 2017 |
| • Grap 24 (as amended 2016): Presentation of Budget Information in Financial Statements | 01 April 2017 |
| • Grap 25 (as amended 2016): Employee Benefits | 01 April 2017 |
| • Grap 103 (as amended 2016): Heritage Assets | 01 April 2017 |
| • GRAP 26 (as amended 2016): Impairment of cash-generating assets | 01 April 2017 |
| • GRAP 21 (as amended 2016): Impairment of non-cash-generating assets | 01 April 2017 |
| • GRAP 17 (as amended 2016): Property, Plant and Equipment | 01 April 2017 |

3.2 Standards and interpretations issued, but not yet effective

The constitutional institution has not applied the following standards and interpretations, which have been published and are mandatory for the constitutional institution's accounting periods beginning on or after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Grap 20 (as amended 2016: Related Parties	01 April 2018	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2018	Unlikely there will be a material impact



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Buildings	2 414 286	(780 384)	1 633 902	(1 139 785)
Furniture and fixtures	2 995 879	(2 340 759)	655 120	(3 328 781)
Motor vehicles	224 223	(224 223)	-	(1 462 304)
Office equipment	1 200 276	(1 052 144)	148 132	(985 369)
IT equipment	1 640 418	(1 231 390)	409 028	(2 354 244)
Other property, plant and equipment	1 014 344	(890 238)	124 106	(1 278 386)
Total	9 489 426	(6 519 138)	2 970 288	(10 548 869)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Buildings	2 321 935	-	(394 367)	(293 666)	-	1 633 902
Furniture and fixtures	643 878	-	(17 085)	103 718	(75 391)	655 120
Motor vehicles	9	-	(4)	-	(5)	-
Office equipment	269 760	-	(1 358)	(112 574)	(7 696)	148 132
IT equipment	781 680	67 186	(87 566)	(318 264)	(38 008)	409 028
Other property, plant and equipment	20 872	-	(10 373)	114 171	(564)	124 106
Total	4 038 134	67 186	(510 753)	(506 615)	(121 664)	2 970 288



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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4. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	2 432 555	214 434	-	(325 055)	2 321 935
Furniture and fixtures	309 841	572 959	(14 939)	(223 982)	643 878
Motor vehicles	9	-	-	-	9
Office equipment	440 500	-	(4)	(170 735)	269 760
IT equipment	921 711	174 352	-	(314 383)	781 680
Other property, plant and equipment	24 211	-	-	(3 339)	20 872
	4 128 827	961 745	(14 943)	(1 037 494)	4 038 134

Pledged as security

Carrying value of assets pledged as security:

5. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	736 595	-	736 595	736 595	-	736 595
Stamp collections, military insignia, medals, coin	970	-	970	970	-	970
Other Heritage Assets	9 131 435	-	9 131 435	9 131 435	-	9 131 435
Total	9 869 000	-	9 869 000	9 869 000	-	9 869 000

Reconciliation of heritage assets 2018

	Opening balance	Total
Art Collections, antiquities and exhibits	736 595	736 595
Stamp collections, military insignia, medals, coin	970	970
Other (specify class)	9 131 435	9 131 435
	9 869 000	9 869 000

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 Nelson Mandela had been given when he was still a president of South Africa and also after he has retired.

6. Inventories

Finished goods	210 705	209 061
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Inventory pledged as security

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

7. Receivables from exchange transactions

Consumer debtors - Other 1	-	3 213
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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
7. Receivables from exchange transactions (continued)		
Trade and other receivables (impairments)	-	3 213
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 R 69,250 has been made as it is unlikely to recover these funds.		
Ageing of trade and other receivables from exchange transactions		
120+ days	-	3 213
Reconciliation of the doubtful debt		
Receivables from exchange transactions	72 463	72 463
Less Provision for doubtful debts	(72 463)	(69 250)
	-	3 213
8. Receivables from non-exchange transactions		
Receivables from employees	151 181	76 248
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 120+ days and over. We are planning to recover the owed amount from the former employee through his current employer as he is still within government sphere.		
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash and balances with banks	603 500	414 925
Short-term deposits	28 084 245	24 698 176
	28 687 745	25 113 101
For the purposes of the cash flow statement:		
Balance as per bank statements	28 687 745	25 113 101
There are no restrictions attached to the funds, except for conditional grants amounting to R18 016 818 that must be utilized according to the grant specifications. Short term deposits are made for all investments for project funds except for conditional grants.		
10. Revaluation reserve		
In terms of GRAP 103, heritage assets were required to be revalued effective 2016/17 financial year. In 2016/17 financial year all heritage assets were re-valued to their market value, which led to a revaluation surplus as disclosed in the note below. Refer to note no 4 for further details.		
Opening balance	9 865 610	-
Movement	-	9 865 610
Closing Balance	9 865 610	9 865 610
11. Accumulated surplus		
Ring-fenced internal funds and reserves within accumulated surplus		



