19/20

FILM AND PUBLICATION BOARD

ANNUAL REPORT

THE HUMAN TOUCH IN A VIRTUALLY CONNECTED WORLD

Film and Publication Board™

We inform. You choose.

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SECTION 1

GENERAL INFORMATION

GENERAL INFORMATION

Registered Name:	Film and Publication Board
Contact Details:	
Head Office:	420 Witch Hazel Avenue Eco Glades 2 Eco Park Centurion 0157 Tel: 012 003 1400 Fax: 012 661 0074
Cape Town Office:	9 Long Street 3rd Floor Corner Riebeek and Long Street Cape Town Tel: 021 418 3038 Fax: 021 461 8126
Durban Office:	4 Silver Oaks 36 Silverton Road Durban Tel: 031 201 2158 Fax: 031 261 7130
Email:	clientsupport@fpb.org.za
Website:	www.fpb.org.za
External Auditors:	Auditor-General of South Africa
Bankers Information:	ABSA
Council Secretary:	Vacant

LIST OF ACRONYMS AND ABBREVIATIONS

4IR	Fourth industrial revolution
Amendment Act	Films and Publications Amendment Act
APP	Annual Performance Plan
AU	African Union
BRICS	Brazil, Russia, India, China and South Africa
CCMA	Commission for Conciliation, Mediation and Arbitration
CSAM	Child Sexual Abuse Material
DCDT	Department of Communications and Digital Technologies
DPME	Department of Performance Monitoring and Evaluation
DTT	Digital Terrestrial Television
FPB	Film and Publication Board
FP Act	Films and Publications Act
GRAP	Generally Recognised Accounting Practice
GIZ	German Development Agency
ICT	Information and communication technology
NDP	National Development Plan
OCR	Online content regulation
SID	Safer Internet Day
SADC	Southern African Development Community
SAPS	South African Police Service
VoD	Video on demand

SECTION 2

PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

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

The annual financial statements (Section 6) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The accounting authority is responsible for the presentation of the financial statements and for the judgments made in this information.

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

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

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

Yours faithfully

***Acting Chief Executive Officer**
Ms Abongile Mashele

Council Chairperson
Mrs Thoko Mpumlwana

**ACEO started acting on 2 January 2020*

STRATEGIC OVERVIEW

FPB MANDATE

Derived from the Films and Publications Act 65 of 1996 as amended in 2004 and 2009, the Film and Publication Board (FPB) is mandated to regulate: (1) the creation, production, possession and distribution of certain publications and certain films by means of classification; (2) the imposition of age restrictions and giving consumer advice; and (3) make exploitative use of children in pornographic publications or films, or on the internet punishable. Therefore, the mandate of the FPB can be summarised as follows:

i. Regulate the creation, production, possession and distribution of films, games and certain publications by classification
ii. Protect children from exposure to disturbing and harmful material and from premature exposure to adult material
iii. Render the use of children in and exposure of children to pornography punishable offences.

FPB VISION

A leading and credible content regulator that empowers the public to make informed choices

FPB MISSION

Ensure the regulation of media entertainment content by empowering the public, contributing to child protection and promoting the growth of the industry

PRIORITIES FOR THE NEXT FIVE YEARS

The FPB Council endorsed the following seven strategic priorities to influence the application of the strategy;

a) Technology-driven content regulation
b) Public education (empower adults and protect children)
c) Legislative review (technologically neutral legislative regime)
d) International and local partnerships (to ensure better regulation of the web – with renewed focus on local partnerships)
e) Research, compliance monitoring, and monitoring and evaluation to inform future priorities
f) Resource mobilisation and development of appropriate funding models
g) Strategic institutional alignment.

PRINCIPLES CENTRAL TO FPB REGULATIONS

a. Protection of children from early exposure to adult material and use in child pornography (child sexual abuse material) productions – child pornography punishable by law
b. Provide consumer advice on media content – ‘we inform, you choose’
c. Provide designated areas for distribution of adult material (pornography).

FPB VALUES

The FPB embraces the Batho Pele (People First) principles of government as its core values to be observed at all times and demonstrated by all employees in all engagements with both internal and external stakeholders. The principles are key determinants that are meant to enable effectiveness. The strategy will promote the following values:

a) Accountability
b) Human Dignity
c) Social Justice
d) Integrity
e) Professionalism
f) Innovation

LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATES

The FPB does not have a direct constitutional mandate, as it is a classification body, a regulator and a quasi-judicial body, because it licences, regulates, adjudicates and issues sanctions.

However, the FPB carries out its work with regard for the rights contained in the Constitution of the Republic of South Africa, which recognises and protects the rights of every citizen, thereby ensuring an open and democratic society.

Of particular importance are the following provisions: Sections 16, 28, 32 and 36 of the Constitution of the Republic of South Africa and Act No 108 of 1996, which stipulate that everyone has the right to freedom of expression. This includes freedom of the press and other media, artistic creativity and the freedom to receive or impart information or ideas, the right to have access to information, the right to human dignity and the right to freedom of choice.

Section 16 of the Constitution contains limitations to the right to freedom of speech, namely propaganda for war, incitement of imminent violence and advocacy of hatred based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.

These limitations can be found in numerous pieces of legislation issued since 1994, notably in the Protection of Equality and Prevention of Unfair Discrimination Act 2000 and, more specifically, the Films and Publications Act 16 of 1996 as amended.

Section 28 of the Constitution guarantees that every child will be protected from any degradation, abuse, exposure to harmful materials or exposure to child pornography, and that the child’s best interests are of paramount importance in every matter concerning the child.

The FPB’s work is aligned to Outcome 14 of the National Development Plan (NDP), which seeks to achieve social cohesion and nation building. As a sub-outcome, fostering constitutional values forms part of what the FPB does in schools with its key messaging regarding cyber safety, which outlines the right to privacy and integrity.

LEGISLATIVE MANDATES

It is important to locate the role of the FPB, as mandated through the Films and Publications Act of 1996 (as amended), in the context of legislation that is relevant and related to the business of the FPB. This includes the following pieces of legislation that anchor the FPB’s mandate;

i. Constitution of the Republic of South Africa
ii. Child Justice Act 75 of 2008
iii. Criminal Law (Sexual Offences and Related Matters) Amendment Act 32 of 2007 – for example, sections 10 and 19 of the Criminal Law Act (2007) and Section 15 of the Child Justice Act (2008).

The Protection of Personal Information Act 4 of 2013 proclaims that the right to privacy includes a right to protection against the unlawful collection, retention, dissemination and use of personal information. This Act has implications for online abuse such as so-called revenge porn, the distribution of explicit images of people without their consent and the distribution of cyber-bullying content – all of which manifest in multilayered victimisation. Taking action against such abuse is within the FPB mandate.

The Electronic Communications Act of 2005, as amended, regulates electronic media, particularly in the milieu of media convergence. The Prevention and Combating of Trafficking in Persons Act, 2013 pronounces on the recruitment and exploitation of children in sex trafficking and in the production of pornography.

In pursuing its strategic vision, the FPB will be guided by these laws, while upholding the values of the Constitution.

As a credible content classifier, the FPB is responsible for executing activities and initiatives aimed at successfully monitoring the creation, production, distribution and possession of legal adult entertainment, through the classification of the content of films, publications and interactive games. To ensure the objectives of the Act are carried out successfully, the FPB develops policies, procedures and processes.

In its pursuit of key outcomes and objectives, the FPB is further tasked with the protection of children and the empowerment of adults against exploitative and harmful material, thus it plays a leadership role in implementing anti-child pornography campaigns. The organisation operates in an environment that is largely influenced by rapid technological innovations in media communication channels and a proliferation of media platforms.

Among the FPB’s challenges are non-compliance by and limitations on technology platforms, the content of which is regulated or due for regulation. A key programme of this strategy is the legislative review process, which will ultimately lead to an enhanced legislative framework for the organisation. The legislative review will focus on empowering the FPB to institute penalties for non-compliance. Further, it will ensure that the legislation and technology are neutral in ensuring that the legislation remains relevant, in spite of changes in technology.

POLICY MANDATES

There is no policy mandate, as the FPB is an implementing entity for the Department of Communications and Digital Technologies (DCDT).

FPB'S ORGANISATIONAL ENVIRONMENT

MEMBERS OF COUNCIL

MS SARAH MANGENA
COUNCIL DEPUTY CHAIRPERSON

DR NATALIE SKEEPERS
COUNCIL MEMBER

MS NOBUNTU DUBAZANA
COUNCIL MEMBER

MRS THOKO MPUMLWANA
COUNCIL CHAIRPERSON

MS YOLISWA MAKHASI
CHAIRPERSON: HR/REMCO

MR MATONE DITLHAKE
CHAIRPERSON: FINANCE COMMITTEE

MS NOMVUYO MHLAKAZA
COUNCIL MEMBER
Resigned 4 June 2019

ADV ANDERSON MUDUNUNGU
COUNCIL MEMBER

ADV LUFUNO NEVONDWE
CHAIRPERSON OPITCOM

MS ZANELE NKOSI
CHAIRPERSON: RISK AND AUDIT COMMITTEE

EXECUTIVE COMMITTEE

MS ABONGILE MASHELE
ACTING CHIEF EXECUTIVE OFFICER
CHIEF OPERATIONS OFFICER

MR NDZIMENI RAMUGONDO
CHIEF INFORMATION OFFICER

MS LAURIE LESS
SHARED SERVICES EXECUTIVE

MR MAHOMED CHOWAN
CHIEF FINANCIAL OFFICER

MR TLALE MOKUTU
COUNCIL SECRETARY

CHAIRPERSON'S FOREWORD

FOR THE YEAR ENDED 31 MARCH 2020

The year under review ended with the world being plunged into a global pandemic, which affected the last quarter performance, resulting in an organisational achievement of 75% of our targets. The resilience of FPB team members during this unprecedented time is commended, as they continued their commitment to the legislative mandate. In the year under review the FPB received an unqualified audit opinion with findings from the Auditor General. This follows on the clean audit that was received in the 2018/19 financial year and is testament to a continued focus on good governance and oversight, organisational stability and process efficiency.

The Films and Publications Act (FP Act) prioritises the regulation of content of films, games and certain publications, empowering consumers to make informed viewing choices. This is particularly useful in the screening of content to which children and vulnerable members of society are exposed. In this digital age, the organisation and its key partners advocate and educate on safe usage of the internet, social media, streaming and online services.

As leaders of tomorrow, children need the protection and guidance of adults, especially as they navigate various communication platforms for learning and entertainment.

The FPB is a key role-player in the implementation of Outcome 14 of the National Development Plan (NDP) 2030 dealing with social cohesion and nation-building. For this reason, the signing of the amendment to the FP Act by the President of the Republic in the previous financial year is a major success for the organisation. Among other changes, the Amendment Act brings into the purview of the FPB the regulation of commercial online content and recourse for the public in cases of revenge pornography. Draft Regulations that support the amended Act are in place for comment by the public, and implementation will be prioritised in the new financial year.

South African society expects government to set clear policies to regulate different aspects of social life, with the sanctity of family and community advancement being at the centre of all that we do. The FPB, therefore, serves an important role in making sure that access to information, as well as learning and developmental opportunities presented by new technologies, are not abused or in any way used to harm the vulnerable.

With the growing reliance by citizens on digital content, this regulation is supported by the FPB's digital agenda. We will rely heavily into the future on new technologies and infrastructure that put the organisation at the forefront of online content regulation and on self-regulation by compliant distributors. In the year under review, we announced a major coup in bringing one of the biggest global providers of streaming content, Netflix, on board as a registered distributor of content for the South African market. This totals five online distributors with valid contracts. Engagements took place during the year, resulting in 17 online distributors being compliant. This work will be strengthened by the Amendment Act.

The focus on children is an important aspect of creating a safe environment and ensuring responsible citizenry. It is imperative to prevent premature exposure of children to adult experiences, violence and socially inappropriate media content.

The Act makes the exploitation of children in child pornography unlawful and criminally punishable. This extends to the exposure of children to pornographic material. The Children's Act of 2005 adds a further dimension to this mandate in its definition of commercial sexual exploitation of a child, which entails 'procurement of a child to perform sexual activities for financial or other reward, including acts of prostitution or pornography, regardless of who receives such a reward, or trafficking of a child for use in sexual activities, pornography or prostitution'. Furthermore, the Children's Act makes it clear that any person who permits such commercial sexual exploitation of a child is equally guilty of that crime.

The FPB is currently the only African member of the International Association of Internet Hotlines (INHOPE). Through this organisation, our work with law enforcement to analyse suspicious content and bring perpetrators of child sexual-abuse material (CSAM) to book takes on a global dimension. Child exploitation knows no country boundaries with the internet.

Therefore, in addition to classifying media and entertainment content for age-appropriateness, the FPB's strategy includes extensive public education and awareness campaigns aimed at children, parents and educators. The constant message is that adults should take a keen interest in the viewing, gaming and reading activities of their children and those in their care. This is particularly important because, with expanded access to mobile devices and the internet, the risk of exposure to inappropriate content has multiplied. Immoral online activity targeted at children and women is on the rise – some of whom are then groomed, trafficked and sexually exploited. The organisation will continue to advocate against online violence perpetrated on the most vulnerable in society in view of the scourge that is gender-based violence.

I call on South Africans from all walks of life to rally behind the work of the FPB to contribute to a safer environment for our children. As leaders of tomorrow, children need the protection and guidance of adults, especially as they navigate various communication platforms for learning and entertainment.

In addition to its own outreach programme, the FPB supported the Ministry of Communications and Digital Technology in its community education campaigns, which include Digital Terrestrial Television (DTT) awareness and rollout, as well as the launch and handover of cyberlabs in schools across the country. The FPB brings much needed safe content consumption to the communities in which technology is being rolled out.

The rollout of the Classification Guidelines, reviewed in the previous financial year, included education of consumers on classification ratings and consumer advisories. Additionally, this involved training of the creative sector and content distributors on the importance of content regulation for social cohesion. The Classification Guidelines are a powerful tool to ensure a fair, balanced and rightsrespecting approach to classifying content. The guidelines are a product of countrywide consultation with the public, capturing what citizens currently view as priority areas of content that could harm our society and should thus be regulated on their behalf.

The Council of the FPB was fully constituted during the reporting period and complied with all its statutory obligations, which included timely submission of quarterly performance information and financial reports to the Executive Authority and Parliament. The Appeal Tribunal is fully constituted but received no appeals during the reporting period.

The current Council ends its term on 2 December 2020. I thank the Ministers with whom we have built relationships for assisting the Council to fulfil its mandate, and Council members for their invaluable contribution to the FPB over the years and their resilience during unprecedented conditions. It has been a great honour working with these colleagues and I wish the incoming Council members and Chairperson all the best in continuing the great work of the FPB and its stakeholders.

In conclusion, my sincere thanks go to the Executives, Management and Staff of the FPB, and our stakeholders, for their contribution to the mammoth task of safeguarding the rights of South Africans, keeping our children safe and empowering communities. I encourage the FPB to strive to achieve 90% against its planned targets in the new financial year.

Mrs Thoko Mpumlwana
Council Chairperson

CHIEF EXECUTIVE OFFICER'S FOREWORD

FOR THE YEAR ENDED 31 MARCH 2020

'Magic lies in challenging what seems impossible'
- Carol Moseley Braun

The end of a financial year provides valuable time for mindfulness, reflection and introspection. Notably, 2019/2020 brought us to the end of a five-year strategy cycle (2014/2015 – 2019/2020), which was characterised by rapid technological change and topped with a global pandemic. As an organisation tasked with regulating an industry that has embraced the massive technology change sweeping the globe, the FPB finds itself on a steep growth curve. We are delighted with the strides made with clients, partners and stakeholders in year under review, to move fully into the fourth industrial revolution (4IR).

This move is aligned to our five-year strategic vision, and scenarios planning undertaken in February 2017, where the core drivers were to affirm our role as a content regulator

We made good progress on achieving organisational efficiencies that improve our service offering to the sector and the public.

in a democratic context, to elevate information and communication technology (ICT) as a significant enabler and to prioritise a 'high visibility, high impact' approach to stakeholder engagement.

We achieved 75% of our assigned targets for 2019/2020. Faced by the global Covid-19 pandemic that took the world by surprise towards the end of the financial year, we were unable to achieve greater outcomes, given the national lockdown. One of the casualties of the pandemic, given social distancing measures, was our flagship Southern African Development Community (SADC) workshop, a Pan-African engagement with regulators and industry to develop a harmonised continental framework for content regulation. With technology spurring greater globalisation of content consumption, the FPB has cemented its role as a leading content regular in stimulating a dialogue on synergies in Africa over the past two years.

The year 2019/2020 was one of consolidating previous gains in the legislative landscape, service delivery improvements, and achieving major gains in regulating online distribution platforms.

In conjunction with our Executive Authority and the DCDT, we brought the legislation that directs our regulatory mandate into alignment with changes in our environment. We celebrated a major coup in the year under review when the Films and Publications Amendment Bill was passed by both houses of Parliament and assented to by the President of South Africa on 9 October 2019. Since then we have worked feverishly behind the scenes to align our Regulations to the Amendment Act. Following a series of industry and public engagements on the draft Regulations that give life to the Amendment Act, we will be ready to implement in the new year. The road to achieving this has been long and arduous, as we worked to fulfil the rigours of our democratic processes.

A significant change in the Amendment Act is the regulation of content disseminated by commercial online distributors and the provision of a mechanism for reparations for victims of revenge pornography – a significant modern scourge that has arisen from the use of digital technology.

We made good progress on achieving organisational efficiencies that improve our service offering to the sector and the public. Notable contributors to this achievement are a dual focus on creating organisational stability through a consistent cohort of executives and staff, and on upskilling and reskilling. Government's digital agenda prioritises technology-related training and formal education opportunities allowed our staff to further their career development opportunities.

Increased efficiencies improved our turnaround times for content classification and distributor registrations/renewals, while ensuring that classification decisions continue to be aligned with South African values and norms. The Classification Guidelines, reviewed with inputs from subject matter experts and the general public in the previous financial year, constitute our framework for providing fair and accurate age ratings and consumer advisories. A concerted effort has been made to create a greater understanding of these revised guidelines among the creative sector, the distributor industry and the general public. The absence of appeals against our 2019/2020 classification decisions may be the result of this empowerment approach.

Our turnaround times are worth noting, with 91% of submissions for content classification processed within the targeted eight working days, the majority in five working days. This performance supports the smooth functioning of the industry and reassures distributors that the classification process does not affect their distribution schedules. Our service delivery improvement is further reflected in client satisfaction levels 3% above target.

A total of 180 raids was conducted with law enforcement officials to uncover illegal content, against a target of 48. This is testament to our strong relationship with the law enforcement community, an essential ally in keeping illicit and harmful materials off our streets. The target of 10 000 distributor compliance inspections was exceeded by almost 1 000.

The FPB plays a significant role in safeguarding the children of South Africa from CSAM, working with police and prosecutors to bring perpetrators to book. In 2019/2020, we assisted in the analysis of 19 cases and completed 100% of the analysis of suspected CSAM within 10 working days of receiving the material.

As the world marches forward in its digital evolution, content consumption trends show an increased reliance by consumers on online channels for information and entertainment. During the year, we brought more online distributors onboard, including major international distributors. The piloting of our online content regulation (OCR) system has simplified and accelerated submission of content for classification.

This report summarises highlights and lessons learnt in the 2019/2020 financial year; lessons that are beneficial as we enhance the FPB regulatory model to realise our vision for 2020/2021 – 2024/2025 of a 'media and society where FPB ratings are embraced'.

On behalf of the Executive Committee of the FPB, I thank the Executive Authority, Council and staff for their tireless efforts during the year to bring our mandate to life. Our extended partnership ecosystem of law enforcement, community-based, faith-based and non-governmental organisations (NGOs) has been a pillar in diffusing our message of safe content consumption and we appreciate these fruitful relationships. We thank our clients for walking this journey of continuous improvement with us and look forward to future engagements.

Our goal to inculcate a high-performance culture in our organisation can be achieved only by nurturing our network of enthusiastic and passionate supporters.

Ms Abongile Mashele
Acting Chief Executive Officer

OVERVIEW OF THE FPB's PERFORMANCE

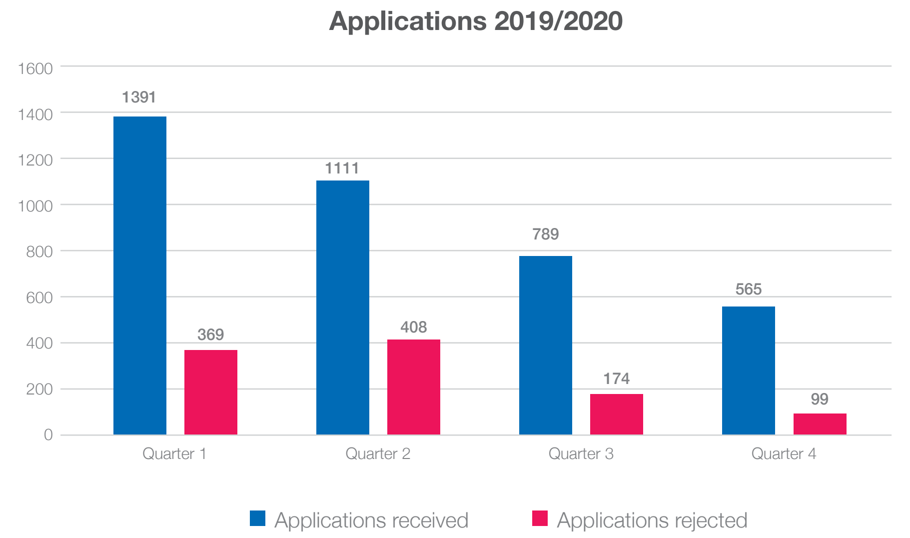
REGISTRATIONS AND RENEWALS

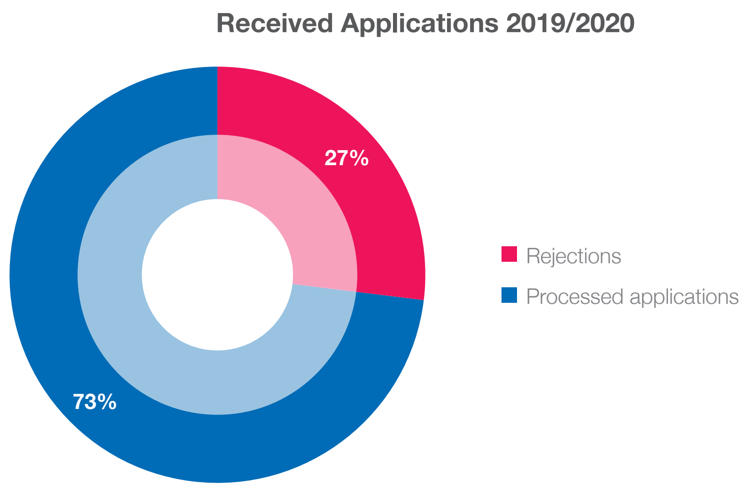
Regulating the distribution of films, games and certain publications starts with identifying and registering distributors. During the review year, 3 865 applications were received for registration and annual renewals, 2 197 of which were processed manually and 618 through the online portal. Some 1 050 applications were rejected due to insufficient documentation.

