

# CONTENTS

1.	GENERAL INFORMATION	. 01
2.	LIST OF ABBREVIATIONS/ACRONYMS	. 01
3.	FOREWORD BY THE CHAIRPERSON	. 02
4.	CHIEF EXECUTIVE OFFICER'S OVERVIEW	. 04
5.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	08
6.	STRATEGIC OVERVIEW	. 09
	6.1 Vision	. 09
	6.2 Mission	. 09
	6.3 Values	. 09
	6.4 Strategic outcome orientated goals	. 09
7.	LEGISLATIVE AND OTHER MANDATES	. 10
8.	ORGANISATIONAL STRUCTURE	. 11
PA	RT B: PERFORMANCE INFORMATION	. 14
1.	STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION	. 15
2.	AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	. 16
3.	CITUATIONAL ANALYSIS	
	SITUATIONAL ANALYSIS	. 17
	3.1. Service Delivery Environment	
		. 17
	3.1.Service Delivery Environment	. 17 . 17
4.	3.1. Service Delivery Environment	. 17 . 17 . 17
4.	3.1.Service Delivery Environment	. 17 . 17 . 17
4.	3.1. Service Delivery Environment	. 17 . 17 . 17 . 22
4.	3.1. Service Delivery Environment	. 17 . 17 . 22 . 22
4.	3.1. Service Delivery Environment	. 17 . 17 . 22 . 22 . 24

PA	RT C: GOVERNANCE	52
1.	INTRODUCTION	53
2.	EXECUTIVE AUTHORITY	53
3.	THE ACCOUNTING AUTHORITY	53
4.	RISK MANAGEMENT	55
5.	INTERNAL CONTROL	55
6.	INTERNAL AUDIT AND AUDIT COMMITTEES	56
7.	COMPLIANCE WITH LAWS AND REGULATIONS	56
8.	FRAUD AND CORRUPTION	58
9.	MINIMISING CONFLICT OF INTEREST	58
10.	CODE OF CONDUCT	58
11.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	58
12.	AUDIT COMMITTEE REPORT	59
PA	RT D: HUMAN RESOURCE MANAGEMENT	60
1.	INTRODUCTION	61
2.	HUMAN RESOURCE OVERSIGHT STATISTICS	62
PA	RT E: FINANCIAL INFORMATION	64
1.	STATEMENT OF RESPONSIBILITY	65
2.	ANNUAL FINANCIAL STATEMENTS	66



nal film and video foundation
SOUTH AFRICA
Title of Publication:
National Film and Video

RP259/2017

National Film and Video Foundation Annual Report 2016/2017

ISBN: 978-0-621-45741-4

igniting your stories





## 1. GENERAL INFORMATION

**REGISTERED NAME:** National Film and Video Foundation

**REGISTRATION NUMBER (if applicable):** Act 73 of 1997

PHYSICAL ADDRESS: 87 Central Street, Houghton 2198
POSTAL ADDRESS: Private Bag X04, Northlands 2116

TELEPHONE NUMBER/S: +27 11 483 0880

FAX NUMBER: +27 11 483 0881

EMAIL ADDRESS: info@nfvf.co.za

WEBSITE ADDRESS: www.nfvf.co.za

EXTERNAL AUDITORS: Auditor General

BANKERS: First National Bank

COMPANY/ BOARD SECRETARY N/A

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA BBBEE	Auditor General of South Africa Broad Based Black Economic	GFC GRAP	Gauteng Film Commission Generally Recognised Accounting
	Empowerment		Practice
во	Box Office	KZNFC	KwaZulu-Natal Film Commission
CEO	Chief Executive Officer	PDI	Previously Disadvantaged Individual
CFO	Chief Financial Officer	PFMA	Public Finance Management Act
DAC	Department of Arts and Culture	SA	South Africa
DFO	Durban Film Office	<b>SAFTAs</b>	South African Film and Television
DIFF	Durban International Film Festival		Awards
DTI	Department of Trade and Industry	SCM	Supply Chain Management
<b>ECPACC</b>	Eastern Cape Provincial Arts & Culture	TR	Treasury Regulations
	Council	TVET	Technical Vocational Education Training
IDC	Industrial Development Corporation		



### 3. FOREWORD BY THE CHAIRPERSON

#### Introduction

The National Film and Video Foundation (NFVF) is pleased to present its annual report on the programmes implemented in fulfilling its constitutional mandate and other legislative requirements. The NFVF as the custodian of the film industry in the country is documenting achievements, challenges and limitations encountered while delivering on its mandate for the financial year 2016/17.