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017	
11. Accumulated surplus (continued)			
	Mar-18	Mar-17	Mar-16
Balance as originally stated	7 432 101	9 123 205	6 994 293
Correction of prior year error	-	165 791	-
Subtotal	7 432 101	9 288 996	6 994 293
Surplus (Deficit) for the year	1 018 364	(1 856 895)	2 128 913
	8 450 465	7 432 101	9 123 206
12. Finance lease obligation			
Minimum lease payments due			
- within one year		105 559	190 084
- in second to fifth year inclusive		-	110 882
		105 559	300 966
less: future finance charges		-	(34 175)
Present value of minimum lease payments		105 559	266 791
Present value of minimum lease payments due			
- within one year		-	161 192
- in second to fifth year inclusive		-	105 599
		-	266 791
Non-current liabilities		-	105 599
Current liabilities		105 599	161 192
		105 599	266 791

The lease term 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. The contract is coming to an end in the 2018/19 financial year. No arrangements have been entered into for contingent rent.

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Qunu Fencing Project	179 089	391 262
Qunu Development Project	13 526 408	14 425 744
ICT Project	4 601 950	4 801 425
Installation of burgler bars	33 083	33 083
	18 340 530	19 651 514
Non-current liabilities	-	212 173
Current liabilities	18 340 530	19 439 341
	18 340 530	19 651 514

The main cause of non-spending of the conditional grant in the year under audit is due to limited expertise on project management. During the 2016/17 financial year the project management team was appointed to assist the Museum to implement infrastructure projects. This led to the Nelson Mandela Museum to reclassify the whole of the conditional grants to Current liabilities as it became evident that the implementation and spending of the projects funds will be in 2018/19. The two major projects i.e. Qunu Development and ICT Projects are already in the procurement process stages.



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Annual Financial Statements for the year ended 31 March 2018

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Figures in Rand	2018	2017
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14. Profit/(Loss) on Disposal of Non-Current Assets

Proceed from disposal

Proceed from disposal	541 345	-
Carrying Amount -	(512 074)	-
	29 271	-

During the year Nelson Mandela Museum reached a decision to dispose all assets that were damaged, old and redundant through public auction. Assets with a carrying amount of R512 074 were disposed and proceeds of R541 345 were received.

15. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision for 13th cheque	99 238	67 079	166 317
Provision for leave	622 736	20 780	643 516
Provision for incentive bonus	-	1 012 937	1 012 937
Provision for Municipal charges	-	1 837 061	1 837 061
	721 974	2 937 857	3 659 831

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision for 13th Cheque	99 238	-	-	99 238
Provision for leave	539 649	572 630	(489 543)	622 736
	638 887	572 630	(489 543)	721 974

For the period ending 31 March 2018 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 196 381 (31 March 2017: R 159 733) were expensed in the current period.

Employee benefit cost provision

This consists of provision for leave and 13th cheque.

Provision for Municipal charges

This relates to funds received through government grants for municipal charges which have not yet been invoiced and paid. The estimate is based on the prior year amount adjusted by inflation.

16. Payables from exchange transactions

Trade payables	1	-
Accruals	87 200	1 370 766
Sundry Creditors	1 379 683	1
	1 466 884	1 370 767



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
17. Revenue		
Sundry Income	300 079	14 101
Profit from sale of non current asset	29 270	-
Interest received - investment	1 563 710	1 919 710
Government grants & subsidies	28 089 974	24 047 312
	29 983 033	25 981 123
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sundry Income	300 079	14 101
Profit on sale of non-current asset	29 270	-
Interest received - investment	1 563 710	1 919 710
	1 893 059	1 933 811
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfers and subsidies		
Government grants & subsidies	28 089 974	24 047 312
18. Other revenue		
Sundry Income	300 079	14 101
Profit from sale of Non-current assets	29 270	-
	329 349	14 101
19. Investment revenue		
Interest revenue		
Bank	1 563 710	1 919 710
	-	-
	1 563 710	1 919 710
The amount included in Investment revenue arising from exchange transactions amounted to R25 113 100. There was no interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit.		
20. Government grants and subsidies		
Operating grants		
Government grant from National Department	26 779 000	24 002 295
Project Funds	-	45 017
	26 779 000	24 047 312
Capital grants		
Government grant (capital)	1 310 974	-
	-	-
	1 310 974	-