Of eligible applications, 2 412 were renewals and 403 were new registrations. New registrations are declining year on year, possibly because of the shift to online distribution and the changing composition of distribution companies in South Africa. During the period, 491 distributors closed, mostly in Gauteng.

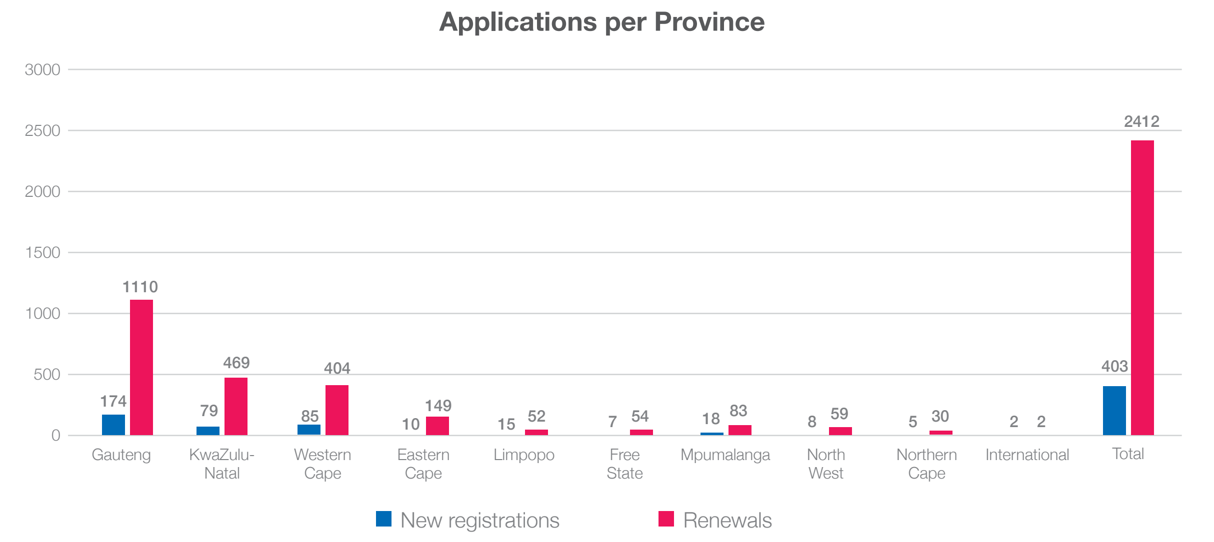
Gauteng has the highest number of distributors registered, with 1 284 processed applications. KwaZulu-Natal follows with 548 processed applications, Western Cape with 489, Limpopo with 67, Mpumalanga with 101, North West with 67 and Eastern Cape with 159. Free State registered 61 and Northern Cape 35. Four international applications were processed in this financial year.

APPLICATIONS AND REJECTIONS 2019/2020



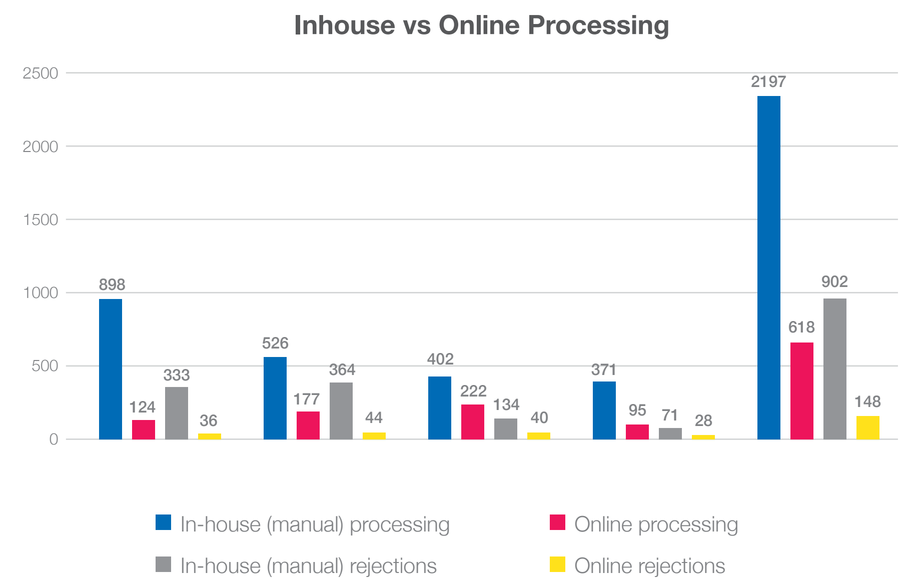


REGISTRATION APPLICATIONS PER PROVINCE

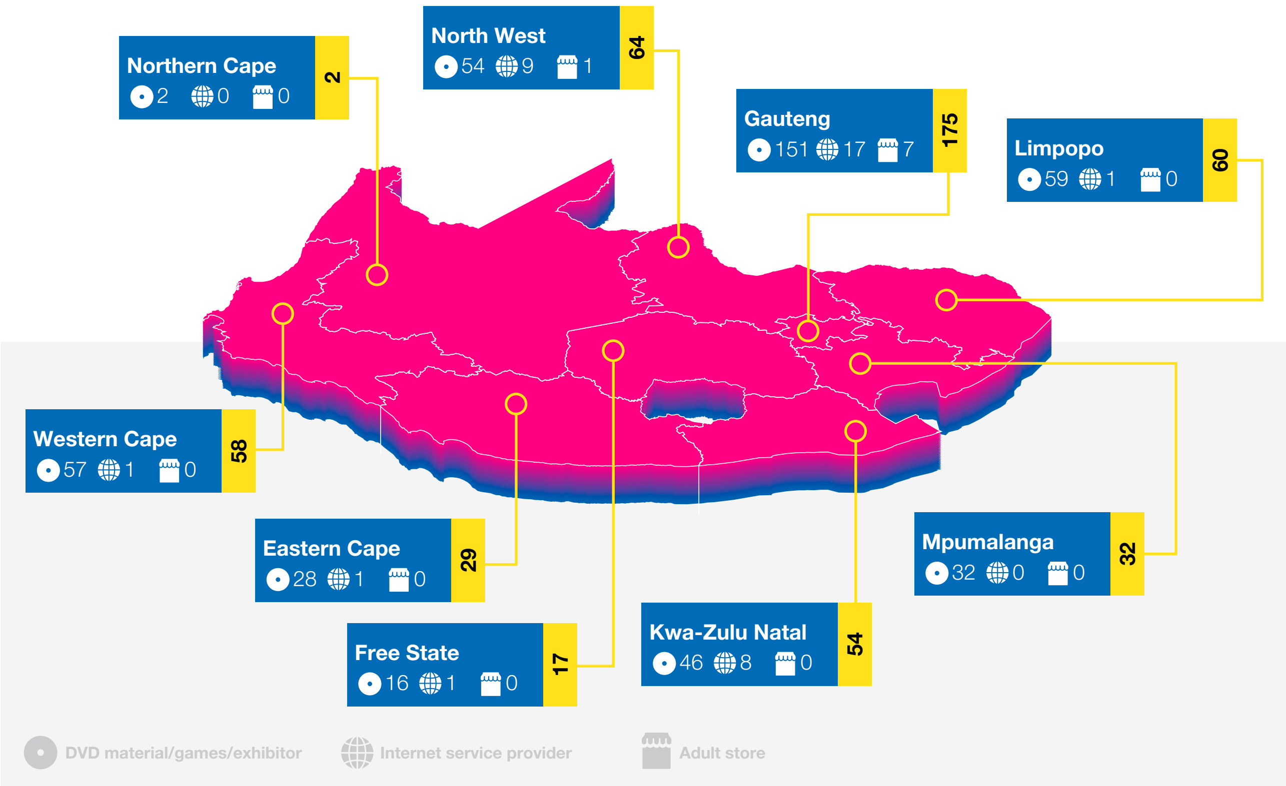


As the country advances through 4IR, the FPB encourages distributors to use its online self-service platform, with its reduced tariffs and quicker turnaround. In the year under review, 100% of all registration applications received were processed within eight working days, with 38% processed within five days.

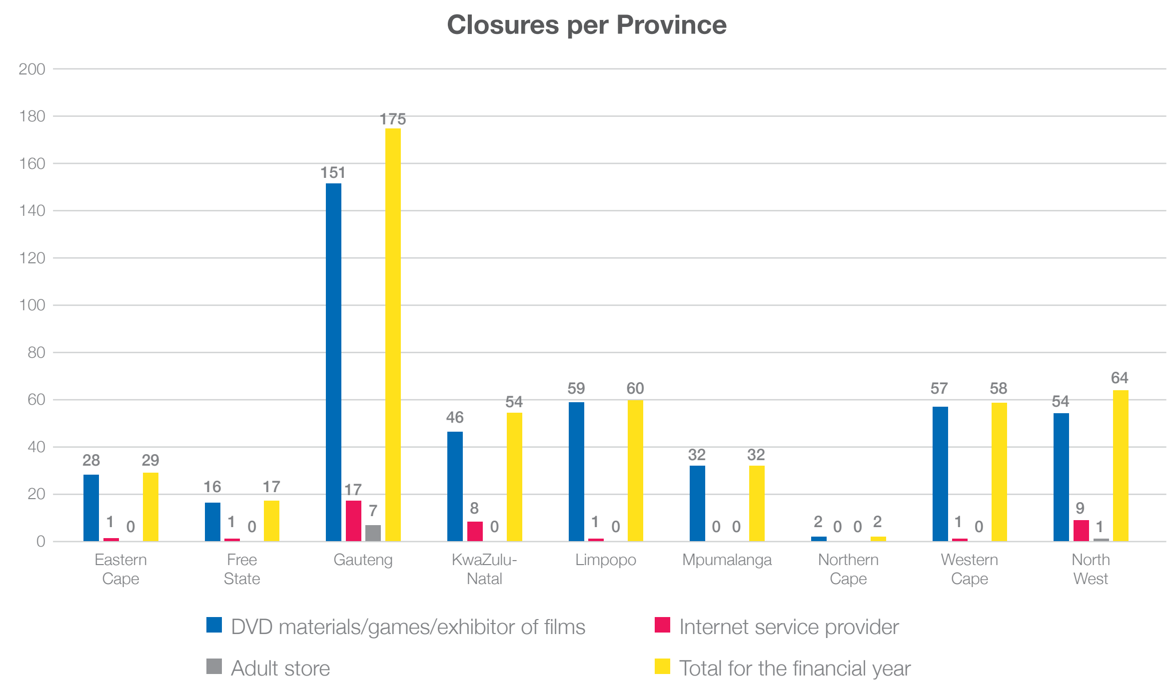
INHOUSE VS ONLINE PROCESSING OF APPLICATIONS



CLOSURES PER PROVINCE



CLOSURES PER PROVINCE



ONLINE DISTRIBUTOR REGISTRATION

More online distributors engaged with the FPB during the year, attributable to the traction of online streaming platforms in South Africa. Five licences were issued in the year under review and non-compliance notices were issued to offending online distributors. The FPB continues to engage with online distributors on legislative compliance, assisted by the FP Act enacted in 2019.

The FPB relies heavily on law enforcement partners to ensure compliance with the Act, but this approach is not adequate, particularly in online markets. Of the 17 online distributors, nine are international and eight local.

Most new online distributors have their own self-classification models, which are not aligned to the FPB Classification Guidelines. They are required to align their methods. Once an online distributor agreement is in place, the FPB is obliged to provide introductory training on the application of the Classification Guidelines to rate content, and the provisions of the FP Act and its Regulations.

The FPB conducts regular online compliance inspections, including a monthly sample of films distributed online. Feedback is given to distributors at the quarterly training sessions.

CLASSIFICATION

Classifying, a core FPB function, involves assigning age and content ratings to films, games and certain publications. These ratings juxtapose content against the Classification Guidelines, which are aligned to the mores and values of South African society. The primary aim is to protect children from exposure to harmful material and premature exposure to adult experiences, and to guard against moral, cognitive or psychological harm.

During 2019/2020, the target to classify 100% of all eligible submissions, 90% within eight working days, was exceeded by 1%, with 60% processed in under five working days. The improvement can be attributed to enhanced process management and the efforts of everyone in the classification value chain. Efficiency will further improve when the OCR system is fully implemented.

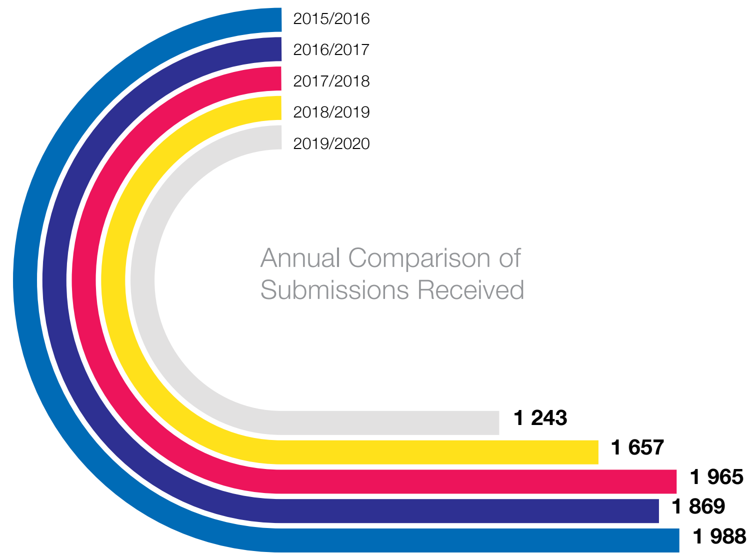
CONTENT SUBMISSIONS FOR CLASSIFICATION

The number of classification submissions received declined in 2019/2020, contributing to the 37% decline of the past five years. In 2015/2016, the FPB received 1 988 submissions compared to the 1 243 titles received in the review year.

Some 362 submissions were received in the first quarter, with only 251 titles submitted in the fourth quarter. The biggest decline was in quarter three.

This can be attributed to the streamlined distribution method of many companies, through which a distributor has

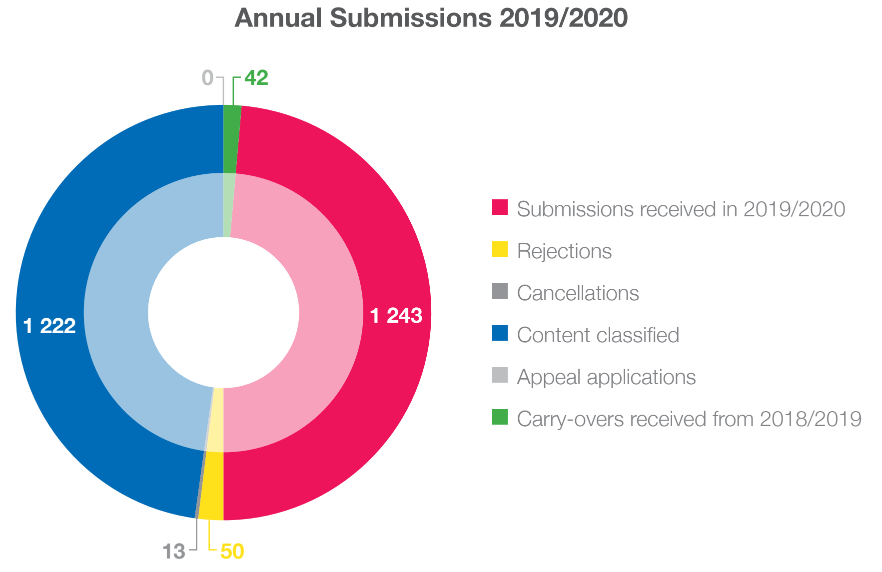
ANNUAL FIGURES – SUBMISSIONS FOR CLASSIFICATION



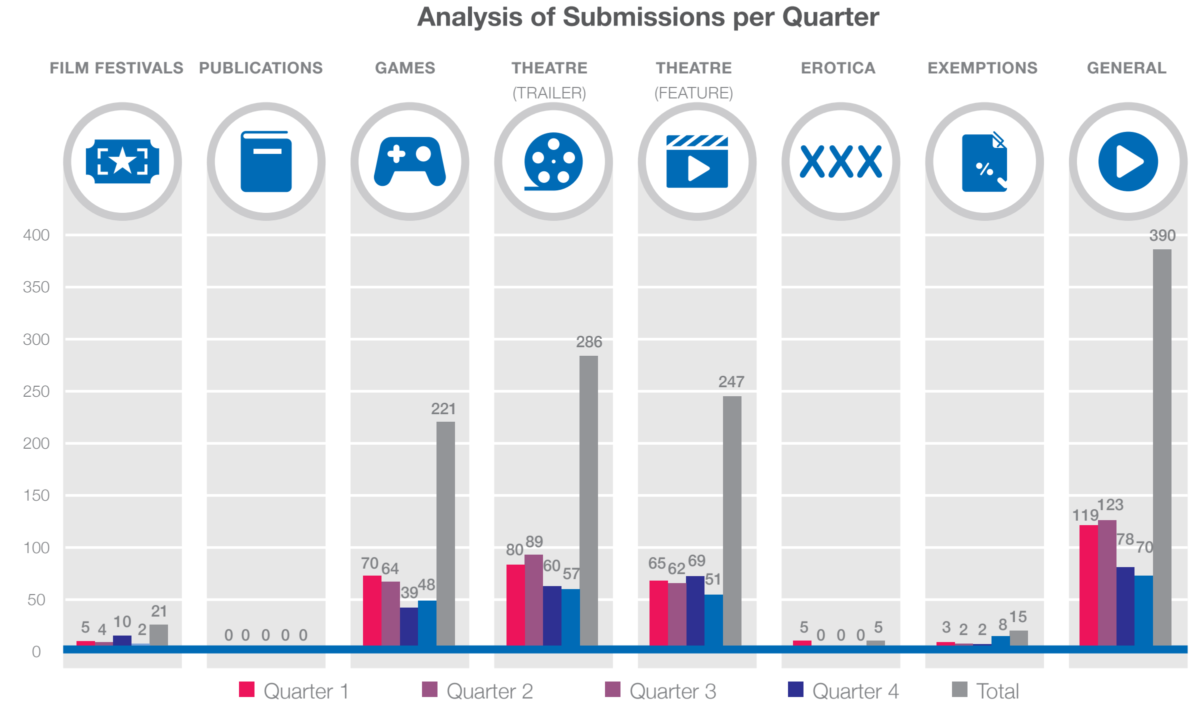
material classified and sells a classified title to exhibitors, reducing the number of exhibitor submissions. The impact of Covid-19 was felt in the fourth quarter, as many cinemas and production houses across the globe were closed.

Film festivals constituted the only submission category that increased during the year, which shows an improvement in compliance from the first quarter compared to the third quarter. A tracking tool, developed to communicate timeously with festival organisers before their events, improved the rate of content submission within the stipulated timeframes. The popularity of DVDs dropped, from 119 in the first quarter to only 70 in the fourth, a result of the high demand for video on demand (VoD) content easily accessible to those with data to stream from over-the-top platforms. The games category also declined dramatically, from 70 in the first quarter to 48 in the last. The drop in the cinema category was not as pronounced, as cinemas offer popular family entertainment with unique offerings such as 3D and 4DX, which cannot be enjoyed at home. Gauteng headed content submissions, accounting for 906 of the 1 185 titles submitted. International submissions ranked second, with 172. Piloting of the OCR system brought both gains and challenges. Greater automation of classification is a plus for distributors, but system glitches affecting turnaround will need to be resolved for the OCR system to be fully functional in 2020/2021.

ANNUAL SUBMISSIONS 2019/2020



QUARTERLY BREAKDOWN OF SUBMISSIONS PER GENRE



APPEAL APPLICATIONS

No appeal applications were lodged during the review year.

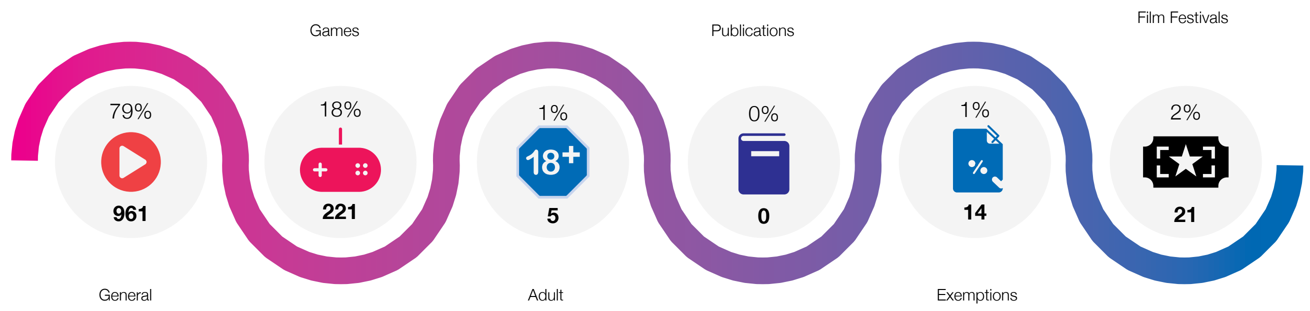
CLASSIFICATION DECISION TRENDS (2019/2020)

Classified content amounted to 1 222 items, which included those carried over from the previous financial year, and covered general material, trailers, games and film festivals. Classification decisions provide a glimpse into the content that was consumed in South Africa during the year, except broadcast material and VoD streaming platforms.

The FPB received for processing 961 (79%) general material items, 221 (18%) games, 21 (2%) film festivals exempted for exhibitions throughout the country, 14 (1%) exemptions of mainly religious content and only five (0%) adult content items.