#### Strategy and performance of the entity

During the 2016/17 financial, the NFVF continued to partner with various provincial film commissions such as the Gauteng Film Commission (GFC), KwaZulu-Natal Film Commission (KZNFC), WESGRO (Western Cape) and Eastern Cape Provincial Arts and Culture Council (ECPACC) in funding and participating in local markets and film festivals. These partnerships were realised through a range of marketing and brand activations during the various film festivals, e.g. Durban International Film Festival, Grahamstown Arts Festival, Ugu Film Festival and KwaMashu Film Festival.

Improved intergovernmental relations and subsequent strategic alignment in the implementation of programmes, created a collaborative service delivery environment and led to greater efficiencies for our various stakeholders.

#### **Acknowledgements**

I would like to acknowledge the Minister of Arts and Culture, Honourable Nathi Mthethwa for his

leadership and continued support of the National Film and Video Foundation as well as the audiovisual industry in its entirety.

I would also like to acknowledge and thank the previous council members for their untiring commitment and welcome the new council members who have begun their three-year tenure with the NFVF. I would like to acknowledge the NFVF staff members who continue to significantly contribute towards our overall objectives of developing and promoting the local film industry.

The NFVF is challenged regularly to be innovative in order to add value to the film industry through various service offerings and programmes with very limited financial and human resources. I acknowledge that there are challenges we need to collectively resolve and I am confident that through public and private partnerships we will take the audio-visual industry to new heights and build an equitable and sustainable industry.

Mr Phillip Molefe Chairperson of Council National Film and Video Foundation 31 July 2017





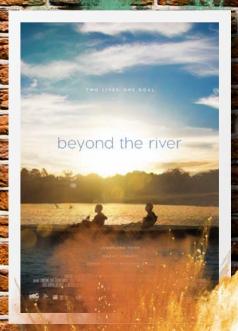














## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

#### Introduction

The National Film and Video Foundation has shown significant improvement through the years, expanding the reach of development and transformation to more provinces. The 2016/17 financial year brought about learning experiences not only unique to the South African audio visual market but to the international market as well. We have made strides towards our mandate to ensure equitable growth through our contribution towards job creation and promoting social cohesion.

#### **Achievements**

I am proud of the achievements made not only by the National Film and Video Foundation, but by the audio visual industry to date. We have moved in leaps and bounds as we saw transformation and development across all spheres of the audio-visual industry, namely:

The NFVF, through the partnership with MICT Seta saw the placement of 80 graduates from across South Africa, with host companies in the different fields within the audio visual industry. We are proud to announce that 46 of these interns have been absorbed into the work environment, which is a positive reflection of the results of the partnership.

We completed the development of the online promotional platform for SA Film, as there was a gap in the market for the promotion and positioning of SA Films. The role of a Distribution Manager was also introduced in order for NFVF to be well positioned to help filmmakers who needed assistance with distributing their content. The objective of introducing these changes is to find new opportunities and mechanisms of distribution that are not only following the evolution of distribution technology, but also creating a model that is profitable for all and specific to the South Africa context.

We saw the rise in cinema attendance for black local films like 'Happiness is a four letter word' and 'Keeping Up With The Kandasamy's' which made R13 188 020 and R16 086 025 at box office respectively.

The rise in participation for the 11<sup>th</sup> Annual South African Film and Television Awards is an indication of the growth of the industry. We received more than 441 submissions from production houses across the country in the 89 categories, across feature films, animation, public votes, discretionary awards, short films and documentaries.

SAFTAs 11 were a true reflection of the importance of private and public sector partnerships. We embarked on a 5 year partnership with Sun International to host the 11<sup>th</sup> Annual South African Film and Television Awards in Sun City. The awards would not have been possible without other private sector partners such as Mc Café and Ster-Kinekor. The move to the North West was an effort to extend industry activity to other provinces and ensure nationwide film industry development.

#### Discontinued activities

No activities were discontinued during the period under review.

#### Supply chain management and governance

Effective supply chain management ensures that the NFVF fulfils its statutory obligations in terms of the NFVF Act and the PFMA, and fully meets the statutory obligations. Our organisation is governed by a Council that is appointed in terms of section 6 of the NFVF Act. The NFVF also has an Audit Committee that assists the Council in providing the necessary governance oversight of the organisation.