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
21. Employee related costs		
Basic	10 318 027	9 012 723
Medical aid - company contributions	269 184	215 519
UIF	53 319	55 723
SDL	98 248	86 291
Leave pay provision charge	201 225	147 800
Defined contribution plans	196 381	159 733
13th Cheques	300 004	99 238
Provision for incentive bonus	1 012 937	-
	12 449 325	9 777 027
Mr B Tyhulu - Chief Executive Officer		
Annual Remuneration	1 191 195	-
Performance Bonuses	238 241	-
Contributions to UIF, Medical and Pension Funds	13 697	-
Total Remuneration	1 443 133	-
Remuneration of Mr N Solani - Acting Chief Executive Officer		
Annual Remuneration	-	129 270
Car Allowance	-	86 189
Performance Bonuses	-	10 596
Contributions to UIF, Medical and Pension Funds	-	297
Other	-	46 536
	-	-
Total Remuneration	-	272 888
Remuneration of Ms M Malapane - Acting CEO		
Annual Remuneration	-	934 710
Contributions to UIF, Medical and Pension Funds	-	1 487
Leave pay	27 742	-
Total Remuneration	27 742	936 197
Remuneration of Mr M Mdludlu- Chief Financial Officer		
Annual Remuneration	-	846 600
Performance Bonuses	-	70 550
Contributions to UIF, Medical and Pension Funds	-	1 785
Leave Pay	64 900	-
Total Remuneration	64 900	918 935
Remuneration of Mr M Msongelwa - Chief Financial Officer		
Annual Remuneration	969 409	76 069
Performance Bonuses	135 720	-
Contributions to UIF, Medical and Pension Funds	10 459	148
Total Remuneration	1 115 588	76 217
Remuneration of Ms N Tetani- Senior Manager		
Annual Remuneration	526 857	496 099
Contributions to UIF, Medical and Pension Funds	7 053	1 778



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
21. Employee related costs (continued)	533 910	497 877
Remuneration of Ms N Thwala - Senior Manager		
Annual Remuneration	650 000	162 500
Performance Bonuses	130 000	-
Contributions to UIF, Medical and Pension Funds	8 285	445
Total Compensation	788 285	162 945



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
21. Employee related costs (continued)		
Remuneration of Council		
A Vikilahle - Chairperson	65 820	31 500
A K Kgontse	81 400	39 250
K Buthelezi	49 700	51 500
B R Mngomezulu	56 250	17 000
V Booï	24 350	50 000
L T Novondwe	28 000	16 000
B Tema	38 250	10 750
K Ngqila	50 000	2 000
L Mangquku	14 000	12 000
P Motsielwa	6 000	6 000
M Dithlake	-	26 000
N Yokwana	-	53 000
R Kirsten	-	6 000
	413 770	321 000
22. Administrative expenditure		
Administration and management fees - third party	4 936 199	5 512 231
Bank Charges	58 385	65 557
Cell phones	363 444	400 526
Courier Charges	31 900	18 837
Insurance	246 947	228 111
Legal Fees	396 424	528 767
Licences	58 698	56 044
Motor Vehicle - Insurance & Licence	5 286	6 673
Municipal charges	1 837 061	1 737 995
Cleaning	716 910	681 131
Professional Fees	231 808	615 439
Staff Welfare	12 347	7 618
Printing and Stationery	160 758	204 328
Post box rental	-	860
Recruitment Expenses	225 670	259 520
Staff Training	213 962	195 635
Subscriptions	30 206	30 179
Telephone & Fax	326 824	397 858
Workmen's compensation	19 569	77 153
	4 936 199	5 512 231
23. Finance costs		
Finance leases	28 892	50 976
Late payment of tax	168 410	11 597
	197 302	62 573