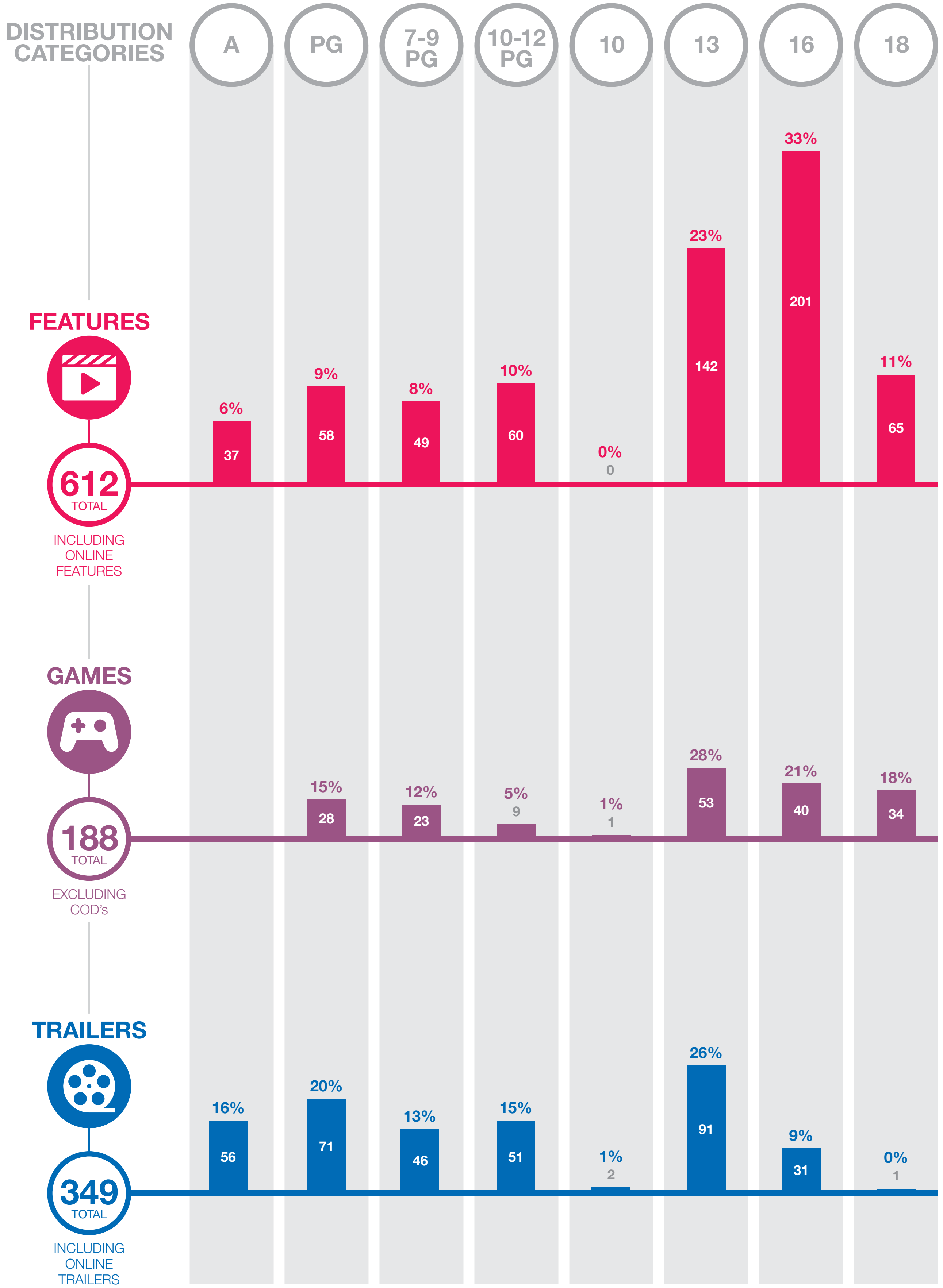
TYPES OF CONTENT CLASSIFIED

Annual - Types of Content Classified
Total classified: 1 222 titles (including CODs)



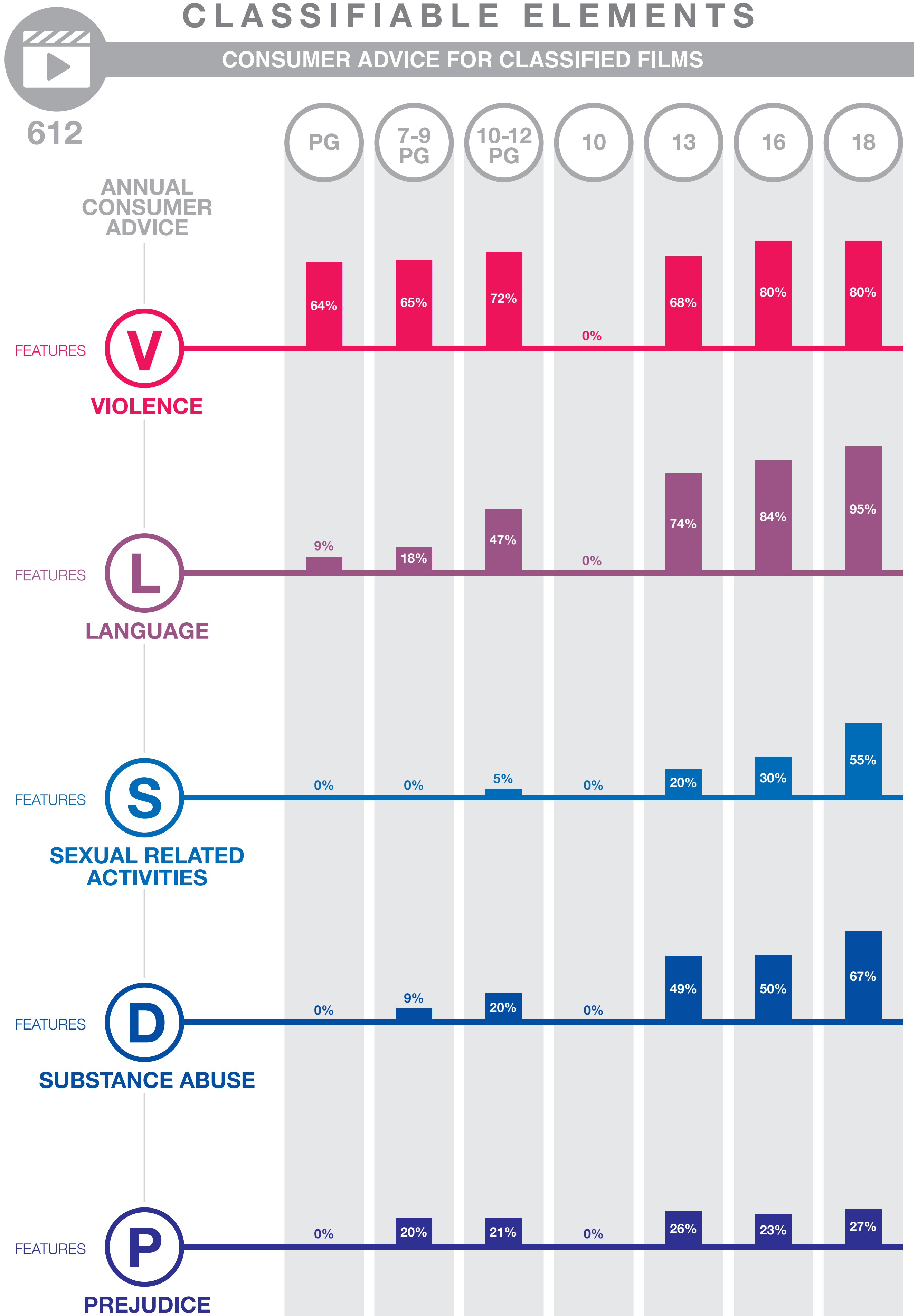
AGE RESTRICTIONS

CONSUMER ADVICE FOR CLASSIFIED FILMS



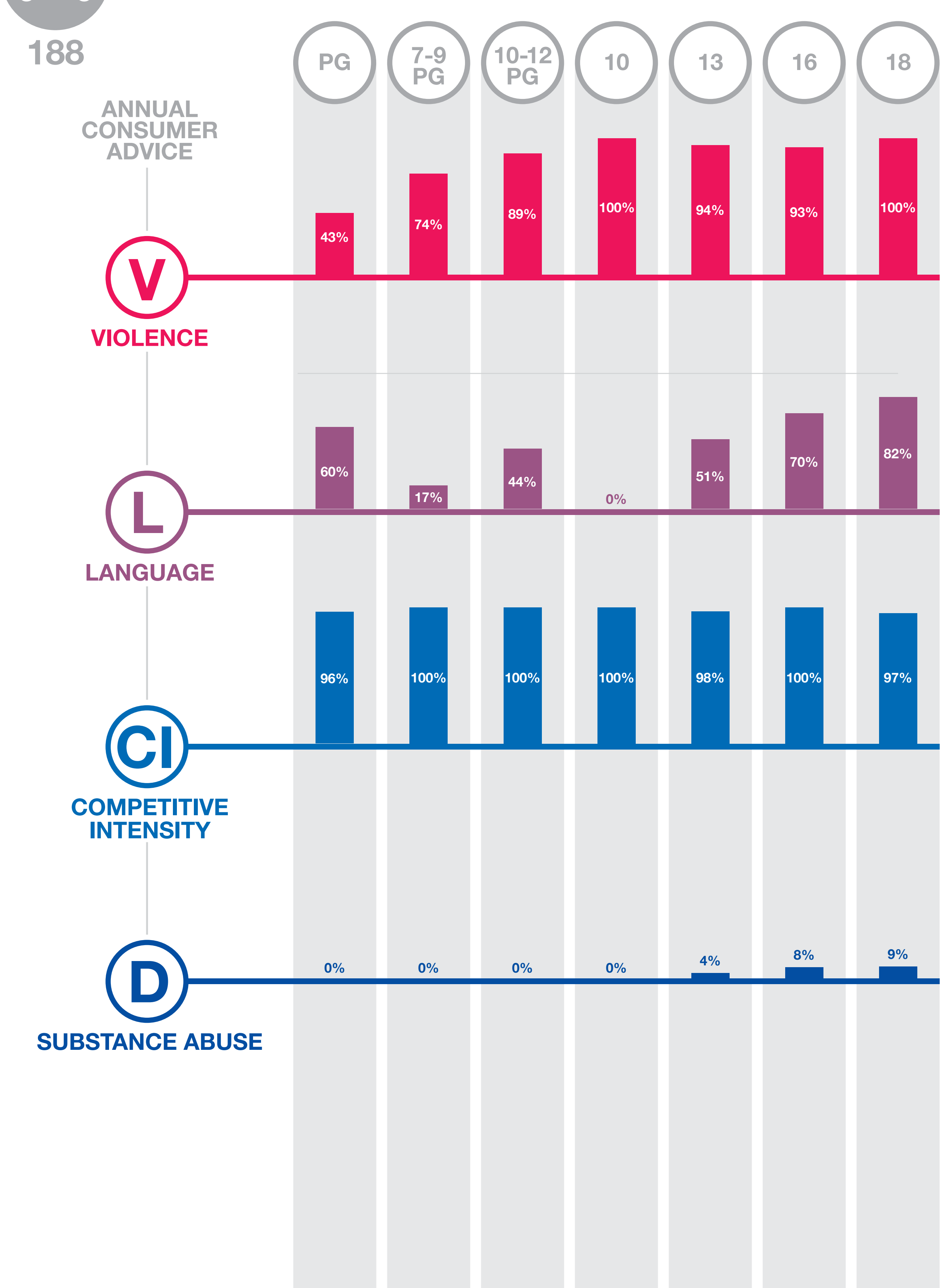
CLASSIFIABLE ELEMENTS

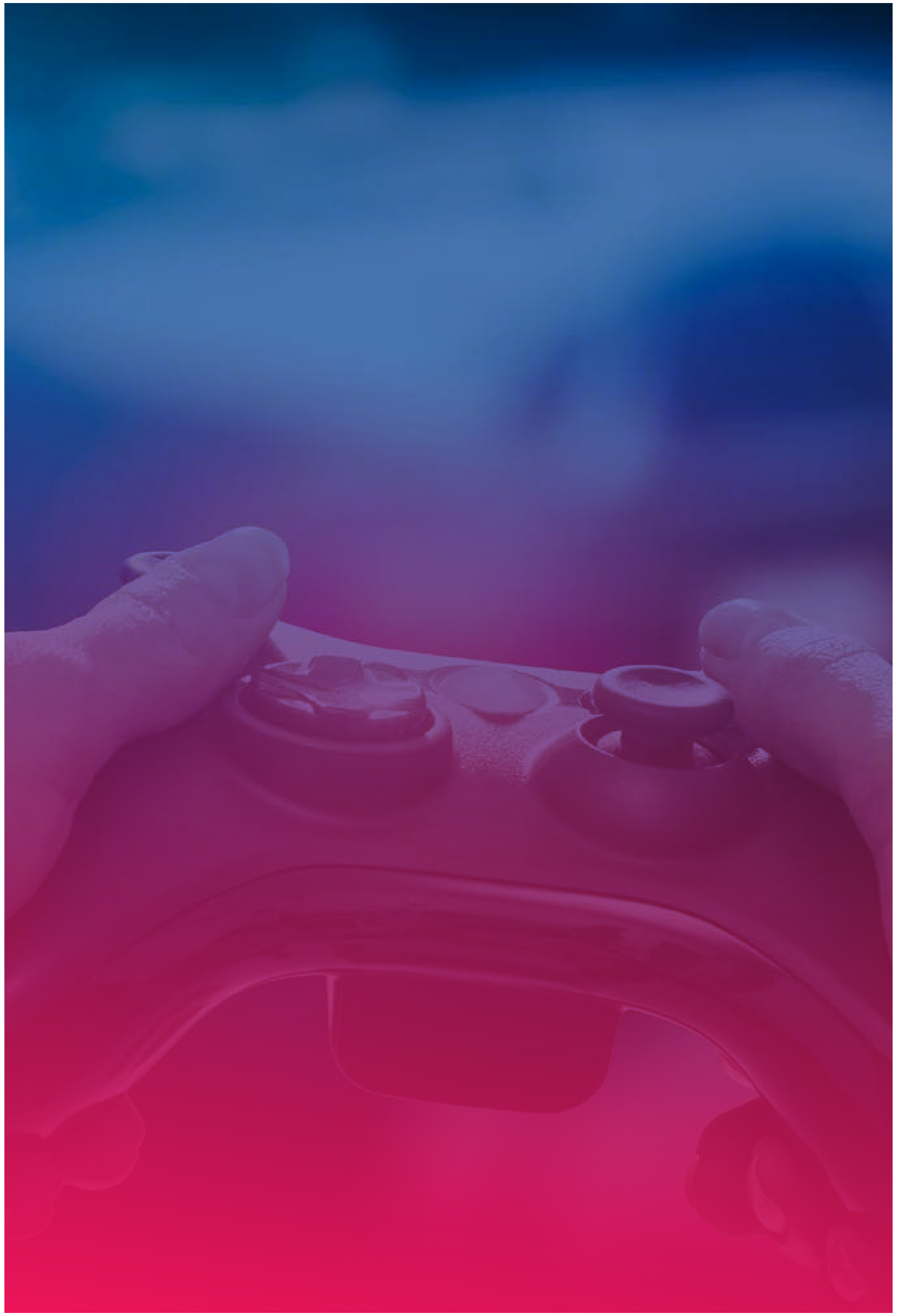
CONSUMER ADVICE FOR CLASSIFIED FILMS



CLASSIFIABLE ELEMENTS

CONSUMER ADVICE FOR CLASSIFIED GAMES





FILM FESTIVAL GROWTH

Film festivals are collaborations among festivals, filmmakers, funding institutions and audiences globally are an alternative means of distribution of content. They are places of discovery, where film and cinema can be explored by audiences of all ages and interests.

They further provide a screening platform for non-commercial films and showcase the work of new and upcoming creatives who may not otherwise be seen. They are an opportunity for filmmakers to bond with audiences and industry role-players.

In the year under review, 300 South African films were screened at film festivals in South Africa.

The number of film festivals hosted locally has grown, as have the achievements of South African films and documentaries on the world stage. The FPB is privileged to be part of this journey and its contribution to the economic growth of the industry, nation building and social cohesion in South Africa and the world.

Through the increased and concerted efforts of the FPB Compliance and Inspections Unit and Client Support Unit, film festival content submitted almost doubled from 2018/2019 to 2019/2020. The units educate film festival organisers on the importance of complying with the FP Act and Section 25 of the Films and Publications Regulations.

The FPB paid R419 000 in classifier fees to ensure exemption of all film festival applications processed, a significant investment to ensure compliance and encourage the growth of this distribution format.

CLASSIFIER DEVELOPMENT PROGRAMME

The FPB is committed to the ongoing training and development of classifiers to ensure good governance in classification and that content is classified accurately against the Classification Guidelines. Classification workshops are conducted quarterly.

During the year, these workshops focused mainly on the application of the new Classification Guidelines that came into effect on 1 June 2019. Most challenging was the assessment of violence in the 10-12PG and 13 categories against the provision of the guidelines that violence may not have any noticeable effect. This is particularly difficult with fantastical, unrealistic and animated content.

Classifiers should have a broad understanding of South African constitutional principles and the ability to interpret and apply legislation. To this end, the South African Human Rights Commission delivered training on prejudice and cultural diversity, which was invaluable in showing that discrimination and prejudice in content can be very subtle while infringing on the rights of less-common groups and practices protected in our Constitution, including disabilities and body shaming. Particularly challenging is the classification of content that discriminates but is presented as comedy.

Classifiers were introduced to the Amendment Act assented to by the President on 19 September 2019. The first draft of the Regulations was workshopped with classifiers to solicit their inputs.

Excellent report writing, critical thinking and analytical skills are essential, as classifiers must submit detailed reports that strongly justify their classification decisions. Training and mentoring are provided throughout the year.

Classifiers are appointed independent consultants by the FPB Council. Five classifiers resigned during the year and one classifier was inactive. Nevertheless, the group remains demographically representative of South African society.

CHILD PROTECTION

CSAM analysis

The Family and Child Protection Services (FCPS) division of the South African Police Service (SAPS) submitted to the FPB 19 cases with suspected CSAM images for content analysis and verification. These cases were from Gauteng (58%), Western Cape (21%), KwaZulu-Natal (10.5%) and Free State (10.5%).

Some 123 227 images were referred for analysis, 93 447 (75.8%) of which were analysed.

Of those 93 447, 4 435 were found to constitute CSAM. The images were retrieved from six of 15 cases analysed. Four cases were carried over to 2020/2021.

Trends noted:

- Images found on the alleged perpetrators were not generated by the perpetrators themselves.
- The cases referred did not involve creation, production and distribution of CSAM, but its possession.
- Images were collected from different websites and a collection was created.

None of the cases was concluded – they are still under investigation and will be placed on the court roll as soon as the dockets are ready.

COMPLIANCE MONITORING

Inspections

The compliance monitoring team inspects physical and online platforms in all nine provinces and hosts workshops with law enforcement agencies.

Inspections are conducted to ensure distributor compliance with registration requirements, submission of material for classification and display of classification details on material sold to consumers. During the year, 10 953 inspections were conducted on physical and online platforms such as online stores, social networks and VoD platforms.

Some 679 notices of non-compliance were issued to non-compliant distributors for the following contraventions:

- Unclassified material on display
- Unregistered distributors
- Failure to renew registration.

Destruction

The FPB, with law enforcement agencies, conducts regular raids to confiscate illegal discs. The discs are destroyed with other evidence submitted to court, once the court cases are concluded to ensure they do not make their way back to the market. Five destructions in the central, northern and western regions were attended by members of SAPS, Metro Police, distributors, members of the media, the KwaZulu-Natal Film Commission and Government Communication and Information System. In the central region, 30 000 discs were destroyed, with 68 500 in the northern and 39 000 in the western regions. The estimated street value of the destroyed material was R13.75 million.

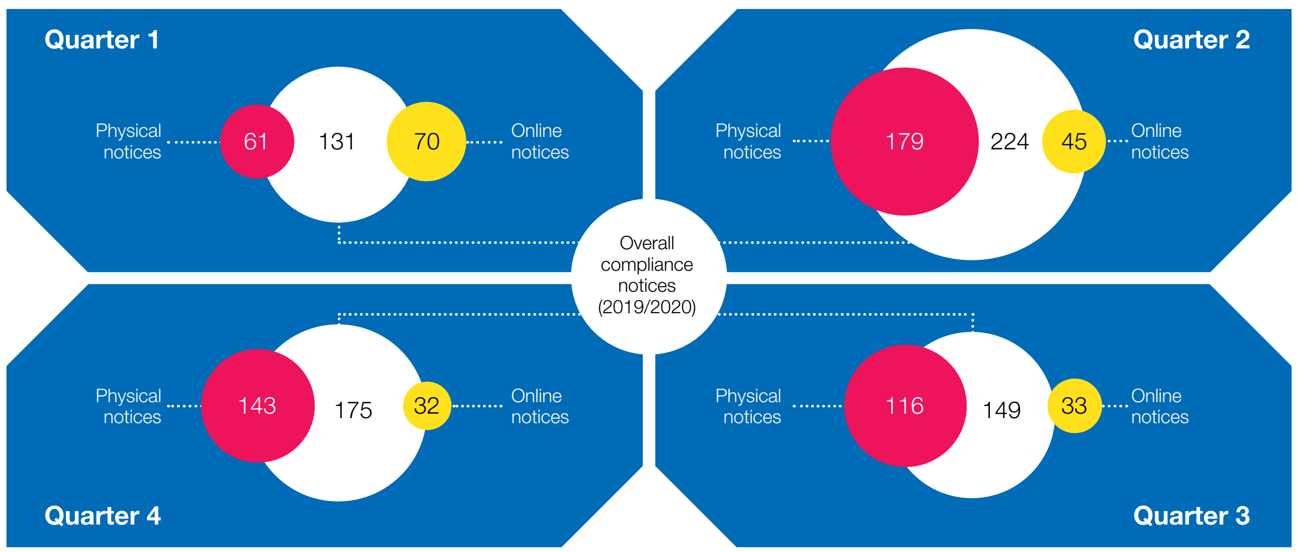
CLIENT SATISFACTION SURVEYS

Client satisfaction surveys conducted by the FPB assess the Client Support Unit's service delivery efficiency and effectiveness. An online assessment tool gauged clients' satisfaction with their FPB interaction. Of 3 077 questionnaires distributed, 135 (4.38%) responses were received. As the response level is very low, an automated process will be adopted in 2020/2021.