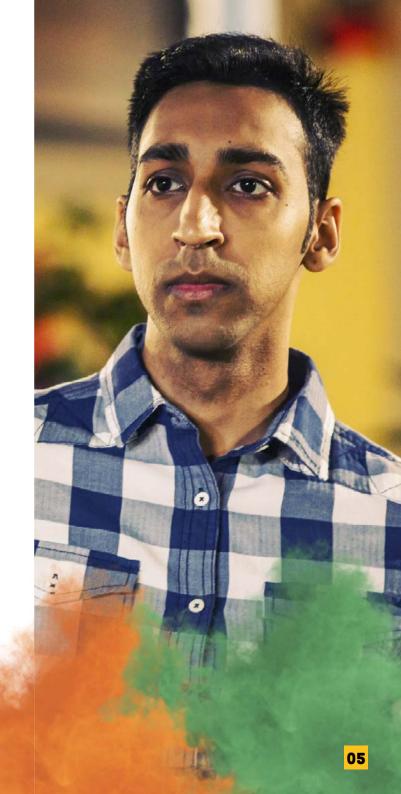
#### **Acknowledgements or appreciation**

I would like to thank the Minister of Arts and Culture Minister, Mr Nathi Mthethwa and the team who stands behind him for the unwavering support of the National Film and Video Foundation and the audio visual industry. I would like to also acknowledge the remarkable work from the filmmakers during this period as we saw world class stories from our shores, make way to international and local festivals as well as private screenings across the world with 80 projects funded in development and 52 projects in production by the NFVF in this financial year.

To the National Film and Video Foundation's managerial team and first-class staff members, thank you for your unrelenting support, dedication and hard work. Your efforts are evident in the tremendous changes we now see and will continue to see, as audio-visual practitioners continue to tell the stories only South Africans should tell.

As we enter the new financial year, let us continue with our commitment and passion for the audio visual industry, ensuring growth and consistency by providing world class services and support that strengthens the industry. We will continue to focus on developing the youth, women and previously disadvantaged individuals to ensure that all South Africans have an equal chance in participating and contributing towards the industry.

Ms Zama Mkosi Chief Executive Officer National Film and Video Foundation 31 July 2017







## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor General.

The Annual Report is complete, accurate and is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the NFVF.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2017.

Yours faithfully

Ms Zama Mkosi Chief Executive Officer

National Film and Video Foundation 31 July 2017

Mr. Phillip Molefe

Mr. Phillip Molefe Chairperson of NFVF Council National Film and Video Foundation







## 6. STRATEGIC OVERVIEW

#### 6.1 Vision

A leader towards a sustainable and diverse audio-visual industry.

#### 6.2 Mission

To collaborate with all stakeholders to enable the development and promotion of a transformed and thriving audio-visual industry.

#### 6.3 Values

- Creativity
- Freedom of expression
- Entrepreneurship
- Equitable redress
- Collaboration

#### **6.4** Strategic outcome orientated goals

- 1. Increase the number of people trained in the industry, particularly in areas of scarce skills
- 2. Develop appropriate policy interventions for the South African film industry
- 3. Increase the number of South African films produced and PDIs producing them
- 4. Promote the South African Film Industry locally and internationally
- 5. Fulfil statutory and governance obligations of the NFVF as set out in relevant legislation