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
24. Other Operating expenses		
Auditors remuneration	1 985 775	1 959 553
Computer expenses	327 649	205 063
Consulting and professional fees	1 465 955	435 550
Donations	4 972	6 750
Motor vehicle expenses	39 383	248 772
Fuel and oil	88 755	162 902
Printing and stationery	82 275	166 498
Research and development costs	-	22 665
Security services	2 580 670	2 671 392
Travel - local	1 898 027	2 098 016
Exhibition Expenses	629 458	1 164 944
Advertising and Promotion	1 337 940	1 807 266
Functions and Catering	119 056	207 019
	10 559 915	11 156 390
25. Auditors' remuneration		
Fees	1 985 775	1 959 553
26. Depreciation		
The depreciation for the year consist of:		
Buildings	179 494	325 055
Furniture and fixtures	(103 717)	223 982
IT equipment	318 264	314 383
Office equipment	112 575	170 735
Other property, plant and equipment	-	3 339
	506 616	1 037 494
27. Cash generated from (used in) operations		
Surplus (deficit)	1 018 364	(1 856 895)
Adjustments for:		
Depreciation and amortisation	628 279	1 037 494
Loss on sale of assets and liabilities	(29 270)	-
Finance costs	-	11 595
Interest income	-	-
Debt impairment	3 213	-
Movements in provisions	2 937 857	145 387
Changes in working capital:		
Inventories	(11 584)	-
Receivables from exchange transactions	3 213	-
Consumer debtors	(3 213)	-
Other receivables from non-exchange transactions	(18 927)	9 250
Payables from exchange transactions	96 116	(225 450)
Finance Leases	(161 192)	-
	4 462 856	(878 619)



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
28. Commitments		
Authorised operational expenditure		
Approved and contracted for		
• Leases	105 599	266 791
• Cleaning and Security	3 690 016	-
• Infrastructural related projects	5 008 077	-
• Other	-	279 049
	8 803 692	545 840
Total operational commitments		
Already contracted but not provided for	8 803 692	545 840

29. Contingencies

An amount of R 2 090 660 (2017: R2 900 660) relates to possible loss by NMM if they lose the case underway. A former employee who was dismissed in 2015 had taken NMM to the Commission for Conciliation, Mediation and Arbitration (CCMA) for unfair dismissal and at year end the case was still in progress and estimated to be concluded in August 2019. As per legal representative the case can go either way.

30. Related parties

Relationships

Controlling entity

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. Transactions between NMM and DAC for 2017/18 financial year amounted to R28 089 974. For conditional grant refer to note 13.

Non- Executive Directors

The Nelson Mandela Museum Council is the Governing Accounting Authority of the Institution (see details in note) 21

Other Related Parties

All other transactions with government entities are classified as related parties



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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31. Explanation of material variances**Revenue**

	Actual R	Budgeted R	Total	% Variance
Revenue	29 983 033	(27 664 000)	2 319 033	8,00 %

The main reason for the variance is due to the interest received on project funds that was way higher than anticipated, release of funds from project funds and also the sundry income increased to an amount of R300 079 in 2017/18 of which none of the amount was budgeted for. For further details about the amounts, refer to the statement of comparison of Budget and actual expenditure.

Total Expenses

	Actual	Budgeted R	Total	% Variance
	28 964 669	(27 664 000)	1 300 669	4,57 %

32. Risk management**Financial risk management**

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.

March 18

	Short Term Investments	Financial Liability at amortised cost	Total
Cash and Cash Equivalents	28 687 745	-	28 687 745
Accounts Receivables	151 181	-	151 181
Trade and Other Liabilities	-	(1 466 884)	(1 466 884)
Finance Lease Liability- Current	-	(105 999)	(105 999)
	-	-	-
	-	-	-
	28 838 926	(1 572 883)	27 266 043

March 2017

	Short Term Investments	Financial Liability at amortised costs	Total
Cash and cash equivalents	25 113 100	-	25 113 100
Accounts Receivables	79 461	-	79 461
Trade and other Liabilities	-	(1 370 776)	(1 370 776)
Finance lease Liability Current	-	(161 192)	(161 192)
	25 192 561	(1 531 968)	23 660 593



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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32. Risk management (continued)

Liquidity risk

The entity's risk to liquidity is a result of the available to cover future commitments. The entity manages liquidity risk through on-going review 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 statement of financial position 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 discounting is not significant.

2018	Less than 3 months or on demand	More than 3 months but not exceeding 6 months	More than 6 months but not exceeding 9 months	More than 9 months but not exceeding 1 year	More than 1 year	Total
Infrastructure funds	-	-	18 016 815	323 715	-	18 340 530
Leases	-	105 599	-	-	-	105 599
Provisions	2 849 998	-	-	809 833	-	3 659 831
Trade and other payables	1 466 884	-	-	-	-	1 466 884
Total	4 316 882	105 599	18 016 815	1 133 548	-	23 572 844
2017	-	-	-	-	-	-
Infrastructure fund	-	-	-	19 439 341	212 173	19 651 514
Leases	-	161 192	-	-	105 599	266 791
Provisions	-	-	-	721 974	-	721 974
Trade and other payables	1 370 767	-	-	-	-	1 370 767
Total	1 370 767	161 192	-	20 161 315	317 772	22 011 046

Credit and Market risk

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.