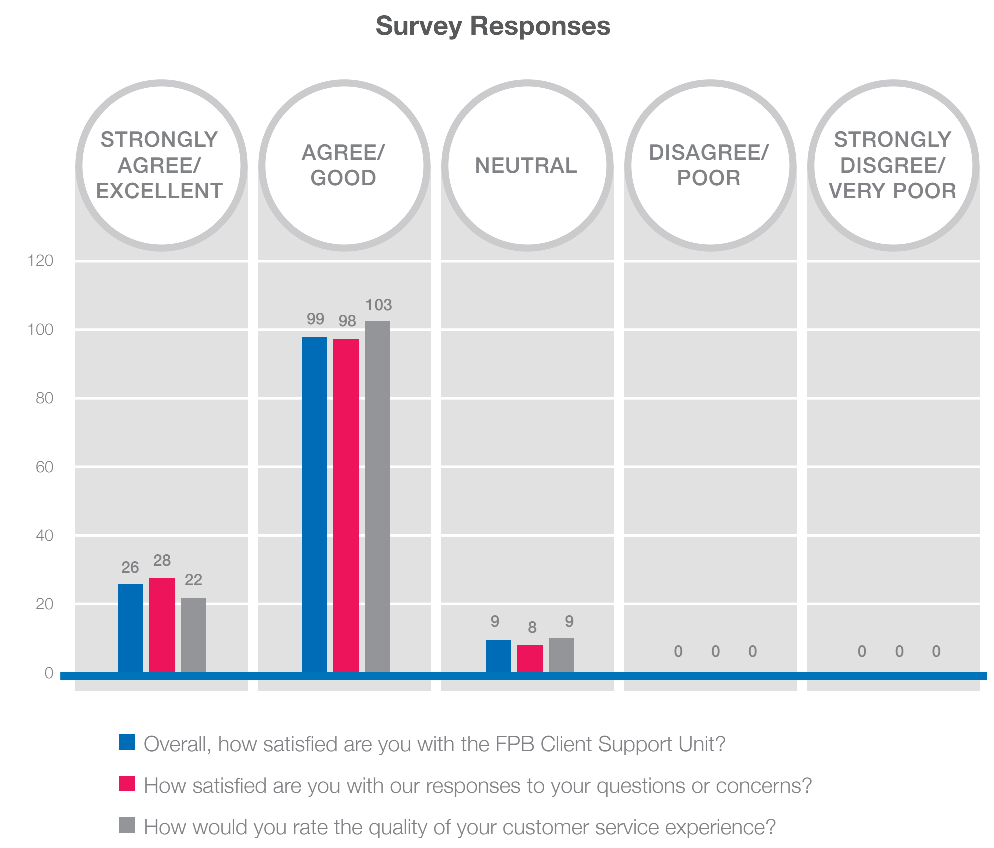
Analysis of the responses received indicated that:

- 94% of respondents were satisfied with the FPB's efficiency and effectiveness, with 19% of these rating the service excellent and 73% good.
- 93% of respondents were satisfied with how their questions or concerns were handled, with 93% giving 'excellent' and 'good' ratings and only 7% rating it 'neutral'.

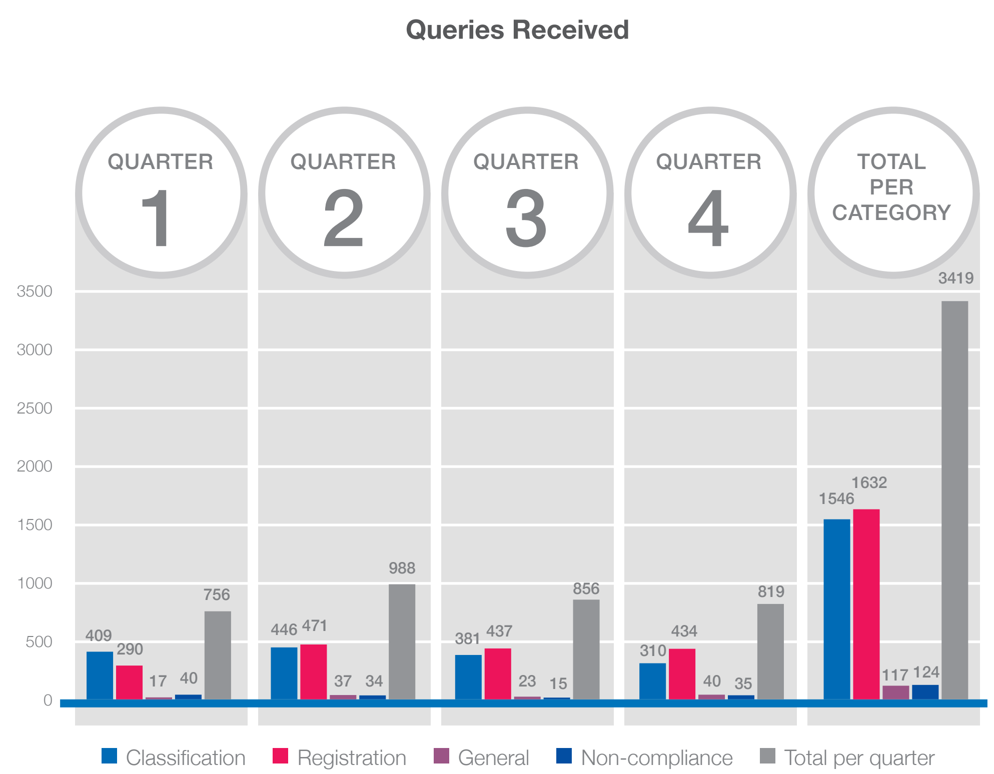
TABLE 2: NON-COMPLIANCE NOTICES ISSUED



SURVEY RESPONSES



QUERIES RECEIVED



QUERIES MANAGEMENT

During the year under review, 3 419 queries were received, 3 370 (99%) of which were resolved within the set turnaround times and 49 (1%) outside the set turnaround times.

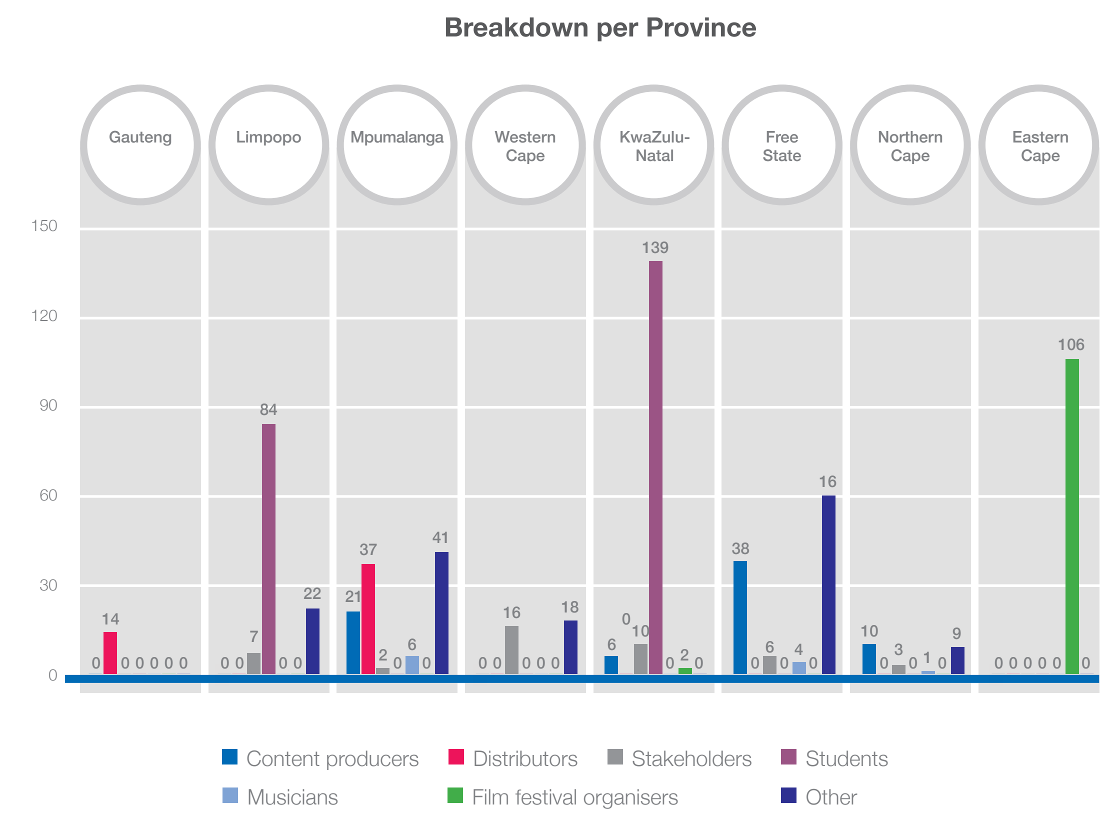
Most of the queries (1 632 or 48%) related to applications for new registrations/renewals and the associated tariff fees. Queries on content submissions numbered 1 546 (45%) and related mainly to application for content submission. Some were follow-up enquiries on classification requirements and decisions, requests for classification reports or queries on invoices.

The online compliance team escalated 124 (4%) queries about non-compliant distributors who were either not registered or had expired distributor licences. General queries numbered 117 (3%) and were predominantly information requests on vacancies, tenders, accounts, the FPB mandate, industry requirements, workshops and public engagements.

INDUSTRY ENGAGEMENTS

Twenty-one industry workshops and 28 one-on-one sessions were held, with 662 attendees reached. The workshops, held in eight provinces, targeted distributors, creators and producers of films, games distributors, film schools, and online content distributors with distribution agreements with the FPB. The breakdown of attendees is as follows:

BREAKDOWN OF ATTENDEES PER PROVINCE



FILM AND PUBLICATIONS AMENDMENT ACT AND REGULATIONS

The President of South Africa assented to the Films and Publications Amendment Bill, 2015, after it was accepted by both houses of Parliament, thereby promulgating the Films and Publications Amendment Act, 2019.

The Amendment Act comes into operation on a date to be proclaimed by the President in the Government Gazette.

The current Films and Publications Regulations, 2014, needed to be amended, given the promulgation of the Amendment Act and because they do not fully reflect the demands and technological advances, especially of online platforms. Amendments will better align the Regulations with constitutional values aimed at protecting children from disturbing and harmful content.

The Legal and Regulatory Affairs Unit directed the review of the Regulations, with inputs from various FPB business units.

In addition to a feedback report submitted, the unit drafted responses to the South African Law Reform Commission Discussion Paper 149: Sexual Offences, notably on cited provisions pertaining to the FP Act.

In the fourth quarter, the revised draft Films and Publications Regulations, 2019, was approved by the Council, then submitted to the Executive Authority for consideration and approval. A notice informing the public that the draft was open for comment was prepared and submitted to the Executive Authority for publication in the Government Gazette.

The Socio-economic Impact Assessment Report to be submitted with the final draft of the Regulations was discussed with the Department of Performance Monitoring and Evaluation. On 27 February 2020, the Minister of Communications and Digital Technologies communicated approval of Regulations, but the announcement in the Government Gazette was delayed in the wake of the Covid-19 pandemic.

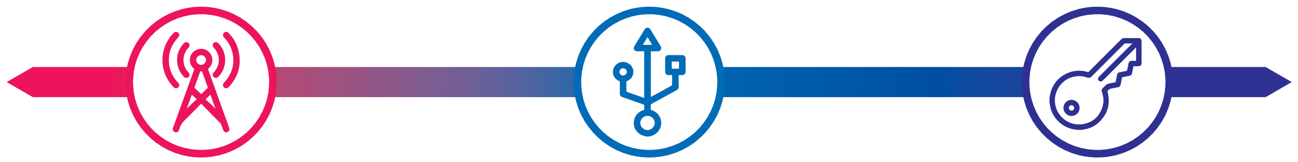
INFORMATION AND COMMUNICATION TECHNOLOGY

In 2019/2020, the first year of the FPB's Digital Agenda Strategy, the Information and Communication Technology Unit achieved 93.4% of its Annual Performance Plan deliverables against the annual ICT plan. The Digital Agenda Strategy will take the FPB into the digital generation of automation, use of innovative technologies to drive the current digital landscape, and adoption of new trends for effective industry regulation.

As with all industries, the media and entertainment industry is constantly being reimagined and disrupted. Marked shifts in content distribution globally have impacted the operating model of the FPB, including use by content creators and distributors of advanced technologies such as online streaming, VoD, and virtual reality and artificial intelligence.

The role of ICT at the FPB, thus, includes developing world-class infrastructure and applications that will enable the organisation to deliver on its mandate and to champion strategic use of technology for seamless business operations.

This Digital Agenda Strategy is built upon three pillars:



Achievements for the year included:

- Review and approval of the ICT governance framework to ensure effective governance of ICT aligned to FPB governance structures.
- Development of an enterprise architecture to guide implementation of ICT initiatives to realise the digital agenda vision.
- Development of an ICT security framework to be implemented in 2020/2021 to facilitate prevention and detection of, and respond to, cybersecurity threats.
- To maintain the stability and responsiveness of FPB applications, functionality gaps were identified and resolved. This included development of an applications portfolio rationalisation approach to ensure a consolidated, integrated, responsive and scalable applications portfolio. One of the key deliverables is the completion of the FPB mobile application.
- No major incident impacted business operations.
- Biannual testing of the business continuity and disaster recovery capability was conducted and identified improvements implemented.
- ICT policies were reviewed and supporting documents developed.

During the period under review, the ICT manager and the systems administrator resigned, creating resource constraints that affected achievement of targets.

FPB's DIGITAL AGENDA

FPB's DIGITAL AGENDA

To enable technology capabilities to automate transactional services and optimise available solutions for increased efficiency and provisioning of digital services to clients and partners.

DIGITISATION	DATA ANALYTICS AND BUSINESS INTELLIGENCE	TECHNOLOGY TRENDS ADOPTION	IMPROVE ICT GOVERNANCE AND SECURITY	LEVERAGING AGENCY TRANSFORMATION
Enable technology capabilities to automate transactional services and optimise available solutions for increased efficiency and provisioning of digital services to clients and partners.	Deliver an integrated data analytics capability to enable increased usage of data for effective decision making, saving of data, provision of trends and business analytics as well as data protection.	Research, adopt and use technologies that are driving the 4IR to enable capabilities characterised by innovative technologies.	To ensure effective governance to best practices for ICT, alignment of all deliverables with organisational requirements and optimisation of available resources.	Contribute to building a pool of ICT skills (industry specific) with a focus on 4IR readiness, core and critical scarce skills.

RESEARCH, POLICY AND ADVOCACY

With 4IR come significant shifts in content creation, consumption and distribution patterns. Technological disruption is not only a key driver of success in the modern world, but essential to business survival. Research that keeps pace with technology is thus central to inform FPB operations and practices. Media content regulation in a modern constitutional democracy is a knowledge-driven enterprise that requires informed, evidence-based decision-making. Whereas past regulations were in character and form an arbitrary exercise through which government expressed its worldview through censorship, modern regulation requires empirically sound research to inform its design and practices.

The FPB's research strategy includes global benchmarking of best practices and trends analyses to ensure relevance and agility in adapting to a fast-changing world. The strategy acknowledges the critical advocacy role that research plays in the provision of new knowledge (epistemology) of how industry operates and will grow. It allows the FPB to pre-empt new technologies and upskill its employees accordingly.

The establishment of a research reference group will leverage external capacity to strengthen the FPB's work. The group, consisting of professionals and academics with expertise in data science, monitoring and evaluation, social media law, child protection and social research, provides the FPB with invaluable insight and guidance.

The Research, Policy and Advocacy Unit achieved several important milestones during the year. The biennial convergence survey assessed the correlation between the FPB's age ratings and consumer advisories and the social norms and values of the South African public (the FPB's ratings are based on empirically researched guidelines, which are subject to extensive consultation and public engagement and aligned to constitutional principles).

The survey, which began towards the end of the financial year, involved 21 highly qualified fieldworkers overseen by a senior researcher. More than 7 000 interviews were conducted, information collected and collated, and data cleansing and analysis started. Expectations from this survey are high, given the rigour with which it was done. Unlike the previous convergence survey reports, this year's report was developed around a framework of analysis, and clearly spelled out hypotheses it sought to test.

The unit advanced the FPB's reputation as a thought leader in content regulation, publishing several topical articles and opinion pieces. An article on toxic hypermasculinity went viral, and was republished on various platforms in South Africa, Ethiopia, Uganda, Algeria and Tunisia. An abstract titled 'Online child abuse in South Africa: the call for coordinated approaches to combat, prevent and bring perpetrators to book' was submitted to the South African Monitoring and Evaluation Association conference. The paper was accepted and the FPB invited to present at this prestigious event.

The Research Unit is a member of the 'Step it Up for Gender' advisory group funded by the German Development Agency (GIZ) and UN Women to combat gender-stereotyping in the media, a contributor to gender-based violence.

Four focus group discussions with experts on children living with disabilities were moderated, providing insights into how the FPB can respond to this relatively neglected area.

COMMUNICATIONS OUTREACH AND PUBLIC EDUCATION

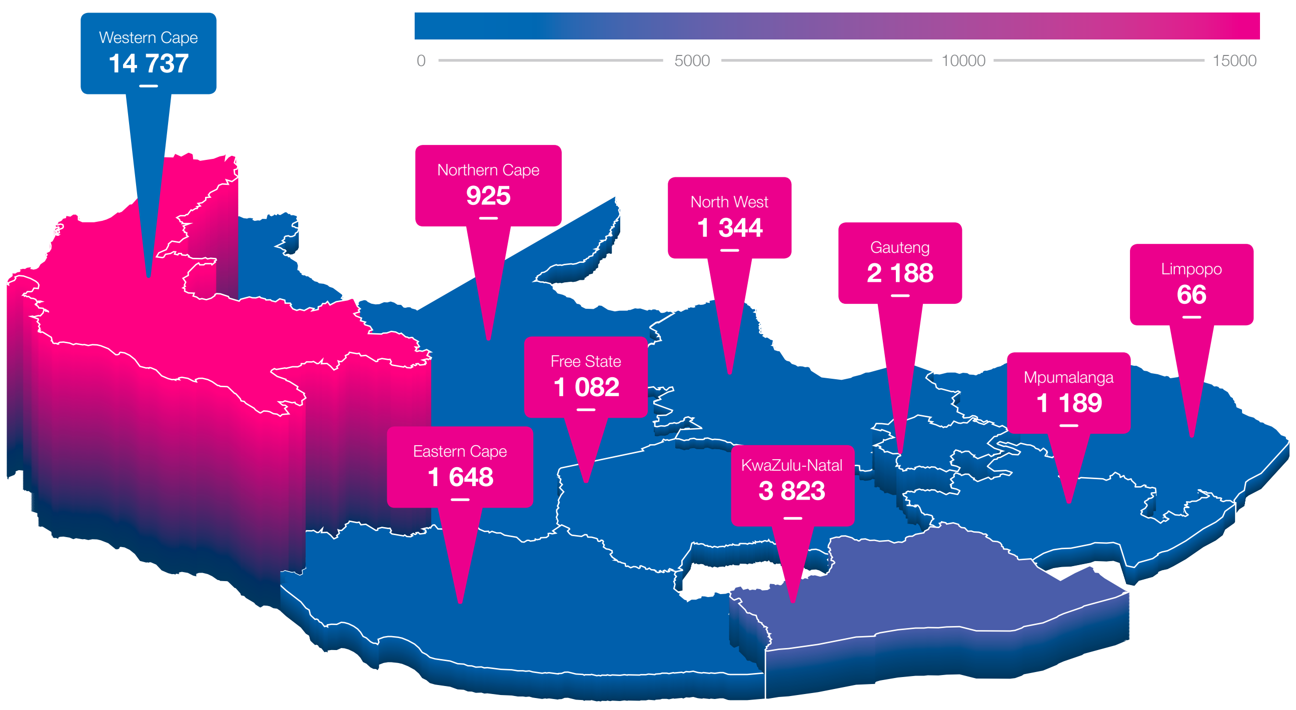
In the words of Jordan Queen Rania Al-Abdullah: 'We are stronger when we listen, and smarter when we share.'

The FPB promotes awareness of its regulation work to create a positive brand image, but particularly to advocate the safe consumption of content in films, games and certain publications. Stakeholder interaction is key.

A three-year Integrated Communications Strategy and a two-year Stakeholder Engagement Strategy were developed to achieve 'high visibility, high impact', which will grow the FPB footprint across the country and the continent through focused public education campaigns and strategic stakeholder engagements.

In addition to stakeholder relations, the FPB educates the public about the dangers of exposing children to age-inappropriate and harmful content. Other vulnerable groups receive special attention, such as women exposed to gender-based violence, low income and rural communities with minimal access to digital technology, and differently abled citizens who face special challenges in accessing content.

NUMBER OF LEARNERS REACHED FINANCIAL YEAR – 2019/2020



Public interaction takes place through face-to-face outreaches and workshops, media messaging and online platforms. An FPB mobile application giving citizens access to information on content regulation will be launched in the next financial year.

The line between content creator and content consumer has become blurred as more affordable tools for both creation and dissemination of materials come on stream.

As this becomes the new normal in a more globalised society, it will be both beneficial and potentially harmful to society. Cyber safety and responsible digital citizenship programmes are main focuses of public education for the FPB, considering the prevalence of cyber-related crimes and infringements of individual rights online.

A concerted effort has been made to expand the footprint of the organisation in all provinces through community outreaches and social media campaigns. The heatmap above illustrates the expanded footprint achieved in 2019/2020.

By the end of the financial year, outreach activities had been conducted in 35 schools and six cinemas, and with seven youth NGOs. In addition, almost 24 000 citizens were reached through education initiatives.

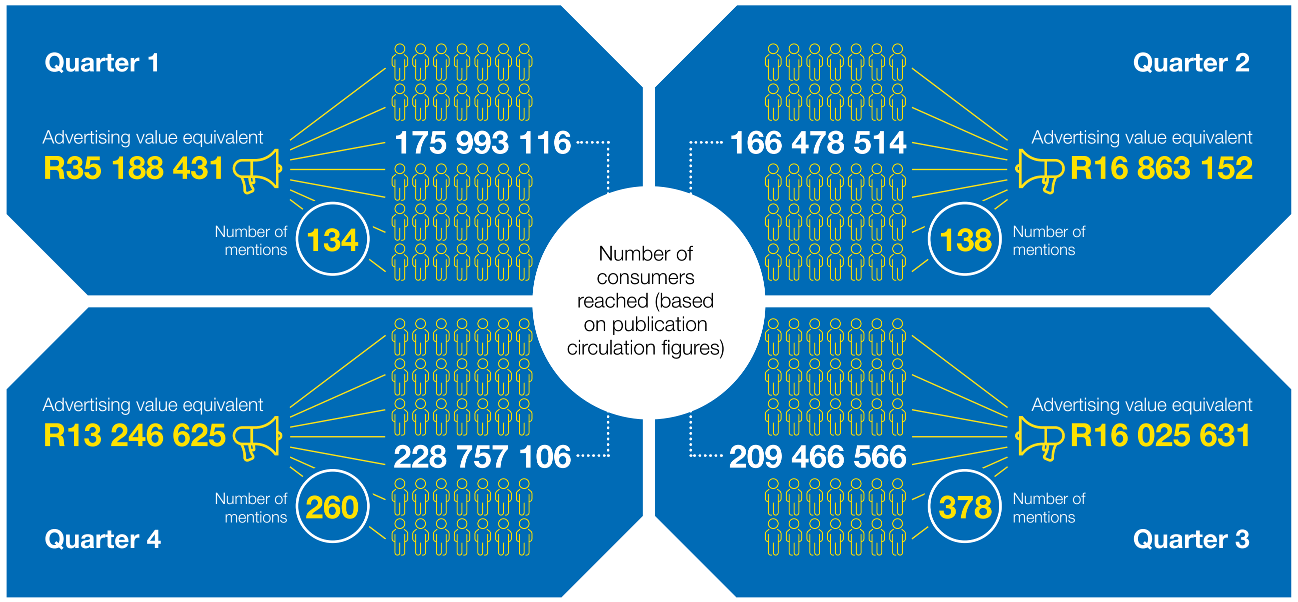
Four flagship campaigns were conducted:

- Child Protection Week in KwaZulu-Natal in June 2019
- Women's Month outreach in Mpumalanga in August 2019
- 16 Days of Activism for No Violence Against Women and Children in November/December 2019 in Limpopo and Eastern Cape
- Safer Internet Day (SID) in February 2020 in North West.

SID is taken to a different province each year. The 2019/2020 event took place in Rustenburg, benefitting 120 learners from five schools. The campaign included a social media campaign in collaboration with sister entity .ZADNA, with key messages amplified by China Global Television Network, SABC News and The Star newspaper. Campaign partners included Google, Facebook, Media Monitoring Africa (Web Rangers programme implementers), SAPS, Media Development and Diversity Agency and DCDT.

Mpumalanga was chosen for the Women's Month outreach due to the impact there of trafficking of women and girls, often using digital networks.

TABLE 3: MEDIA COVERAGE AND PENETRATION



Thirteen media releases and six opinion pieces were disseminated, using the 360-degree approach to content creation espoused in the FPB's Integrated Communications Strategy.

Daily media and social media monitoring identified topical issues related to the FPB mandate for use in its media positioning. These included court cases against suspected paedophiles and the public outcry against harmful and inappropriate games for children.

Thought leadership articles during the year took themes including gaming addiction, paedophilia, CSAM and the internet, cyber misogyny and gender-based violence, toxic masculinity, fake news and deep fakes.

During the 2017/2018 and 2018/2019 reporting periods, the Communications Unit based social media targets on engagement by social media followers on FPB-owned social media sites, but the system was flawed, as it was not within the FPB's control, but was impacted by the public.

In 2019/2020, the target was revised to measure posts made only by the FPB, with the target set at 1 000 posts.

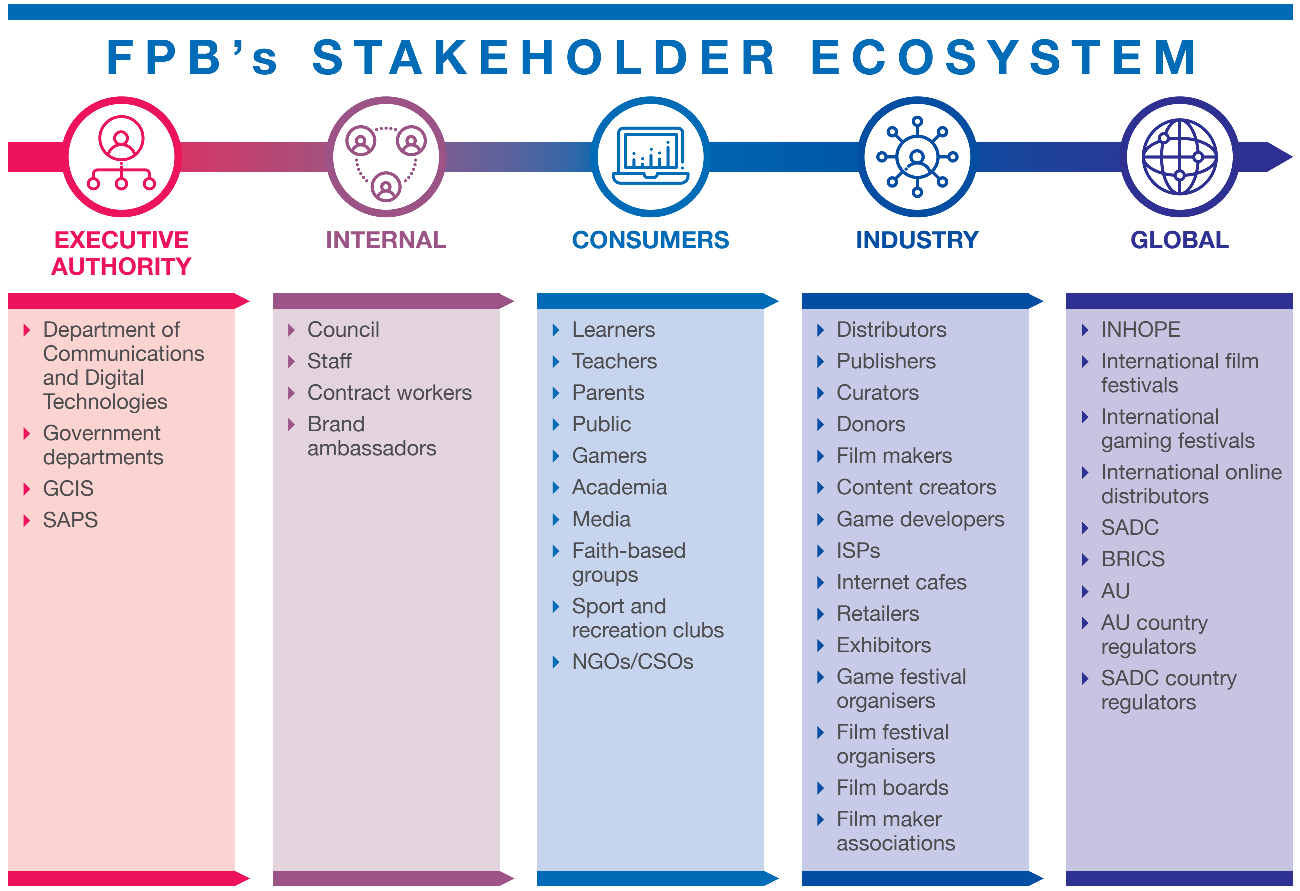
By year-end, 1 083 items had been posted on Facebook, Twitter, Instagram and YouTube, in spite of there being no digital coordinator throughout the year.

STRATEGIC PARTNERSHIPS

Stakeholder engagements allow organisations to enhance service delivery and gain a clear understanding of the stakeholder landscape to develop business intelligence that reduces organisational risks, creates opportunities for expansion, identifies innovation through collaboration and diverse perspectives, and strengthens brand equity and reputation.

In the year under review, the FPB segmented its engagement with stakeholders into the following categories: content creators and distributors of films and games, civil society organisations, government departments and parastatals, and international organisations in content consumption for benchmarking. This forms part of the larger stakeholder ecosystem illustrated below:

THE FPB'S STAKEHOLDER ECOSYSTEM



Interactions with civil society organisations have proven helpful in gathering intelligence on the needs of communities, especially in relation to cyber safety of children, youth and women vulnerable to abuse. A research focus group session was conducted with educators and caregivers of differently abled youth to better understand the unique needs of this vulnerable group. The FPB partnered with Autism SA, Albinism SA, Dyslexia SA and DeafSA during the Women's Month and SID campaigns. The networks built through stakeholder relations were translated into workshops, outreaches and multi-unit campaigns. The Child Protection Week programme in KwaZulu-Natal with Phoenix Child Welfare and Save the Children KwaZulu-Natal was particularly successful and gains were made with Iris Dignity, an NGO that works in Mpumalanga with female victims of human trafficking.

A successful partnership with NGO Molo Songololo in the Western Cape resulted in the FPB participating in the establishment of a Commissioner for Children in that province. This included FPB empowering children with information on cyber safety that could be used to lobby the Commissioner for Children.

Strong relationships and joint programmes with other government organisations proved valuable in expanding the reach of FPB campaigns. They included DCDT, the Department of Social Development, SAPS, Gauteng Community Safety, ZADNA, Media Development and Diversity Agency, provincial education departments, the National Film and Video Foundation and three provincial film commissions.

Fruitful international activities during 2019/2020 included deepening and expanding engagements with regulators in SADC and the continent, which started in 2018/2019, through bilateral engagements and benchmark studies. The goal is to present a well-researched body of work on ICT to regional African clusters and advance discussions on a harmonised framework of content regulation in Africa in the 4IR environment. The draft harmonised matrix was to be presented at a conference of African regulators and stakeholders in March 2020, which became a casualty of the pandemic.

INTERNAL AUDIT

The Internal Audit Unit of the FPB obtains its mandate from the Public Finance Management Act (PFMA) and its regulations.

The internal audit function, established in terms of sections 51 (1)(a)(ii) and 76 (4)(b) and (e) of the PFMA, reports functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer. The Manager: Internal Audit attends the Audit and Risk Committee, Council and Exco meetings by invitation. This organisational structure promotes the independence of internal audit and allows it to form its opinions objectively.

Internal audit gives objective assurance to the Audit and Risk Committee that adequate management processes are in place to identify and monitor risks, and that there are effective internal controls to manage the risks. Internal audit independently audits and evaluates the effectiveness of the FPB's risk management, internal controls and governance processes. In addition, it provides consulting services to add value to and improve the FPB's operations.

The Internal Audit Unit executed 100% of the approved Internal Audit Plan for 2019/2020 and reports that the systems of internal control for the period under review were generally adequate and effective.

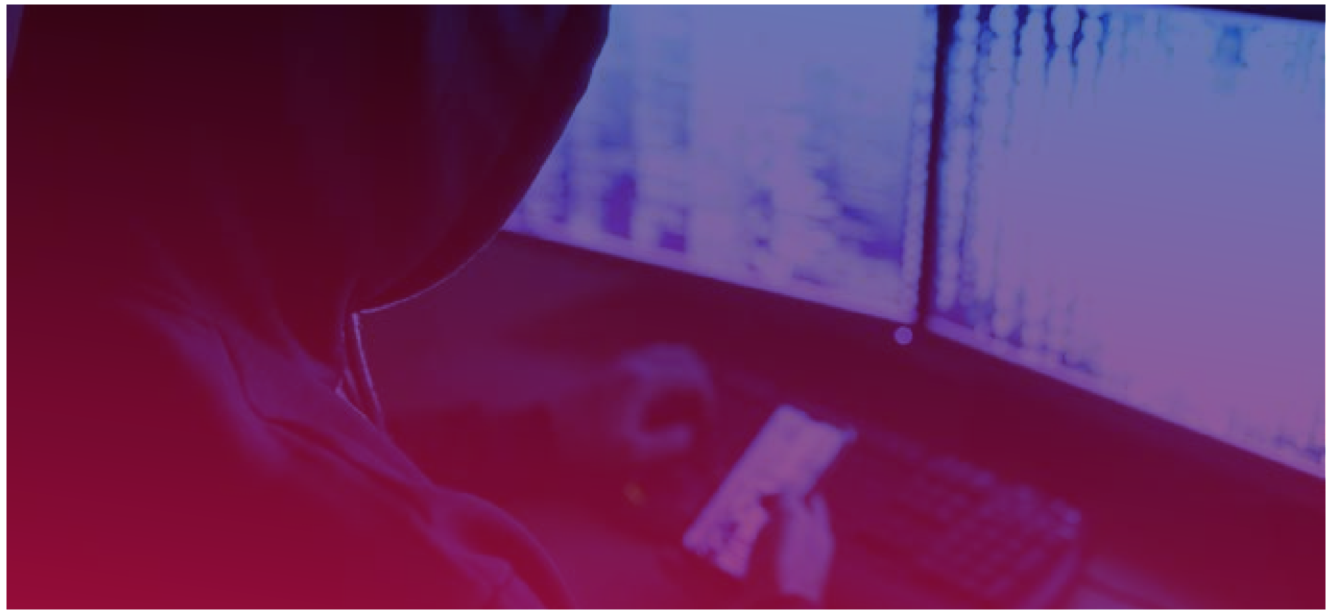
During the year, internal audit audited or reviewed the following areas per the plan:

- Client support
- Performance information
- Dashboard reporting
- Information technology governance
- Compliance monitoring
- Human resource management
- Payroll
- Classification
- Finance
- Compliance management
- Leave management
- Risk management
- Supply chain management
- 13th cheque review
- Performance bonus review
- Follow-up of internal audit findings
- Ad-hoc audits

FRAUD PREVENTION

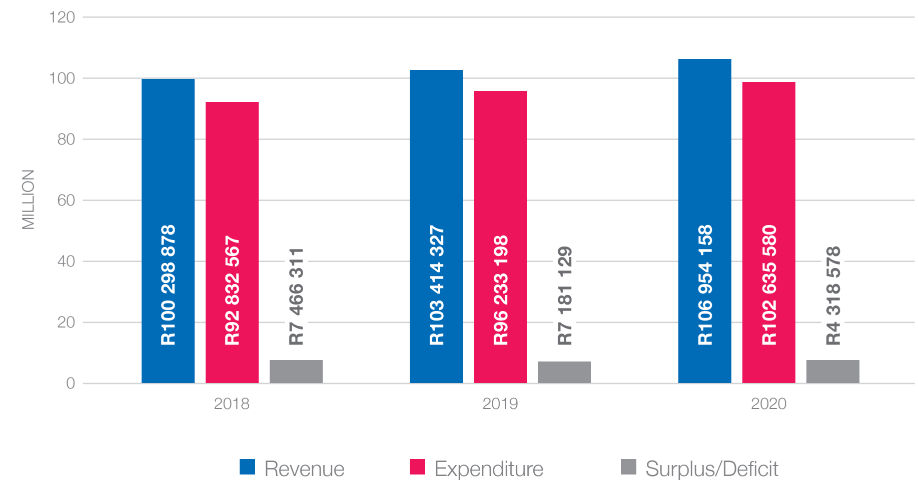
The FPB is aware of the negative effects on its business performance of theft, corruption and fraudulent activities. It has, therefore, developed a Fraud Prevention Strategy and Implementation Plan, which it evaluates continuously. There is also an approved Fraud Prevention Policy in place. The fraud (vuvuzela) hotline is independently managed and is available 24 hours a day. Callers may remain anonymous and receive reference numbers for follow up. Independent, fair and objective investigations are conducted on all reported and detected cases of fraud, theft, corruption and unethical conduct. There were no cases reported in the 2019/2020 period.

There is also a code of ethics to manage declarations of interests by Council members and staff to monitor FPB transactions and ensure ethical business practices.



FINANCIAL TRENDS

REVENUE AND EXPENDITURE ANALYSIS



REVENUE

Revenue is made up of the operational grant from DCDT, classification fees of films, games and certain publications, and registration fees of physical and online distributors of film.

The total revenue received for the year under review was R106 954 158 compared to R103 414 327 in 2018/2019. The operational grant for 2019/2020 was R99 373 000, 5.1% higher than the R94 577 000 received in 2018/2019. Regulation fees of R6 389 904 were generated compared to R7 907 284 in the previous financial year, a decrease of R1 517 380 (19%) resulting from a drop in the number of submissions and delays in finalising online licence agreements.

As indicated above, the FPB continues to face severe budgeting pressures as its operational grant increases are below expected inflation increases and own revenue, particularly classification fees and registration fees, is decreasing. To counter this, the FPB will implement a revenue generation strategy in 2020/2021.

PERSONNEL AND OTHER OPERATING EXPENDITURE

Personnel expenditure, including performance bonuses, increased by 1%, with a reduction of 15% on classification fees and 3% increase on employee costs. The classification fee reduction was due largely to the unchanged classification rate per hour and fewer material submissions. The small increase in employee costs is the result of vacancies. Administrative expenditure increased by 16% with inflation, from R35 856 228 in 2018/2019 to R41 492 075 in 2019/2020.

An accounting surplus of R4 318 578 followed a surplus of R7 181 129 in the previous financial year.

SUPPLY CHAIN MANAGEMENT

Some 81% of the administrative expenditure was spent on companies with a BBBEE contribution level of three or lower, with 86% spent on small, medium and micro enterprises. Furthermore, the FPB assigned 47% of its operating expenditure to businesses owned by women, youth and persons living with disabilities.

Improvement is still needed in contributing to growth of businesses owned by special interest groups. To this end, a workshop was held to brief suppliers on the requirements for doing business with the state. These workshops will continue into 2020/2021 and will be held quarterly, using digital platforms as far as possible to compensate for Covid-19 restrictions.

On average and given capacity constraints, the turnaround time for sourcing quotations and/or proposals was between 10 to 12 days. All valid supplier invoices were paid within 13.5 days on average from the date of receipt.

SECTION 3

GOVERNANCE

CORPORATE GOVERNANCE REPORT

COUNCIL AND COMMITTEES

The FPB's Council was established in terms of Section 3(1) of the FP Act and is the Accounting Authority in terms of sections 49(1) and (2)(a) of the PFMA. The Council reports on the FPB's performance to the Executive Authority in terms of Section 4A (1) of the Act. Council and its committees are fully effective in carrying out their work.

Only one member resigned – on 4 June 2019 – and the vacancy was not filled, as Council members' term ends on 2 December 2020.

INSTITUTIONAL GOVERNANCE

The following is a brief outline of the activities of the Council and its committees for this reporting year:

COUNCIL

The Council is fully constituted and has continued to work diligently. Its relationship with the Minister, the DCDT and Parliament has remained cordial, and reporting has been strictly in line with legislation and National Treasury Regulations. During the year under review, the Council held four quarterly meetings, two special meetings, three workshops – two on Classification Guidelines – one strategy session and two meetings with the Deputy Minister.

CHAIRPERSONS COMMITTEE

This committee comprises the Chairperson, Deputy Chairperson and chairpersons of all Council committees. It focuses on business coordination, strategy implementation and compliance with the code of conduct and ethics, and on urgent corporate governance matters between Council meetings, among other functions. The committee held all its scheduled meetings during the year under review.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises four independent members, with the Chairperson an independent non-executive member of the Council. This committee has remained vigilant and robust in ensuring compliance with financial regulations and governance obligations. It has been thorough in its work and focused on attainment of set annual performance and expenditure targets. Assistance by the Internal Audit Unit provided both the Council and the Audit and Risk Committee with assurance that the FPB complies with its governance obligations.

During the year under review, the committee held four quarterly meetings and two joint meetings with the Finance Committee.

FINANCE COMMITTEE

The Finance Committee ensures that the organisation is financially sound. The committee's robustness in scrutinising financial statements and ensuring accurate financial reporting remains a key reason for the FPB's financial sustainability. During the year under review, the Finance Committee held four quarterly meetings and two joint meetings with the Audit and Risk Committee, in line with the annual Council schedule. The joint meetings considered the annual financial statements, annual performance information report and the audit strategy report and engagement letter.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee is responsible primarily for monitoring human capital management policies and related aspects of organisational capacity, including training and remuneration. During the year under review, it held all four scheduled meetings. The committee has continuously reviewed policies to ensure compliance and alignment with legislation and the national policy framework.

OPERATIONS AND ICT COMMITTEE

The Operations and ICT Committee oversees all aspects of the organisation's strategic operations, which include classification, distributor registrations, compliance monitoring, child protection, communications, research, ICT governance and stakeholder relations. During the year under review, the committee oversaw the review of the Classification Guidelines, appointment of classifiers for the next three years and the signing of the governance agreement with the Executive Authority. The committee held all four scheduled meetings.

CORPORATE GOVERNANCE

All governance structures, including the Council and its committees, are in good standing.

The Appeal Tribunal is fully constituted and functional. No appeals were received during the year.

All Council members filed their declarations of interests within the stipulated time in compliance with the PFMA and Public Service Act of 1994, as amended.

All members of the various FPB governance structures were remunerated based on National Treasury Guidelines.

The Council Charter, code of conduct and ethics and terms of reference for committees were reviewed and updated.

The governance agreement with the Executive Authority was reviewed and adopted for the year under review. The FPB's governance instruments are, therefore, up to date and valid. The FPB is in a healthy financial state and remains a going concern, solvent and liquid.

MEMBER ATTENDANCE

	Committee member	Council 05-06-2019	15-08-2019 (special Council)	26-08-2019 (strategy)	16-09-2019 (Change Management workshop)	Council 11-09-2019	08-10-2019 (special Council)	27-11-2019 (Regulations workshop)	Council 28-11-2019	08-11-2019 (meeting with Deputy Minister)
1	Mrs Thoko Mpumlwana	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Ms Sarah Mangena	✓	✓	✓	X	✓	✓	✓	✓	✓
3	Adv Lufuno Nevondwe	✓	✓	X	X	✓	✓	✓	✓	✓
4	Ms Yoliswa Makhasi	✓	X	X	X	✓	✓	X	X	X
5	Mr Matone Ditlhake	✓	X	✓	X	✓	✓	X	X	X
6	Ms Nobuntu Dubazana	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Dr Natalie Skeepers	✓	X	✓	X	✓	✓	✓	✓	✓
8	Adv Anderson Mudunungu	✓	✓	X	X	X	X	X	✓	X
9	Ms Zanele Nkosi*	✓	X	X	X	✓	X	X	✓	X
10	Ms Vuyokazi Mhlakaza**	X	X	X	X	Resigned	Resigned	Resigned	Resigned	Resigned

** Ms Z Nkosi – Not Council member: Independent Audit and Risk Committee Chairperson*
*** Ms Vuyokazi Mhlakaza resigned on 04 June 2019*

COUNCIL AND SPECIAL COUNCIL MEETING ATTENDANCE CONTINUED

	Committee member	Council 12-03-2020	24-03-2020 (meeting with Deputy Minister)	27-06-2019 (Classification Guidelines workshop)	28-06-2019 (Classification Guidelines workshop)
1	Mrs Thoko Mpumlwana	✓	✓	✓	✓
2	Ms Sarah Mangena	✓	✓	✓	✓
3	Adv Lufuno Nevondwe	✓	✓	✓	✓
4	Ms Yoliswa Makhasi	✓	X	X	X
5	Mr Matone Ditlhake	✓	✓	X	X
6	Ms Nobuntu Dubazana	✓	✓	✓	✓
7	Dr Natalie Skeepers	✓	✓	✓	✓
8	Adv Anderson Mudunungu	X	X	X	X
9	Ms Zanele Nkosi*	✓	X	X	X
10	Ms Vuyokazi Mhlakaza	Resigned	Resigned	Resigned	Resigned

** Ms Z Nkosi – Not Council member: Independent Audit and Risk Committee Chairperson*

CHAIRPERSONS COMMITTEE ATTENDANCE

	Committee member	16-05-2019	29-08-2019	15-11-2019	24-02-2020
1	Mrs Thoko Mpumlwana	✓	✓	✓	✓
2	Ms Sarah Mangena	✓	✓	✓	✓
3	Adv Lufuno Nevondwe	✓	✓	✓	✓
4	Ms Yoliswa Makhasi	✓	✓	X	✓
5	Mr Matone Ditlhake	X	✓	✓	✓
6	Ms Zanele Nkosi	X	✓	✓	X

HUMAN RESOURCES AND REMUNERATION COMMITTEE ATTENDANCE

	Committee member	23-05-2019	23-08-2019	12-11-2019	10-02-2020
1	Ms Yoliswa Makhasi (Chairperson)		✓	✓	✓
2	Ms Sarah Mangena	✓	✓	✓	✓
3	Adv Anderson Mudunungu	X	X	✓	X
4	Ms Vuyokazi Mhlakaza	X	✓	Resigned	Resigned

FINANCE COMMITTEE ATTENDANCE

	Committee member	02-05-2019	29-05-2019 (joint Audit and Risk Committee	25-07-2019 (joint Audit and Risk Committee	19-08-2019	23-10-2019	04-02-2020
1	Mr Matone Ditlhake	✓	✓	✓	X	✓	✓
2	Ms Nobuntu Dubazana	✓	X	✓	✓	✓	X
3	Adv Lufuno Nevondwe	✓	✓	X	Not a member		
4	Dr Natalie Skeepers	✓	X	✓	✓	✓	✓

AUDIT AND RISK COMMITTEE ATTENDANCE

	Committee member	02-05-2019	29-05-2019 (joint Audit and Risk Committee	25-07-2019 (joint Audit and Risk Committee	21-08-2020	28-10-2019	30-01-2020
1	Ms Zanele Nkosi	✓	✓	X	✓	✓	✓
2	Ms Sarah Mangena	✓	✓	✓	✓	✓	✓
3	Dr Natalie Skeepers	✓	X	✓	✓	✓	✓
4	Adv Lufuno Nevondwe	✓	✓	✓	✓	✓	✓

ICT STEERING COMMITTEE ATTENDANCE

	Committee member	03-05-2019	20-08-2019	11-10-2019	07-02-2020
1	Mr Sandile Ndaba	✓	✓	✓	✓
2	Ms Vuyokazi Menye	✓	✓	✓	X
3	Mr Norman Baloyi	X	✓	✓	✓

OPERATIONS AND ICT COMMITTEE

	Committee member	13-05-2019	27-08-2019	11-11-2019	13-02-2020
1	Adv Lufuno Nevondwe (Chairperson)	✓	✓	✓	✓
2	Ms Nobuntu Dubazana	✓	✓	X	✓
3	Ms Yoliswa Makhasi	X	✓	X	X
4	Ms Vuyokazi Mhlakaza	X	X	Resigned	Resigned

APPEAL TRIBUNAL MEMBERS ATTENDANCE LIST

	Committee member	27-11-2019 (Regulations workshop)	27-06-2019 (Classification Guidelines workshop)	28-06-2019 (Classification Guidelines workshop)
1	Mr Christopher Mamathuntsha (Chairperson)	✓	✓	✓
2	Ms Nonduduzo Samukelisiwe Khanyile	✓	X	X
3	Ms Nonkoliso Isabela Sigcau	✓	✓	✓
4	Mr Sizwe Lindelo Snail	X	✓	X
5	Ms Manko Thalitha Buffel	✓	✓	✓
6	Mr Lutendo Joy Malada	✓	X	X
7	Prof Adelaide Simangele Magwaza	✓	✓	✓
10	Adv Thembelihle Mapipa Ndlovu	X	X	X

APPEAL TRIBUNAL	
APPEALS NAME	**DATES**
No appeals conducted in the 2019/2020 financial year	N/A
WORKSHOPS	
Appeal Tribunal and Council workshop	Workshop on the FP Amendment Act Regulations 27-11-2019
Appeal Tribunal and Council workshop	Workshop on the revised Classification Guidelines 27 and 28-06-2019

SECTION 4

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

The human resource report highlights statistics on staff movement, employment equity and race/gender representation, staff-related expenditure patterns and labour relations.