33. 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 obligation will occur in the course of business in the near future.

34. Events after the reporting date

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

35. Fruitless and wasteful expenditure

Opening Balance	71 661	54 097
Adjustment to opening balance	168 410	-
fruitless and wasteful expenditure incurred during the year	66 986	17 564
Less amount to be transferred to debtors	(56 006)	-
	251 051	71 661

An amount of R66 986 relates to travel and accommodation offences committed by various employees of the museum, of which part of the offences have been investigated by Museum and monies will be recovered from those who were found to have caused the incidents. An amount of R168 410 relates as far back as 2011 until 2017 for returns that were not paid in full resulting to penalties and interest that were levied by SARS against the Museum.



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

35. Fruitless and wasteful expenditure (continued)

Incident	Action to be taken	Amount
This refers to incident ranging from no show, late cancellation, unauthorised car extensions and penalties for travelling by employees and council members	To be recovered from those who have cause the fruitless expenditure	44 409
This refers to incident ranging from no show, late cancellation, unauthorised car extensions and penalties for travelling by employees and council members	These cases are still under investigation by incident and accident committee	16 338
Damaged car	Investigation concluded that a reasonable person could have incurred these costs	6 240
		66 987

36. Irregular expenditure

Opening balance	5 278 607	1 642 100
Add: Irregular Expenditure - current year	1 154 941	3 636 507
	6 433 548	5 278 607

Details of irregular expenditure – current year

Details of irregular expenditure – current year	Disciplinary steps taken/criminal proceedings	
A total of R1 124 191 relates to the extension of Security Services Contract in excess of 15% as stated by the regulation. There was a delay in the previous financial year in awarding the contract.	Due to security rates being regulated by PSIRA, there was no financial loss to the museum as funds paid to the service provider were as per the regulation. A new service provider has been awarded the security services contract which started on 01 September 2017,	1 124 191
An amount of R30 750 relates to accommodation facility that was hired without following proper SCM processes	The matter has been referred to a committee investigating financial misconduct within the Museum and is expected to be finalised in 2018/19 financial year,	30 750
		1 154 941

37. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
37. Reconciliation between budget and statement of financial performance (continued)		
Net surplus (deficit) per the statement of financial performance	1 018 364	(1 856 895)
Adjusted for:		
Profit /(Loss) gain on the sale of assets	(29 270)	14 100
Finance Costs	-	62 573
Other Variances	(1 317 294)	1 452 707
Admin expenses	-	(324 215)
Sundry income	(300 000)	-
Scaff costs	-	(385 555)
Depreciation	628 200	1 037 494
Net surplus per approved budget	-	209

38. Segment information

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

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

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes. 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 single segment and we are reported as segment at the Department of Arts and Culture.



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Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Detailed Income statement

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Sundry Income	18	300 079	14 101
Profit/(Loss) of Disposal of non current asset	14	29 270	-
Interest received - investment	19	1 563 710	1 919 710
Total revenue from exchange transactions		1 893 059	1 933 811
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	28 089 974	24 047 312
		1 893 059	1 933 811
		28 089 974	24 047 312
Total revenue	17	29 983 033	25 981 123
Expenditure			
Employee related costs	21	(12 449 325)	(9 777 027)
Administration	22	(4 936 199)	(5 512 231)
Depreciation and amortisation	26	(628 279)	(1 037 494)
Finance costs	23	(197 302)	(62 573)
Debt Impairment		(3 213)	-
Repairs and maintenance		(190 436)	(292 303)
General Expenses	24	(10 559 915)	(11 156 390)
Total expenditure		(28 964 669)	(27 838 018)
		-	-
Total revenue		29 983 033	25 981 123
Total expenditure		(28 964 669)	(27 838 018)
Operating surplus (deficit)		1 018 364	(1 856 895)
Operating surplus/deficit		-	-
Surplus (deficit) before taxation		1 018 364	(1 856 895)
Taxation		-	-
Surplus (deficit) for the year		1 018 364	(1 856 895)

The supplementary information presented does not form part of the annual financial statements and is unaudited



Nelson Mandela Museum

Annual Financial Statements for the year ended 31 March 2018

Supplementary Information

1. Donations

Type of donation	2018	2017
Various donors	12 492	1 260

2. Services in kind

PWC has been generous by providing video conference facility at no cost to the Museum. The Museum had maximised this benefit by reducing the number of face to face meetings by video conference and that resulted to a saving on travel and accommodation for the committee members estimated at R50 000.

The supplementary information presented does not form part of the annual financial statements and is unaudited





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