During the 2019/2020 reporting period, the FPB completed the organisational design project and a total review of the structure was conducted with management and staff to assess the effectiveness and functionality of the FPB. The review, which identified additional posts to enhance the structure, including resources to assist with the transition to the online regulatory environment and ICT support required, resulted in the recommendation of a totally revised structure using three scenarios as an implementation plan. Scenario one will start in 2020/2021, with consultation and implementation.

The Remuneration and Compensation Strategy approved and adopted by Council will support fair remuneration and compensation for employees and enhance retention measures.

Staff turnover is at 28% and continues to be a challenge for the organisation. The moratorium on recruitment during the year resulted in staff insecurity that contributed to the high turnover. Ministerial approval for recruitment was received in quarter four, but poor responses and unqualified applicants prevented recruitment for various crucial positions.

High staff turnover has necessitated a strategic focus on retention and succession initiatives, which will be taken up in the 2020/2021 reporting period. These initiatives include the development of a comprehensive three-year workplace skills plan to be implemented to provide skilled resources for crucial posts and the review of current remuneration practice in line with competitive benchmark practice.

For the 2019/2020 reporting period, the FPB invested R1 629 000 in employee skills training and development, an average of R11 314 per employee. Skills development planning for 2020/2021 will continue in the context of the succession planning framework and the needs identified through the performance management process.

An internship programme was implemented from November 2019, focused on the support, classification and client support functions. Interns were placed at the Centurion office to be trained in the various functions for 12 months.

The Performance Management Policy was effective for the reporting period and 72 staff members were eligible for incentive bonus payments following performance evaluation.

Four misconduct cases were processed through internal procedures, the Council for Conciliation, Mediation and Arbitration (CCMA) and labour court referrals. One discipline-related dismissal was made. In June 2019, the FPB signed a multi-year agreement with the National Education, Health and Allied Workers Union (NEHAWU) as part of a two-year settlement for salary negotiations.

During the year, 19 appointments were made, and 25 staff left, a staff turnover of 28%. Of the 25, 14 were contract expirations, 10 resignations and one dismissal – in terms of resignations only, the turnover rate was 15.67%.

The employee wellness programme continued to oversee the quarterly compulsory debriefings for classifiers and compliance monitors and any other staff exposed to disturbing materials or potentially traumatic work. The programme also included the ongoing call centre facility, monthly newsletters, an employee wellness day, staff wellness awareness, voluntary HIV/Aids and diabetes testing and the second year of the nutrition/weight-loss programme. Use of the call centre has increased substantially over the last year. An onsite counselling service has been offered to staff and the employee assistance programme has addressed several wellness issues that were either self- or management referred.

For the reporting period, the sick leave and absenteeism rate reached 4.15% against a target of 2%.

HUMAN RESOURCE POLICIES REVIEW AND DEVELOPMENT

Over the year all 35 human resource policies were either reviewed and updated or developed for Council approval and implementation. Consolidation reduced the number of policies to 21. This project will continue into 2020/2021.

A balance is needed between sound and effective administrative processes and the development of a holistic and relevant human capital strategy. Much progress has been made in building trust between staff and management and establishing a well-balanced and capacitated enterprise.

EXPENDITURE

The two tables below show final audited expenditure on departmental personnel costs by programme and salary band.

PERSONNEL COSTS BY PROGRAMME 2019/2020

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000	Personnel costs as a % of total expenditure (R'000)	Average personnel cost per employee (R'000
Staff	54 694	53 568	1 125	-	98%	581
Classifiers	6 118	6 118	-	-	100%	142
Total	**60 812**	**59 686**	**1 125**	**-**	**97%**	

PERSONNEL COSTS BY SALARY BANDS 2019/2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost (R'000)	Average personnel cost per employee (R'000)
Classifiers	6 118	10.4%	142
Support staff	36 611	61.3%	475
Senior management	10 811	18.1%	982
Executive	6 146	10.2%	1 024
Total	**59 686**	**100%**	

EMPLOYMENT AND VACANCIES

EMPLOYMENT AND VACANCIES BY SALARY BANDS AT 31 MARCH 2020

Salary band	Number of posts 31 March 2019	Number of posts filled 31 March 2019	Number of posts 31 March 2020	Number of posts filled 31 March 2020	Vacancy Rate %	Additional to the establishment – (added to FPB structure)
Support staff	78	67	78	67	14%	1 (payroll specialist)
Senior management	11	10	12	11	8%	1 (Manager: Risk and Compliance)
Executive management	5	4	5	3	40%	
Programme total	**94**	**81**	**94**	**81**	**14%**	**2**

REASONS STAFF LEFT DURING 2019/2020

Termination type	Number	% of total
Death	-	-
Resignation	10	40%
Expiry of contract	14	56%
Dismissal – organisational changes	-	-
Dismissal – misconduct	1	4%
Dismissal – inefficiency	-	-
Discharge due to ill-health	-	-
Retirement	-	-
Other	-	-
Total	**25**	**100%**
Total number of employees who left as a % of the total employment		**28%**

** Includes all permanent and fixed-term contract staff. Twenty-five staff left the organisation, of an average headcount of 89.33% = 28%*

EMPLOYMENT EQUITY

NUMBER OF EMPLOYEES PER OCCUPATIONAL CATEGORY AT 31 MARCH 2020

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Support staff	33	2	4	1	54	-	1	3	98
Senior management	3	-	1	2	4	1	-	-	11
Executive management	1	-	-	-	3	1	-	-	5
Total	**37**	**2**	**5**	**3**	**61**	**2**	**1**	**3**	**114**
Persons with disabilities – included in the above table	-	-	-	-	2	-	-	-	2

SKILLS DEVELOPMENT: 1 APRIL 2019 TO 31 MARCH 2020

Occupational categories	Male				Female				Total	% HC
	African	Coloured	Indian	White	African	Coloured	Indian	White		Employees trained
Support staff	18	3	4	1	32	-	1	2	61	66%
Senior management	1	-	1	1	2	1	-	-	6	6%
Executive management	-	-	-	-	1	1	-	-	2	2%
Total	**19**	**3**	**5**	**2**	**35**	**2**	**1**	**2**	**69**	**74%**
Persons with disabilities	-	-	-	-	2	-	-	-	2	2%

PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY: 1 APRIL 2019 TO 31 MARCH 2020

	Number of beneficiaries	Cost	% of rewards to employees
African			
Male	19	718 114.01	27%
Female	38	1 273 553.70	49%
Indian			
Male	5	219 931.41	8%
Female	1	36 081.68	1%
Coloured			
Male	2	82 443.28	3%
Female	2	54 344.52	2%
White			
Male	3	168 771.56	6%
Female	2	91 435.65	4%
Total	**72**	**2 644 675.81**	**100%**
Employees with disabilities	2	-	-

MISCONDUCT AND DISCIPLINARY ACTION: 1 APRIL 2019 TO 31 MARCH 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling (including letters of caution)	1	20%
Verbal warning	3	60%
Written warning	-	-%
Final written warning	-	-%
Suspended without pay	-	-%
Fine	-	-%
Demotion	-	-%
Dismissal	1	20%
Case withdrawn	-	-%
Other	-	-%
Total	**5**	**100%**

CCMA cases not listed

EMPLOYMENT CHANGES

Salary bands	Number of employees per level at 1 April 2019	Appointments and transfers in	Terminations and transfers out	Employment at 31 March 2020
Support staff	85	18	20	83
Senior management	9	1	3	7
Executive management	5	-	2	3
Total	**99**	**19**	**25**	**93**

PERSONNEL COST FOR INDIVIDUALS TRAINED

Programme/activity/objective	Total expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee
Career development and personal excellence programme	780	220	28.23%	10	22 023
Investigation and management of cyber- and electronic crimes	11 678	214	1.83%	25	8 569
Certified ethical hacking for ICT	465	22	4.67%	1	21 735
Certified information systems security professional	946	51	5.34%	1	50 504
Human resources conference	1 630	-	-	3	-
Principles of Knowledge Management	463	10	2.11%	1	9 765
PFMA training	1 097	7	0.67%	1	7 400
Asset management	456	27	5.93%	1	27048
Chief information officer level 3 application digital innovation leadership	945	51	5.35%	1	50 568
Principles of payroll tax	1 009	5	0.51%	2	2 554
Xamarin – combined application development	586	25	4.22%	1	24 750
Android applications	586	22	3.83%	1	22 425
C#	586	9	1.54%	1	8 995
Torque IT	1 348	10	0.76%	1	10 178
GRAP	1 648	16	0.95%	2	7 804
Advanced business analysis	529	53	10.01%	1	52 899
Contract management training	20 305	-	-	30	-
Principle knowledge information management to public sector administration	8 706	56	0.65%	18	3 122
Knowledge information management	5 273	63	1.20%	14	4 523
Audit and risk management	1 983	58	2.94%	3	19 454
INHOPE training	400	-	-	1	-
Media training	12 838	184	1.43%	16	11 514
BCom in Economics – 2019 academic year	316	1	0.29%	1	930
BA in Government Administration – 2019 academic year	515	5	1.00%	1	5 150
BA in Forensic Science and Administration – 2019 academic year	400	2	0.53%	1	2 100
Diploma in Business Management – 2019 academic year	323	-	-	1	-
BA in Community Development – 2019 academic year	318	6	1.95%	1	6 180
Master of Law in Information and Communication Law – 2019 academic year	294	29	9.85%	1	29 000
Master's in Communication – 2019 academic year	254	15	5.70%	1	14 500
Master of Business Administration – 2019 academic year	438	75	17.01%	1	74 609

Programme/activity/objective	Total expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee
Master of Business Administration – 2019 academic year	586	22	3.81%	1	22 304
Master of Business Administration – 2019 academic year	219	63	28.83%	1	63 085
Bachelor of Applied Social Sciences – Psychology	400	59	14.63%	1	58 540
BA in Government Administration – 2020 academic year	515	11	2.16%	1	11 145
BA in Forensic Science and Administration – 2020 academic year	400	22	5.54%	1	22 150
BCom in Business Management – 2020 academic year	323	36	11.03%	1	35 598
Master of Law in Information and Communication Law – 2020 academic year	294	29	9.92%	1	29 208
Master of Business Administration – 2020 academic year	438	28	6.49%	1	28 464
Master's in Public Administration – 2020 academic year	219	29	13.21%	1	28 908
Bachelor of Applied Social Sciences – Psychology	400	82	20.61%	1	82 454
Total	**81 163**	**1 629**	**2.01%**	**144**	**11 314**

The number of employees trained – 144 – reflects the number of interventions. Employees may have been trained on more than one occasion

SECTION 5

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS

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LIST OF ABBREVIATIONS

AGSA	Auditor-General of South Africa
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COID	Compensation for Occupational Injuries and Diseases
COO	Chief Operations Officer
CPD	Corporate of Public Deposit
DCDT	Department of Communications and Digital Technologies
FPB	Film and Publication Board
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communications Technology
IT	Information and Technology
MTEF	Medium-Term Expenditure Framework
PAYE	Pay as You Earn
PFMA	Public Finance Management Act
PO	Purchase Order
SARS	South African Revenue Services
SLA	Municipal Infrastructure Grant (Previously CMIP)
SDL	Skills Development Levy
SLA	Service Level Agreement

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee is established in terms of Section 51(1) (a) (ii), Section 77 of the Public Finance Management Act (PFMA) read together with Treasury Regulation 27.1 and acts as a governance structure of the entity. As required, the audit and risk committee prepared a report in line with the requirements of Treasury Regulation 27.1.

The committee, which comprises four members (refer to table below), has been mandated by Council with oversight on audit matters, accounting, risk and compliance. During the year under review, the committee held all its scheduled meetings, including joint, special meetings with the Finance Committee, and members have continued to act with due diligence and care in the discharge of their duties.

MEMBERS AND ATTENDANCE

The committee held four separate and two joint meetings during the year. Please refer to page 53 for a list of members and attendance to meetings.

CHARTER

The committee assists the Council in fulfilling its oversight responsibilities, in particular, with the evaluation of the adequacy and efficiency of internal controls, financial reporting process, risk management and compliance.

To achieve this, the committee has for the current year, reviewed and adopted a charter that was approved by Council. The committee confirms that it has complied with both the charter and the statutory responsibilities as detailed in the regulations mentioned above.

EFFECTIVENESS OF INTERNAL CONTROLS

During the 2019/2020 financial year, the committee:

- Reviewed significant issues raised by both the internal and external audit processes.
- Reviewed the effectiveness of the entity's financial controls and received assurance from management, internal and external audit.
- Reviewed the action plans in place to address the shortcomings identified in controls.
- Reviewed policies and procedures for prevention and detection of fraud.
- Recommended internal control and compliance activities.

Where shortcomings were identified, the committee ensured that action plans by management are in place. The committee continues to monitor such plans on a quarterly basis.

INTERNAL AUDIT

The internal audit performs an independent assurance function by conducting periodical assessments on the activities of the entity and reporting the findings thereof to the committee.

During the 2019/2020 financial year, the committee:

- Approved the 2019/2020 internal audit plan and three-year rolling plan.
- Reviewed and approved the internal audit charter.
- Reviewed quarterly internal audit reports relating to the effectiveness of the entity's internal control environment, systems and processes.
- Considered the quality and appropriateness of management's action plans.
- Considered the effectiveness of the internal audit unit by quarterly monitoring progress and quality of work.
- Considered the internal audit resources to ensure the unit effectively discharges all its functions.

The internal audit unit managed to complete its annual plan timeously for the year under review.

RISK MANAGEMENT

As an essential element of governance and as stated in the charter, the role of the committee is to provide oversight on the systems and processes of risk management within the entity. The committee receives regular reports on both strategic and emerging risks of the entity.

During the 2019/20 financial year, the committee has:

- Reviewed and recommended to the Council, the risk framework, strategy and the implementation plan.
- Reviewed on a quarterly basis, the strategic risk register and the implementation of the planned mitigating actions.
- Considered on a quarterly basis any emerging risks, including those arising from fraud.

The committee continues to monitor the processes and systems of risk on a quarterly basis.

COMPLIANCE WITH LAWS AND REGULATIONS

During the 2019/2020 financial year, the committee:

- Considered the system and processes the entity use to ensure compliance to regulations.
- Monitored compliance with laws and regulations.
- Reviewed both internal and external audit reports to identify any compliance issues.

IN-YEAR MANAGEMENT REPORTING

The committee received and consistently reviewed both financial and non-financial information and ensured that monthly and quarterly reporting processes were in accordance with the PFMA.

FINANCE FUNCTION

The committee considered the effectiveness of the finance unit and is satisfied that the unit discharged its functions accordingly for year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The committee has evaluated the financial statements together with the performance information and based on the processes and assurance obtained, recommends submission to the Council for approval.

AUDITOR'S REPORT

The committee has independently met with the external auditors and can confirm that they are independent and have conducted the audit without influence. Implementation plans for audit issues raised in the previous year were reviewed and there is satisfaction as to the resolution of all matters.

The committee has discussed the audit outcomes with both management and AGSA. Based on these discussions, the committee accepts the conclusions and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

APPRECIATION

The committee expresses its appreciation to the accounting authority, the senior management team, internal audit and the Auditor-General for their continued support and dedication during the year under review.

Zanele Nkosi
Chairperson: Audit and Risk Committee

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FILM AND PUBLICATION BOARD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Film and Publication Board, set out on pages 78 to 124, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of 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 Film and Publication Board as at 31 March 2020, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

8. 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.

9. 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

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of 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 included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. 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 programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 1: industry compliance	128 and 129

13. 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.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
    - Programme 1: industry compliance.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 128 to 129 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

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I

performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements, performance and annual report

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. There were two material misstatements identified in the disclosure of non-current assets and current liabilities by the auditors in the submitted financial statements that were adequately corrected, which resulted in the financial statements receiving an unqualified opinion.

Expenditure management

20. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1 098 789 as disclosed in note 25 to the annual financial statements, as required by section 51 (1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by noncompliance with supply chain and contract management legislation.

Other information

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

22. 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.

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

24. 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. I have nothing to report in this regard.

Internal control deficiencies

25. 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.

26. Although internal controls have been properly designed, the implementation thereof must be improved across the Film and Publication Board to ensure preparation of financial statements in accordance with the financial reporting framework and compliance with legislation.

Auditor - General

Pretoria

30 September 2020

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme 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 accounting authority

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

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNUAL FINANCIAL STATEMENTS

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

While the Film and Publication Board is not a company by legislation, the members are guided by the requirements of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the financial statements and given unrestricted access to all financial records and related data for their audit.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The entity is dependent on the Department of Communications and Digital Technologies for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the Department of Communications and Digital Technologies has neither the intention nor the need to liquidate or curtail materially the scale of the entity. The accounting authority is primarily responsible for the financial affairs of the entity and these are audited by the entity's external auditors.

The financial statements set out on pages 78 to 124, which have been prepared on the going concern basis, were approved by the accounting authority on 25 July 2020 and were signed on its behalf by:

Ms Abongile Mashele
Chief Executive Officer (Acting)

Mrs NFT Mpumlwana
Chairperson of Council

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2020.

1. LEGAL FORM AND NATURE OF BUSINESS

The Film and Publication Board is a public entity which was established in terms of the Film and Publications Act and commenced business in March 1998. It is listed as a schedule 3A in terms of the Public Finance Management Act of 1999. The Executive Authority is the Department of Communications and Digital Technologies.

2. REVIEW OF ACTIVITIES MAIN BUSINESS AND OPERATIONS

The Film and Publication Board regulates, by means of classification, age restrictions and consumer advice, the creation, production, possession and distribution of films, games and certain publications to:

- Enable adults to make informed viewing, reading, and gaming choices, both for themselves and for the children in their care, and
- Protect children from exposure to disturbing and harmful materials and from premature exposure to adult experiences, and
- Contribute to the protection of children from sexual abuse and exploitation in pornographic films, computer games, publications and on the internet.

3. RESULTS FOR THE YEAR

The financial operating results for the period were satisfactory. The Film and Publication Board recorded a net surplus of R4 318 578 (2019: surplus R7 181 129)

4. GOING CONCERN

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R33 800 689 (R29 482 110 – 31 March 2019) and that the entity's total assets exceed its liabilities by R33 800 689 (R29 482 110 – 31 March 2019).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. FUNDING

The Film and Publication Board received a Government Grant of R99 373 000 for the period ended 31 March 2020 and R94 577 000 for the year ended 31 March 2019.

6. SUBSEQUENT EVENTS

Mr Mahomed Chowan was appointed Chief Financial Officer (CFO) effective from 01 April 2020.

7. ACCOUNTING POLICIES

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

The financial statements set out on pages 78 to 124, which have been prepared on the going concern basis, were approved by the accounting authority on 25 July 2020 and were signed on its behalf by:

Ms Abongile Mashele
Chief Executive Officer (Acting)

Mrs NFT Mpumlwana
Chairperson of Council

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 (Restated)
Assets			
Current Assets			
Receivables from exchange transactions	4	3 174 197	4 545 733
Statutory receivables	28	2 399 534	2 661
Cash and cash equivalents	3	23 564 700	21 383 093
		29 138 431	**25 931 487**
Non-Current Assets			
Property, plant and equipment	5	8 793 467	7 533 822
Intangible assets	6	10 516 562	10 576 706
		19 310 029	**18 110 528**
Total Assets		**48 448 460**	**44 042 015**
Liabilities			
Current Liabilities			
Finance lease obligation	7	280 521	-
Payables from exchange transactions	8	8 328 656	8 888 947
Provisions	9	5 449 507	5 670 956
		14 058 684	**14 559 903**
Non-Current Liabilities			
Finance lease obligation	7	589 089	-
Total Liabilities		**14 647 773**	**14 559 903**
Net Assets		**33 800 687**	**29 482 112**
Accumulated surplus		33 800 689	29 482 110

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2020	2019 (Restated)
Revenue			
Revenue from exchange transactions			
Regulation fees		6 389 904	7 907 284
Other income	11	33 588	20 815
Interest received – investment	12	1 157 666	909 228
Total revenue from exchange transactions		**7 581 158**	**8 837 327**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	29	99 373 000	94 577 000
Total revenue	10	**106 954 158**	**103 414 327**
Expenditure			
Personnel	13	(59 686 063)	(57 932 203)
Depreciation and amortisation expenses		(1 452 795)	(2 394 229)
Finance costs	15	(4 647)	(50 538)
Lease rentals on operating lease		(6 943 713)	(6 823 106)
Administrative	14	(34 548 362)	(29 033 122)
Total expenditure		**(102 635 580)**	**(96 233 198)**
Surplus for the period		**4 318 578**	**7 181 129**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Note(s)	Accumulated surplus/ (deficit)	Total net assets
Balance at 31 March 2018		**22 300 981**	**22 300 981**
Surplus for the period		7 181 129	7 181 129
Total changes		7 181 129	7 181 129
Opening balance as previously reported		29 457 287	29 457 287
Adjustments			
Prior year adjustments	26	24 824	24 824
Restated* Balance at 31 March 2019 as restated*		**29 482 111**	**29 482 111**
Surplus for the period		4 318 578	4 318 578
Total changes		4 318 578	4 318 578
Balance at 31 March 2020		**33 800 689**	**33 800 689**

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Grants		99 373 000	94 577 000
Interest received		1 157 666	909 228
Other receipts		33 588	20 788
Regulation fees		5 364 567	7 269 437
		105 928 821	102 776 453
Payments			
Employee costs		(60 191 849)	(57 266 975)
Suppliers		(41 690 247)	(36 340 196)
		(101 882 096)	(93 607 171)
Net cash flows from operating activities	17	**4 046 725**	**9 169 282**
Cash flows from investing activities			
Purchase of infrastructure, plant and equipment	5	(1 610 985)	(2 071 835)
Proceeds from sale of Infrastructure, plant and equipment	5	-	133 190
Purchase of intangible assets	6	(226 886)	(425 126)
Net cash flows from investing activities		**(1 837 871)**	**(2 363 771)**
Cash flows from financing activities			
Finance lease payments		(22 595)	(548 108)
Finance cost		(4 647)	(50 538)
Finance lease settlement		-	(121 600)
Net cash flows from financing activities		**(27 242)**	**(720 246)**
Net increase/(decrease) in cash and cash equivalents		**2 181 612**	**6 085 265**
Cash and cash equivalents at the beginning of the period		21 383 093	15 297 829
Cash and cash equivalents at the end of the period	3	**23 564 705**	**21 383 094**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Regulation fees	10 131 326	1 350 000	11 481 326	6 389 904	(5 091 422)	(a)
Other income	-	-	-	33 588	33 588	(b)
Interest received – investment	850 001	250 000	1 100 001	1 157 666	57 665	(c)
Total revenue from exchange transactions	**10 981 327**	**1 600 000**	**12 581 327**	**7 581 158**	**(5 000 169)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	99 373 000	-	99 373 000	99 373 000	-	
Total revenue	**110 354 327**	**1 600 000**	**111 954 327**	**106 954 158**	**(5 000 169)**	
Expenditure						
Personnel	(65 222 782)	5 341 565	(59 881 217)	(59 686 063)	195 154	(d)
Depreciation and amortisation expenses	-	-	-	(1 452 795)	(1 452 795)	(e)
Finance costs	-	-	-	(4 647)	(4 647)	
Lease rentals on operating lease	(7 456 385)	(15 504)	(7 471 889)	(6 943 713)	528 176	(d)
Administrative	(37 675 160)	(6 926 061)	(44 601 221)	(34 548 362)	10 052 859	(d)
Total expenditure	**(110 354 327)**	**(1 600 000)**	**(111 954 327)**	**(102 635 580)**	**9 318 747**	
Surplus before taxation	-	-	-	**4 318 578**	**4 318 578**	
Surplus for the year from continuing operations	-	-	-	**4 318 578**	**4 318 578**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	**4 318 578**	**4 318 578**	

The budget for the 2019/2020 financial year was approved and prepared on the accrual basis (except for depreciation and amortisation) and all transactions were accounted for on accrual basis. Transfers received during the current financial year were from the Department of Communications and Digital Technologies and entities included in the budget were disclosed in Note 21.The changes between original budget and the adjustment budget is mainly due to a consequence of reallocation within the budget.

a) Mid-term revenue projections indicated an increase of regulation fees to be collected for the remainder of the year, budget was therefore adjusted upwards. However there were some distributors that concluded the agreement in the new financial year, which resulted in the variance.

b) Other revenue is not budgeted for as it is not material and it is ad hoc in nature.

c) Additional interest revenue generated due to proper planning of the surplus cash and investment decision that are done on time. The surplus funds is invested in the CPD account and ABSA call account

d) Underspending in admin costs is due to the fact that management implemented cost containment measures on line items like travel,workshops etc

e) The depreciation and amortisation is not budgeted for.

ACCOUNTING POLICIES

1. Presentation of Financial Statements

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand value. The financial statements are rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables and receivables

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

The impairment for trade receivables 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.

Impairment testing

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that an impairment may be necessary.

The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

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 9 – Provisions.

Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

Offsetting

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

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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 recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Furniture and fixtures	12-20 years
Motor vehicles	5 years
Office equipment	4-15 years
Computer equipment	4-8 years
Leasehold improvements	2-10 years
Leased – motor vehicles	3-5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 12 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from their use or disposal.

1.4 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

The classification depends on whether or not the financial instrument meets the criteria of a specific financial instrument category.

Initial recognition and measurement

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

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

Financial instruments are an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

For financial instruments that are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

An entity subsequently measures financial assets and financial liabilities at fair value, amortised cost or cost. An entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of “financial instruments at fair value”, “financial instruments at amortised cost” or “financial instruments at cost”.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Statutory receivables

Identification

Statutory receivables are receivables that arise from the Films and Publications Act 65 of 1996, as amended, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount and this is determined by Films and Publications Act 65 of 1996, as amended.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on revenue from exchange transactions or the policy on revenue from non-exchange transactions (taxes and transfers), whichever is applicable.

Other charges

The entity is required or entitled in terms of Films and Publications Act 65 of 1996, as amended to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether statutory receivables are impaired, an entity assesses whether there are any indications that:

a) individually significant receivables are impaired; and/or
b) groups of similar, individually insignificant, receivables are impaired.

If there is no indication that an individually significant statutory receivable is impaired, it is included in a group of similar receivables and collectively assessed for impairment. The group of receivables is grouped by ageing of debt. If an impairment loss is, or continues to be, recognised for an individually significant receivable, then those receivables are not included in a collective assessment.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
    - derecognises the receivable; and
    - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period of the transfer.

1.6 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

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement.

Assets classified as finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

At the commencement of the lease term, lessees shall recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in their statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased property or if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on Property, Plant and Equipment (GRAP 17) and Intangible Assets (GRAP 31). If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life

Operating leases – lessee

Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and/or liability is measured at the undiscounted difference between the straight-line lease payments and the contractual lease payments.

1.7 Impairment of cash-generating assets

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

Non-cash-generating assets are assets that are not used with the objective to generate a commercial return. Instead they are used to deliver services.

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts cover a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Non-cash-generating assets are assets other than cash-generating assets.

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 service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

1.8 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

1.9 Provisions and contingencies

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

Provisions are recognised when:
- the entity 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 to be recognised as a provision shall be the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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 the other party in exchange.

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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 timeframe, revenue is recognised on a straight-line basis over the specified timeframe unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

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

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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.

Measurement

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remits grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.12 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.

1.13 Translation of foreign currencies

Foreign currency transactions

Exchange difference is the difference resulting from translating a given number of units of one currency into another currency at different exchange. A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency, including transactions arising when an entity:

a) buys or sells goods or services whose price is denominated in a foreign currency;
b) borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or
c) otherwise acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency.

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.14 Comparative figures

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

1.15 Fruitless and wasteful expenditure

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

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.

1.16 Irregular expenditure

Irregular expenditure as defined in Section 1 of the Public Finance Management Act (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 provincial legislation providing for procurement procedures in that provincial 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 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 condoned only 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 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.

1.17 Budget information

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

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

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

The approved budget covers the fiscal period from 2019-04-01 to 2020-03-31.

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

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

1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.19 Change in accounting policy

In the current period the FPB has adopted the following standards that are effective for the current period:

GRAP 32 – Service Concession Arrangements: Grantor

The standard is about the contractual arrangement between a grantor and an operator in which: • operator uses service concession asset to provide mandated function on behalf of grantor for specified period of time; and • operator is compensated for its services over period of service concession arrangement.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

GRAP 37 – Joint Arrangements

This standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

GRAP 38 – Disclosure of Interests in Other Entities

The nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and (b) the effects of those interests on its financial position, financial performance and cash flows.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

GRAP 108 – Statutory Receivables

The standard prescribes the accounting treatment, recognition measurement and disclosure requirements for statutory receivables.

The adoption of the standard has had material impact on the results of the entity and has resulted in increased disclosure. Refer to note 28, for the effect on the current and prior periods on initial adoption of the standard.

GRAP 109 – Accounting by Principals and Agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

iGRAP 18

The interpretation of this standard applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

iGRAP 19

iGRAP provides guidance on when to recognise a liability to pay a levy in an AFS of an entity that is paying the levy.

The adoption of the standard has had no material impact on the results of the FPB and has not resulted in increased disclosure.

2. New standards and interpretations

The following standards and interpretation adopted in the current financial year ended 31 March 2020

GRAP 32 – Service Concession Arrangements: Grantor

The objective of this standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

GRAP 37 – Joint Arrangements

The objective of this standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

GRAP 38 – Disclosure of Interests in Other Entities

The objective of this standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

GRAP 108 – Statutory Receivables
The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

GRAP 109 – Accounting by Principals and Agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The following standards of GRAP have been issued but are not yet effective and were not applied for the year ended 31 March 2020:

GRAP 110 – Living and Non-living Resources – effective 1 April 2020

The objective of this standard is to prescribe the:
- Recognition, measurement, presentation and disclosure requirements for living resources; and
- Disclosure requirements for non-living resources .

GRAP 34 – Separate Financial Statements – 1 April 2020

The objective of this standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

GRAP 35 – Consolidated Financial Statements – 1 April 2020

The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

GRAP 36 – Investments in Associates and Joint Ventures – 1 April 2020

The objective of this standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

GRAP 104 – Financial instruments – effective date not yet determined

iGRAP 20 – Accounting for Adjustments to Revenue – 1 April 2020

Management plans to adopt these standards when they become effective.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Cash and cash equivalents

	2020	2019 (Restated)
Cash and cash equivalents consist of:		
Cash on hand	10 966	10 965
Bank balances	10 640 686	10 334 370
Short-term deposits	12 913 048	11 037 758
	23 564 700	**21 383 093**

FPB has issued a bank guarantee with our banker for security of Durban regional offices. The value of the bank guarantee is R117 400.

4. Receivables from exchange transactions

	2020	2019 (Restated)
Debtors	2 474 202	4 545 733
Staff petty cash advance	3 958	-
Prepayments	696 037	-
	3 174 197	**4 545 733**

None of the trade and other receivables are past due.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

5. Property, plant and equipment

	2020			2019		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 747 070	(1 596 597)	2 150 473	3 698 191	(1 426 109)	2 272 082
Motor vehicles	1 142 593	(679 706)	462 887	1 142 593	(513 232)	629 361
Office equipment	3 364 736	(1 615 095)	1 749 641	3 285 137	(1 466 604)	1 818 533
Computer equipment	7 306 259	(3 811 237)	3 495 022	6 765 439	(4 087 636)	2 677 803
Leasehold improvements	1 968 866	(1 900 844)	68 022	1 968 866	(1 832 823)	136 043
Leased – office equipment	892 206	(24 784)	867 422	-	-	-
Leased – motor vehicle	-	-	-	1 853 583	(1 853 583)	-
Total	**18 421 730**	**(9 628 263)**	**8 793 467**	**18 713 809**	**(11 179 987)**	**7 533 822**

Reconciliation of property, plant and equipment – 31 March 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	2 272 082	48 879	(170 488)	2 150 473
Motor vehicles	629 361	-	(166 474)	462 887
Office equipment	1 818 533	79 599	(148 491)	1 749 641
Computer equipment	2 677 803	1 482 507	(665 288)	3 495 022
Leasehold improvements	136 043	-	(68 021)	68 022
Leased – office equipment	-	892 206	(24 784)	867 422
	7 533 822	**2 503 191**	**(1 243 546)**	**8 793 467**

Reconciliation of property, plant and equipment – 31 March 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 312 173	175 855	-	(215 946)	2 272 082
Motor vehicles	289 230	449 302	-	(109 171)	629 361
Office equipment	1 181 560	950 578	-	(313 605)	1 818 533
Computer equipment	3 021 241	496 110	-	(839 548)	2 677 803
Leasehold improvements	272 085	-	-	(136 042)	136 043
Leased – motor vehicle	566 372	-	(36 041)	(530 331)	-
	7 642 661	**2 071 845**	**(36 041)**	**(2 144 643)**	**7 533 822**

6. Intangible assets

	2020			2019		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 922 215	(1 424 191)	1 498 024	3 690 584	(2 132 416)	1 558 168
Intangible assets under development	9 018 538	-	9 018 538	9 018 538	-	9 018 538
Total	**11 940 753**	**(1 424 191)**	**10 516 562**	**12 709 122**	**(2 132 416)**	**10 576 706**

Reconciliation of intangible assets – 31 March 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1 558 168	226 887	(77 782)	(209 249)	1 498 024
Intangible assets under development	9 018 538	-	-	-	9 018 538
	10 576 706	**226 887**	**(77 782)**	**(209 249)**	**10 516 562**

Reconciliation of intangible assets – 31 March 2019

	Opening balance	Additions	Amortisation	Total
Computer software	1 382 627	425 126	(249 585)	1 558 168
Intangible assets under development	9 018 538	-	-	9 018 538
	10 401 165	**425 126**	**(249 585)**	**10 576 706**

The additions for computer software are as a result of acquisitions.

The amount of intangible assets under development is for costs of development for the Online Content Regulation software and it is material to the operations of FPB.

7. Finance lease obligation

Figures in Rand	2020	2019
Minimum lease payments due		
- within one year	326 926	-
- in second to fifth year inclusive	626 608	-
	953 534	-
less: future finance charges	(83 924)	-
Present value of minimum lease payments	**869 610**	**-**
Present value of minimum lease payments due		
- within one year	280 521	-
- in second to fifth year inclusive	589 089	-
	869 610	**-**
Non-current liabilities	589 089	-
Current liabilities	280 521	-
	869 610	**-**

The FPB has entered into a lease agreement for six (6) photocopiers for a period of three years (36 months) effective from 01 March 2020, ending 28 February 2023. The transaction has been treated as a finance lease as per the requirements of GRAP. The lease contract does not have an annual escalation Interest rates and the repayments are fixed at the contract date. The entity will pay the total monthly minimum charge and the additional scan/copy charges if any, The service provider will also be entitled to an interest on all overdue amounts at the rate of 2% of the prime lending rate.

8. Payables from exchange transactions

Figures in Rand	2020	2019
Trade payables	2 157 358	3 654 820
Payments received in advanced – contract in process	758 402	2 107 605
Debtors with credit balance	2 090 279	1 948 265
Pension	549 124	579 621
Salary and wages control	7 873	-
Medical aid	259 602	274 708
Other accruals *	1 078 928	323 928
Deferred revenue**	1 427 090	-
	8 328 656	**8 888 947**

* Included under other accrual is the 13th cheque accrual of R392 512.04
**The amount of deferred revenue relates to services that the FPB must render to online distributors for the remaining period of the contract.

9. Provisions

Reconciliation of provisions – 31 March 2020

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonuses	2 719 600	2 758 989	(2 650 676)	-	2 827 913
Leave pay	1 368 622	122 781	(326 420)	-	1 164 983
Litigation and claims	1 582 734	1 129 553	(97 218)	(1 158 458)	1 456 611
	5 670 956	**4 011 323**	**(3 074 314)**	**(1 158 458)**	**5 449 507**

Reconciliation of provisions – 31 March 2019

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonuses	1 501 269	2 389 753	(1 171 422)	-	2 719 600
Leave pay	1 149 576	332 587	(113 541)	-	1 368 622
Litigation and claims	3 685 339	653 619	(405 701)	(2 350 523)	1 582 734
	6 336 184	**3 375 959**	**(1 690 664)**	**(2 350 523)**	**5 670 956**

Provisions are liabilities of uncertain timing or amount, thus the reason for the disclosure of uncertainties about timing or amounts. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision recognised on performance bonuses amount is based on 5% of the approved annual salary cost. The payment for bonuses is subject to approval by Council and is not expected to exceed the budgeted amount.

The leave pay provision accounts for vested leave pay to which employees may become entitled upon exit from the service of the FPB.

Provision raised for litigation and claims relate to labour relations matter and the assumption used to determine the amount is based on the cost to company salary that the employee was earning when they leave the FPB.

10. Revenue

Figures in Rand	2020	2019
Regulation fees (Classification and Registration fees)	6 389 904	7 907 284
Other income	33 588	20 815
Interest received – investment	1 157 666	909 228
Government grants and subsidies	99 373 000	94 577 000
	106 954 158	**103 414 327**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Regulation fees (Classification and Registration fees)	6 389 904	7 907 284
Other income	33 588	20 815
Interest received – investment	1 157 666	909 228
	7 581 158	**8 837 327**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants and subsidies	99 373 000	94 577 000

11. Other revenue

Figures in Rand	2020	2019
Sale of tender documents	5 700	6 900
Other income and recoveries	27 888	13 915
	33 588	**20 815**

The other revenue consists of proceeds from sale of tender documents and recoveries from staff debt.

12. Investment revenue

Figures in Rand	2020	2019
Interest revenue		
Interest from investment accounts	1 157 666	909 228

13. Employees costs

Figures in Rand	2020	2019
Salaries and bonuses	33 745 397	32 030 302
Classifiers remuneration	4 789 788	5 717 175
Medical aid – company contributions	2 898 151	2 945 476
UIF	312 138	322 133
Leave pay provision charge	(203 639)	219 046
Retirement fund contributions	5 196 818	5 102 855
Staff debt	146 718	150 178
PAYE	12 098 378	11 248 886
Salary: temporary employees	702 314	196 152
	59 686 063	**57 932 203**

14. General expenses

Figures in Rand	2020	2019
Advertising	40 856	222 723
Auditors remuneration	1 714 107	1 447 875
Bank charges	85 374	82 657
Cleaning	475 360	157 579
Internal audit fees	-	79 119
Consulting and professional fees*	2 162 499	671 624
FPB Council	1 459 292	2 075 861
Insurance	1 119 241	847 536
ICT expenses**	9 147 616	8 365 534
Fleet	691 658	315 724
Fuel and oil	324 020	664 588
Postage and courier	74 666	23 510
Printing and stationery	587 913	342 519
Public relations campaign	3 395 168	2 857 632
Research and development costs	-	36 410
Staff development, recruitment and welfare	1 739 673	2 292 233
Subscriptions and membership fees	174 604	252 115
Telephone and fax	447 372	1 172 703
Transport and freight	19 685	46 224
Travel – local***	6 163 998	4 207 465
Travel – overseas	1 066 384	892 632
Water and lights	1 031 590	742 646
Pension admin fee	301 414	169 125
Workshops and meetings	1 792 877	569 574
Loss on forex exchange	-	3 678
Disposal of assets	77 782	(19 027)
Lease expenses	393 613	439 676
Storage - Classification Material	61 600	73 187
	34 548 362	**29 033 122**

*Consulting fees is inclusive of the legal fees amount of R1 057 072.98 as at 31 March 2020.
** ICT expenses include system maintenance and license fees.
***Domestic travel increased because of additional outreach activities, imbizos and staff film screening.

15. Finance cost

Figures in Rand	2020	2019
Finance leases	4 647	50 538

16. Auditors' remuneration

Figures in Rand	2020	2019
Fees	1 714 107	1 447 875

17. Cash generated from operations

Figures in Rand	2020	2019
Surplus	4 318 578	7 181 129
Adjustments for:		
Depreciation and amortisation expense	1 452 795	2 394 229
Loss on sale of assets	77 782	36 042
Finance costs – finance leases	4 647	50 538
Movements in provisions	(221 449)	(665 228)
Proceeds from sale of assets	-	(133 190)
Changes in working capital:		
Receivables from exchange transactions	1 371 536	(637 874)
Statutory receivables	(2 396 873)	-
Payables from exchange transactions	(560 291)	943 636
	4 046 725	**9 169 282**

18. Employee benefit obligations

Retirement Benefit Payment

The FPB contributes for all qualifying employees the retirement benefits to a fund in which assets are held and controlled by Liberty Life. As at 31 March 2020, current services costs of R5 196 818 (31 March 2019 R5 102 855) were recognised as expenses which are limited to the contributions that were paid. Actual contributions paid during the current financial year have been disclosed as Note 13.

19. Operating lease

19.1 Operating lease – head office

The FPB has an outstanding commitment in respect of an operating lease for head office situated in Centurion. The lease agreement was entered into for a period of five years effective from 1 February 2012.

In February 2014, the FPB acquired additional office space for their head office situated in Centurion. The lease agreement was entered into for a period of three years effective from 1 February 2014.

In February 2018, the FPB entered into an agreement on a month-to-month lease to date and there is no future minimum lease payment disclosed.

Annual escalations	10%

19.2 Operating lease – Durban office

The FPB acquired additional office space for its regional office in Durban. The lease agreement was entered into for a period of three years effective from 1 August 2015 to July 2018 and it was extended for additional three years from 01 August 2018 to 31 July 2021. Operating leases liabilities for this lease fall due as follows:

Annual escalations	9%

Future minimum lease payments	**2020**	**2019**
Up to 1 year	678 082	622 093
2 – 5 years	232 424	910 506
5 or more years	-	-

19.3 Operating lease – Cape Town office

The FPB acquired additional office space for their Regional Office situated in Cape Town. The lease agreement was entered into for a period of five years effective from 1 March 2016. Operating leases liabilities for this lease fall due as follows:

Annual escalations	5.5%

Future Minimum lease payments	**2020**	**2019**
Up to 1 year	508 317	528 028
2 – 5 years	-	508 317
5 or more years	-	-
	508 317	**1 036 345**

20. Contingencies

20.1 Litigation and claims

This amount relates to a labour disputes between the FPB and three employee who instituted proceedings at the CCMA for constructive dismissal and unfair dismissal. The FPB has raised contingency for legal costs for two employee and the other employee was paid in the current financial year.

This amount relates to legal costs that the FPB will incur for labour-related disputes for representation in court and CCMA.

Legal fees for the FPB's legal representation will be required in the amount of R200 000 (estimated) in pursuit of the review application and opposition to the cross-review application. Another contingent liability relates to a former employee and should he be successful in his claim at the labour court then the FPB would be liable for the remuneration from termination to date of award.

Figures in Rand	**2020**	**2019**
Contingent liability for labour disputes (1)	-	555 529
Contingent liability for legal cost (2)	905 529	660 000
	905 529	**1 215 529**

20.2 Accumulated surplus/(deficit)

In terms of Section(53)3 of the PFMA, a public entity may not accumulate surplus funds without approval from National Treasury. Approval will be requested from National Treasury to retain the current year's accumulated surplus. In the preceding years, National Treasury has allowed the retention of the accumulated surplus.

21. Events after the reporting date

Covid-19

Since March 2020 the country has been experiencing a Covid-19 pandemic and the measures that have been taken to combat the virus have impacted on the way the FPB conducts its business. The employees are working from home with a limited number of staff in the office from 1 June 2020. Places of exhibition remain closed under current lockdown regulations, which may result in these events:

- Possible reduction in classification fees with cinemas closed
- Extra expense on personal protective equipment
- Increase on data and other Covid-related expenses

22. Related parties transactions

Controlling department — Department of Communications and Digital Technologies

Figures in Rand	2020	2019
Related party transactions		
Funds received from related parties		
Department of Communications and Digital Technologies	99 373 000	94 577 000
Remuneration of management		
Management class: Councillors		
Councillors/Board members		
Mpumlwana NFT (Chairperson)	151 416	227 390
Mangena S (Deputy Chairperson)	306 788	472 473
Ditlhake M	95 511	135 731
Nevondwe LT	197 209	252 216
Skeepers N	85 303	154 693
Dubazana N	114 696	181 464
Mudunungu A	28 399	69 708
Mhlakaza NM*	-	42 932
Makhasi Y**	-	-
	979 322	**1 536 607**
Independent – Audit and Risk Commitee members		
Dhladhla M***	-	20 330
Nkosi Z	65 156	111 369
	65 156	**131 699**

ICT Steering Committee members

Figures in Rand	2020	2019
Baloyi N****	19 620	28 212
Ndaba S	60 540	38 975
Menye VC*****	19 620	27 281
	99 780	**94 468**

*Mhlakaza NM resigned as a Council member on June 2019
**Makhasi Y is employed by state and does not earn Council fee from the FPB
***Dhladhla MA contract as audit member ended on 30 April 2018

Management class: Executive management

2020 - Management

Name	Salary	Bonuses and performance related payments	Retirement fund contributions	Medical aid contributions	Group life insurance	Cellphone allowance	Total
Dr Motebang M Chief Executive Officer (Acting)*	1 315 833	-	-	-	-	-	1 315 833
Mashele A Chief Executive Officer – (Acting)**	26 083	-	-	-	-	-	26 083
Mashele A Chief Operations Officer	1 301 282	-	138 963	81 564	26 682	55 440	1 603 931
Less LD Shared Service Executive	1 340 546	-	137 573	-	26 415	55 440	1 559 974
Ramugondo N Chief Information Officer	1 237 003	-	132 015	55 731	25 348	55 440	1 505 537
Ndobeni U Chief Financial Officer ***	199 971	79 723	10 134	4 902	1 825	4 051	300 606
Matidza V Chief Financial Officer (Acting)****	261 865	-	-	-	-	-	261 865
	5 682 583	**79 723**	**418 685**	**142 197**	**80 270**	**170 371**	**6 573 829**

2019 - Management

Name	Salary	Retirement fund contribu-tions	Medical aid contribu-tions	Group life insurance	Cellphone allowance	Total
Dr Motebang M Chief Executive Officer (Acting)	961 419	-	-	-	-	961 419
STA Nene Acting Chief Executive Officer	75 735	-	-	-	-	75 735
Mashele A Chief Operations Officer	1 047 383	110 993	75 781	19 990	43 650	1 297 797
Less LD Shared Service Executive	934 427	98 894	-	17 811	41 580	1 092 712
Ramugondo N Chief Information Officer	849 710	94 899	38 670	17 091	40 584	1 040 954
Ndobeni U Chief Financial Officer	925 773	104 019	41 706	18 734	41 580	1 131 812
K Khoza Acting Chief Information Officer	32 014	-	-	-	-	32 014
V Matidza Acting Chief Financial Officer	22 087	-	-	-	-	22 087
N May Acting Chief Operations Officer	47 070	-	-	-	-	47 070
L Mogoathle Acting Chief Financial Officer	43 491	-	-	-	-	43 491
	4 939 109	**408 805**	**156 157**	**73 626**	**167 394**	**5 745 091**

*Dr Motebang M contract ended 31 December 2019
**Mashele A was appointed as ACEO effective from 1 January 2020
***U Ndobeni resigned as CFO on 30 April 2019
****V Matidza was appointed as ACFO effective from 1 May 2019

2018/19 executive management salaries have been restated by R297 458.

Management class: Middle Managers

2020 - Management

Name	Salary	Bonuses and performance related payments	Retirement fund contribu-tions	Medical aid contribu-tions	Group life insurance	Cellphone allowance	Total
P Gregorious Legal Manager	968 167	67 037	96 451	-	18 513	24 840	1 175 008
R Moloi Operations Manager	929 493	72 441	95 541	71 145	18 338	24 840	1 211 798
Ms L Mogoatlhe SCM Manager	917 823	72 441	95 541	40 230	18 338	24 840	1 169 213
V Matidza Finance Manager	935 692	112 052	95 541	95 436	18 338	24 840	1 281 899
M Rampersadh Internal Audit Manager	906 350	72 441	98 613	63 330	18 935	24 840	1 184 509
N May Client Support Manager	914 586	72 441	95 541	55 695	18 338	24 840	1 181 441
T Mokutu Council Secretary*	970 698	-	96 228	-	18 321	22 770	1 108 017
L Kamineth Communications Manager	959 032	54 331	97 077	-	18 658	24 840	1 153 938
A Michaux HR Manager**	907 675	-	90 225	54 844	17 189	22 930	1 092 863
J Peele HR Manager (Acting)***	20 031	-	-	-	-	-	20 031
O Makhalemele Research Manager (Acting)****	168 651	-	-	-	-	-	168 651
K Khoza ICT: Manager#	292 472	39 611	23 629	13 692	4 256	6 210	379 870
MM Zulu ICT Manager: Acting##	40 779	-	-	-	-	-	40 779
N Chauke ICT Manager: Acting###	94 590	-	-	-	-	-	94 590
	9 026 039	**562 795**	**884 387**	**394 372**	**169 224**	**225 790**	**11 262 607**

2019 - Management

Name	Basic salary	Bonuses and performance related payments	Retirement fund contributions	Medical aid contributions	Group life insurance	Cellphone allowance	Total
P Gregorious Legal Manager	817 926	-	87 466	-	15 753	20 700	941 845
R Moloi Operations Manager	853 229	39 611	93 487	65 292	16 837	24 840	1 093 296
L Mogoatlhe SCM Manager	860 294	39 611	93 743	36 948	16 837	24 840	1 072 273
V Matidza Finance Manager	850 999	-	93 487	87 606	16 837	24 840	1 073 769
M Rampersadh Internal Audit Manager	849 593	39 611	93 487	58 128	16 837	24 840	1 082 496
N May Client Support Manager	870 631	39 611	93 487	51 165	16 837	24 840	1 096 571
T Mokutu Council Secretary	991 987	-	103 222	-	18 590	24 840	1 138 639
L Kamineth Communications Manager	644 315	-	70 888	-	12 767	18 184	746 154
A Michaux HR Manager	850 147	-	93 488	55 245	16 837	24 840	1 040 557
K Khoza ICT: Manager	881 608	-	93 487	51 393	16 837	24 840	1 068 165
A Mashele Research Manager (Acting)	120 398	-	14 722	16 578	2 652	4 140	158 490
P Moyaha Research Manager (Acting)	168 875	-	-	-	-	-	168 875
MM Zulu ICT Manager: (Acting)	39 391	-	-	-	-	-	39 391
M Botolo Communications manager (Acting)	44 432	-	-	-	-	-	44 432
C Mabuza Finance manager - (Acting)	17 638	-	-	-	-	-	17 638
J Ramatjie SCM Manager (Acting)	34 348	-	-	-	-	-	34 348
O Makhaalemele Research manager (Acting)	49 385	-	-	-	-	-	49 385
	8 945 196	**158 444**	**930 964**	**422 355**	**167 621**	**241 744**	**10 866 324**

*T Mokutu resigned as Company Secretary on 05 February 2020

**A Michaux was dismissed as HR Manager on 03 March 2020

***J Peele was appointed Acting HR Manager effective from 17 July 2019

****O Makhalemele was appointed Acting Research Manager effective from 7 January 2019

K Khoza resigned as ICT Manager on 30 June 2019

MM Zulu was appointed Acting ICT Manager effective from 01 July to 08 October 2019

N Chauke was appointed Acting ICT Manager effective from 09 October 2019

23. Risk management

Liquidity risk

The FPB is exposed to liquidity risk only with regard to the payment of its payables and finance lease obligation. These payables are all due within the short-term. The FPB manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	8 328 656	-	-	-
Finance lease obligation	869 610	-	-	-

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	8 888 947	-	-	-

Interest rate risk

The FPB invests surplus cash on which it earns interest income. The interest income is not independent of changes in market interest rates.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the entity.

Maximum exposure to credit risk

The FPB's exposure to credit risk to loans and receivables is limited

The entity's maximum exposure to credit risk is the carrying amount of the financial assets.

The FPB credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity deposits cash only with major with high quality credit standing and limits exposure to any one counter-party.

Trade receivables are exposed to a low credit risk as most of the FPB's revenue transactions require deposits

Financial assets

Figures in Rand	2020	2019
Cash	23 564 700	21 383 093
Receivables	2 478 160	4 545 731
	26 042 860	**25 928 824**

Financial liabilities

Figures in Rand	2020	2019
Finance lease obligation	869 610	-
Trade and other payables	6 143 164	6 781 342
Provisions	5 449 507	5 670 956
	12 462 281	**12 452 298**

24. Fruitless and wasteful expenditure

Figures in Rand	2020	2019
Opening balance as previously reported	3 558 633	2 998 005
Opening balance as restated	**3 558 633**	**2 998 005**
Add: Expenditure identified – current	-	93 780
Add: Expenditure identified – prior period	-	469 988
Less: Amounts recoverable – current	-	(3 140)
Less: Amount written off – current	(6 872)	-
Closing balance	**3 551 761**	**3 558 633**

An amount of R6 872 for travel and accommodation – payment for travel for three employees – was recommended for write off.

25. Irregular expenditure

Figures in Rand	2020	2019
Opening balance as previously reported	912 520	1 270 919
Add: Irregular Expenditure – current year	-	341 853
Less: Amounts reversed	**912 520**	**1 612 772**
Add: Irregular Expenditure – current	1 098 789	-
Less: Amounts reversed	-	(700 252)
Closing balance	**2 011 309**	**912 520**

An amount of R1 098 789 was incurred and relates to the following:

The FPB appointed a service provider to provide connectivity services for a three-year period from April 2016 to March 2019. The SLA was extended for a three-month period ending June 2019. During the period of the extension, a tender process to appoint another service provider had commenced. However, finalisation was delayed by capacity constraints within the SCM and ICT units – R515 092.

The FPB incurred irregular expenditure in respect of website maintenance. The FPB requested proposals in 2016. Although the terms of reference did not make reference to the duration of the contract, all proposals were for a 12-month period. However the SLA is for a 24-month period. The termination dates according to the purchase order and SLA are July 2017 and April 2019 respectively. Services were received up to August 2019 – R135 240

Tablets rented beyond contractual term – R23 914

Procurement of research tool outside SCM processes – R14 000

Additional catering costs incurred above original purchase order without prior approval. This occurred as the attendance to an event exceeded initial projections – R13 300

Network support services exceeded the approved 15% above contract value – R1 294

Payment for tracking device above contract value – R514

Deviation not approved by the delegated official – R166 578

Service provider providing service without valid contract – R228 856

All the above cases will be referred to the Theft and Loss Committee for further investigation and disciplinary action will be taken where necessary.

26. Prior-period errors

Property, plant and equipment

Amount for computer equipment that was disposed in the prior year was not accounted for on the accumulated depreciation, which resulted in accumulated depreciation being overstated.

Figures in Rand	2020	2019
The correction of the error(s) results in adjustments as follows:		
Statement of financial position		
Property, plant and equipment	-	24 824
Statement of financial performance		
Depreciation expense	-	(24 824)

27. Commitments

Figures in Rand	2020	2019
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	3 103 604	1 119 521
Total capital commitments		
Already contracted for but not provided for	3 103 604	1 119 521
Authorised operational expenditure		
Already contracted for but not provided for		
• Operating expenses	9 317 653	8 621 833
Total operational commitments		
Already contracted for but not provided for	9 317 653	8 621 833

28. Statutory receivables – exchange transaction

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements has been applied, for the initial recognition:

Figures in Rand	2020	2019
Statutory receivable	2 399 534	2 661
Current assets	2 399 534	2 661

Statutory receivables arise from the Films and Publications Act 65 of 1996, as amended, and require the distributors to register with the Board for an annual licence to distribute content physically or online. The receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably. The entity is required or entitled in terms of Films and Publications Act 65 of 1996, as amended to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in “Accrued interest” as well as the relevant policy on revenue from exchange transactions. None of the statutory receivable were past due as at 31 March 2020 and were not impared.

29. Government grants and subsidies

Figures in Rand	2020	2019
Operating grants		
Department of Communications and Digital Technologies operating grant	99 373 000	94 577 000

SECTION 6

ANNUAL PERFORMANCE INFORMATION REPORT

PROGRAMME 1: INDUSTRY COMPLIANCE

Strategic Outcome 1: Effective and visible monitoring of industry throughout the entire value chain (content creators, producers and distributors of FPGs) for the protection of consumers and primarily children and adults through information.

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20		Actual Achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comments on deviations
Strategic Objective 1: Implement a Content regulation framework that ensures 100% classification and labelling of classifiable material submitted; whilst ensuring broad convergence with societal norms and values						
Percentage of content classified	98.5% (1540) of all eligible titles submitted to the FPB were classified	100% of eligible submissions (games, films, publications) classified whilst ensuring 90% of classification decisions issued within 8 working days		100% of eligible submissions (games, films, publications) classified whilst ensuring 91,26% of classification decisions issued within 8 working days	Achieved	N/A
3-Year Research Strategy Approved	Convergence surveys not conducted	Organizational 3-year Research Strategy developed and approved by Council		3-Year Research Strategy Approved	Achieved	N/A
Revised Regulations to the FP Act.	All 4 reports on the progress made in the enactment of FB Amendment Bill compiled in the year	Regulations reviewed and submitted to Executive Authority by 31 March 2020		Revised Regulations to the FP Act submitted and approved by the Executive Authority by 31 March 2020	Achieved	N/A
Strategic Objective 2: Implement relevant initiatives geared towards ensuring at least 75% industry compliance including extending compliance monitoring initiatives throughout the value chain of production						
Percentage of child sexual abuse material cases referred to the FPB within 10 working days	100% of Child Sexual Abuse Material Cases (23 cases) referred to FPB have been responded to within 10 working days	100% of child sexual abuse material cases referred to responded to within 10 working days		100% of child sexual abuse material cases referred to responded to within 10 working days. 19 Cases reported	Achieved	N/A
Number of raids conducted	130 raids with Law enforcement conducted to enforce compliance with the Act	48 raids with Law enforcement conducted to enforce compliance with the Act		180 raids with Law enforcement conducted to enforce compliance with the Act	Over-Achieved by 132 raids	Improved relations with law enforcement enabled planning for more raids
Number of Compliance inspections conducted to existing distributors	7926 Inspections of existing distributors (Targeted) to physical platforms 3406 Online inspections conducted to check compliance	10 000 distributor compliance inspections conducted		10 953 (distributor compliance inspections conducted 3044 for Online and 7909 for Physical	Over-Achieved by 953 inspections conducted.	Improved planning procedures within Compliance Monitoring team
Percentage of Non - compliance notices issued	2447 unregistered distributors on physical platforms identified	Issue non-compliance notices to at least 30% of distributors inspected		32% of non-compliance notices issued of distributors inspected	Over-Achieved by 2%	Improved planning procedures within Compliance Monitoring team
Percentage Achieved on Customer Satisfaction Levels	96% of Queries resolved within turnaround times. Surveys administered on the quality of services	Achieve customer satisfaction level of 90%		Achieved Customer satisfaction with customer satisfaction levels of 93,2%	Over-Achieved by 3,2%	Exceed the target due to the automation of the survey when queries are logged.

PROGRAMME 2: PUBLIC AND INDUSTRY AWARENESS AND CONSUMER EDUCATION

Strategic Outcome 2: Informed consumers, general members of the public and industry informed about the mandate of the FPB Public and industry awareness and consumer education

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20		Actual Achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comments on deviations
Strategic Objective 1: To meet the social cohesion imperative by informing consumers, society and industry						
Approved Communications Plan	Communication strategy approved and implemented	Annual Communications Plan approved by EXCO by 30 April 2019		Communications plan approved be Exco by 30 April 2019	Achieved	N/A
Percentage of deliverables achieved on the Communications Plan	25 broadcast interviews 58 print/online articles 4 Multi-Unit activities held reaching: 5876 children 970 educators 1296 parents Twitter • Tweet impressions decreased by 80.14% Facebook • Post engagements increased by 57.13%	Achieve 100% of deliverables in Annual Communications Plan		78.6% of annual communications plan deliverables achieved	Not Achieved	Due to the State of Disaster regulations and national lockdown to curb COVID - 19 virus FPB had to cancel the staff workshop, CSI activity and Film Screening for staff.

PROGRAMME 3: ADMINISTRATION AND GOVERNANCE

Strategic Outcome 3: Effective, efficient and sustainable management of FPB operations.

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20		Actual Achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comments on deviations
Strategic Objective 1: Maintain organisational capacity through implementation of the turnaround strategy						
Approved Remuneration Strategy	Remuneration Strategy approved by Council	FPB Remuneration Strategy approved		FPB Remuneration Strategy Approved	Achieved	N/A
Percentage of deliverables achieved on the Workplace Skills Plan.	5 Group training activities conducted and evaluated. Group Training - Investigation and management of Cyber and Electronic Crime - 8 attended. Group Training - Principles of Knowledge Management to Public Sector Administration. Group Training - Investigation and management of Cyber and Electronic Crime - Group 2. Group Training - HR Indaba attended by HR Team. Individual Training conducted. 9 Coaching sessions conducted	100% of approved Workplace Skills Plan implemented		57% Workplace Skills Plan implemented	Not Achieved	Staff were provided with an opportunity to revise PDPs in light of the skills audit results and the pending reconfiguration of institutions. Staff urged to look at training and development for digital skills to align with the changing FPB business environment
Strategic Objective 2: To promote strategic black economic empowerment as per the government initiative						
Percentage of transactions awarded to companies with a BBBEE contribution level 3 or lower	72% of all transactions over R100 000 have been awarded to companies with a BBBEE contribution level of 3 or lower 76% of all transactions have been awarded to companies with a BBBEE contribution level of 3 or lower	75% of all transactions are awarded to companies with a BBBEE contribution level of 3 or lower and 30% of all transactions assigned to priority groups		81.50% of all transactions are awarded to companies with a BBBEE contribution level of 3 or lower and 30% of all transactions assigned to priority groups	Over – Achieved	Overachievement due to updated SCM compliance matrix in place.
Strategic Objective 3: Adherence to national Treasury Regulations						
Percentage of valid supplier invoices paid within 30 working days from the date of receipt.	No Target	100% valid supplier invoices paid within 30 days working days from the date of receipt		100% valid supplier invoices paid within 13.5 days on average from the date of receipt by FPB	Over – Achieved average payment within 13.5 days	Improved management of the payment process which includes weekly processing of invoices
Strategic Objective 5: To ensure effective and efficient administration of the FPB and ensure compliance with applicable legislative and other requirements						
Number of Internal Audit reports presented to Audit Risk Committee	Approved 3-year rolling strategic internal audit Plan produced and submitted to Audit & Risk Committee All four quarterly internal audit report compiled for the Audit & Risk Committee.	4 Quarterly audits implementation reports presented to Audit and Risk Committee produced.		4 Quarterly audits implementation reports presented to Audit and Risk Committee produce	Achieved	N/A
Revised Enterprise wide risk management strategy and plan approved.	No Target	Enterprise Wide risk management strategy and plan developed and approved.		Enterprise Wide Risk Management Strategy Plan developed and approved.	Achieved	N/A
Percentage of the Corporate Governance Framework implemented	Governance Framework not entirely adhered to	100% implementation of the Corporate Governance Framework.		100% implementation of Framework	Achieved	N/A

PROGRAMME 4: ONLINE CONTENT REGULATION

Strategic Outcome 4: Effective and innovative regulation of the content distributed on online and related platforms to protect children and inform the general public

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20		Actual Achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comments on deviations
Strategic Objective 1: Development and implementation of a content regulation framework that ensures 100% classification and labelling of classifiable content distributed on online, mobile and related platforms, by 2021						
Percentage of deliverables achieved on the Annual ICT Plan	OCR System Maintained	Achieve 100% of deliverables in Annual ICT Plan		Achieved 93,5% of annual ICT deliverables	Not Achieved	Vacancies in ICT Unit especially vacancy of ICT administrator and ICT Manager led to technical capacity challenged in the unit.

PROGRAMME 5: PARTNERSHIPS & COLLABORATION

Strategic Outcome 5: FPB footprint expanded through partnership and stakeholder relationships in pursuance of our mandate Partnerships & Collaboration

Performance Indicator	Actual Achievement 2018/19		Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comments on deviations
Strategic Objective 1: To form and maintain national and international partnerships with identified key stakeholders, other regulators, industry players and law enforcement agencies for improved regulation (effectiveness, resourcing and enforcement)						
Percentage of deliverables in approved Stakeholder Relations Plan implemented	Stakeholder relations strategy reviewed, approved and implemented		100% of deliverables in Approved Stakeholder Relations Plan implemented	80% of deliverables in the Stakeholder relations plan was implemented	Not Achieved	Delays in finalising the 2 MoU's with targeted institutions. Target staff workshop not held due to National Lockdown period.
Number of SADC engagement workshops convened	9 international engagements: INHOPE AGM in Greece SADC ICT Ministerial meeting in Namibia Commonwealth ICT forum in Trinidad and Tobago Protection of personal data forum in Ethiopia SADC ICT forum in Durban Southern -African Broadcasters Association forum in Cape Town INHOPE AGM and training in Germany International Classification Conference in the United States Harmonization of content regulation in Africa		Convene 1 workshop to Initiate a SADC platform to discuss the harmonisation of content regulation	SADC workshop not convened (Harmonisation Conference)	Not Achieved	Workshop had to be postponed due to the National disaster regulations and Lockdown.

NOTES

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