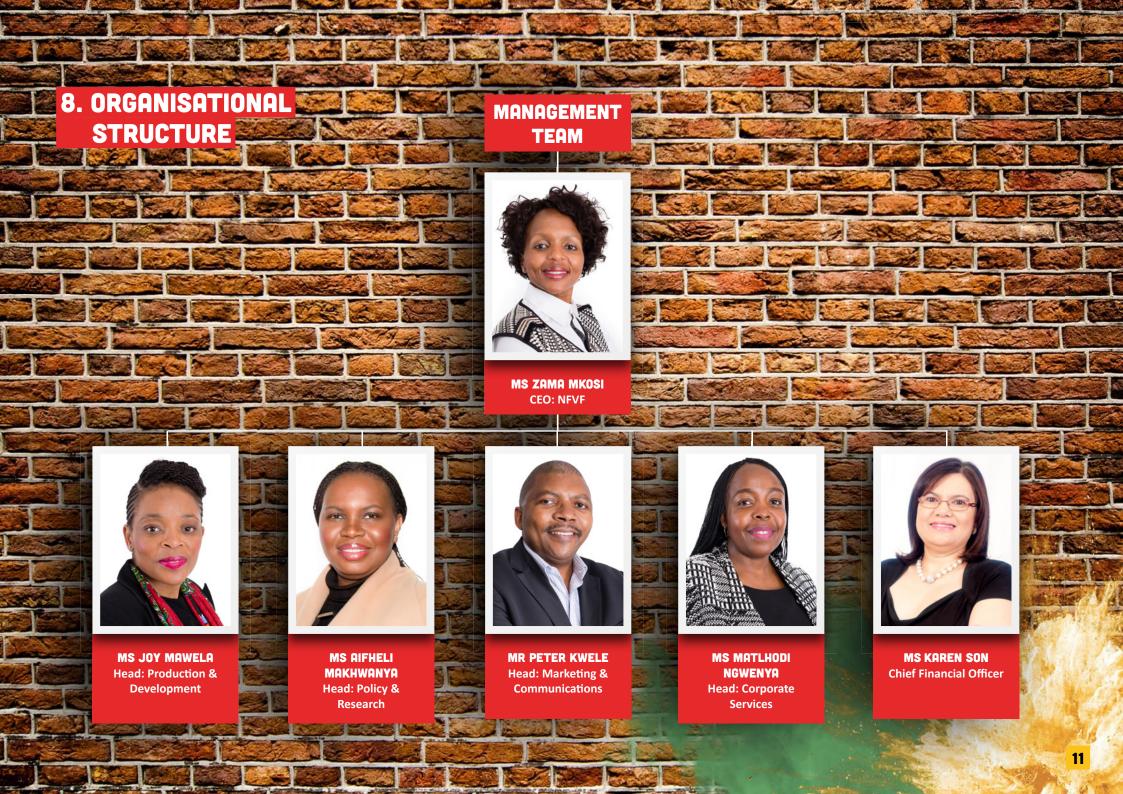
## 7. LEGISLATIVE AND OTHER MANDATES

The National Film and Video Foundation (NFVF) is a Schedule 3A Public Entity in terms of the PFMA. The NFVF is governed by the National Film and Video Foundation Act 73 of 1997 as amended by the Cultural Laws Amendment Act 36 of 2001.

The mandate of the NFVF, as set out in Section 3 of the NFVF Act is:

- To promote and develop the film and video industry
- To provide and encourage the provision of opportunities for persons, especially from disadvantaged communities, to get involved in the film and video industry
- To encourage the development and distribution of local film and video products
- To support the nurturing and development of and access to the film and video industry
- To address historical imbalances in the infrastructure and distribution of skills and resources in the film and video industry









## 1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2017

As the Chief Executive Officer of the National Film and Video Foundation, I am responsible for the preparation of the Public Entity's performance information and for the judgements made in this information.

As Chief Executive Officer I am responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2017.

The National Film and Video Foundation performance information for the year ended 31 March 2017 has been examined by the external auditors and their report is presented on page 14.

The performance information of the entity set out on page 18 to page 52 was approved by the Council.

Ms Zama Mkosi Chief Executive Officer National Film and Video Foundation

31 July 2017



## 2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide limited assurance.

The audit conclusion on the performance against predetermined objectives is included in the report to management, under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 74 of the Annual Report (Auditor's Report), published in Part E: Financial Information.



tional film and vide

rtment of Arts



## 3. SITUATIONAL ANALYSIS

#### 3.1. Service Delivery Environment

During the period under review, the NFVF received a high volume of applications and the number of projects that received funding has increased. 2 slates, namely animation and documentary slates were funded in alignment with the mandate of creating business sustainability. The Female Filmmaker Project was completed, creating more viable products ready for broadcast.

The Youth Filmmaker Project is also in its final year and delivery of the final product is scheduled for January 2018. Two documentaries were commissioned for Youth and Woman's month as part of celebrating important milestones in our history.

Improved intergovernmental relations and subsequent strategic alignment in the implementation of programmes, created a collaborative service delivery environment and led to greater efficiencies for our various stakeholders.

#### 3.2. Organisational Environment

The NFVF organisational structure approved in the 2016/17 financial year has been fully implemented. The process to implement the revised organisational structure was fully aligned to the NFVF operations. The 360 performance management system is operational and the performance management takes into consideration the employee score and the overall organisation performance. The training needs were identified out of the employees Personal Development Plans (PDP) and executed. The NFVF second level management team were taken through a leadership development program. The executive team is stable and fully integrated as a unit.

#### 3.3. Key Policy Developments and Legislative Changes

There has been a number of proposed laws that will impact on the audio-visual industry and the NFVF. The revised White paper on Arts, Culture and Heritage of November 2016 introduced a new cultural policy for the arts in South Africa. The White Paper proposes the establishment of a South African Audio-visual and Arts Council made up of the NFVF and the National Arts Council. The White Paper makes reference to a single council while the functions of the two entities will remain separate operationally.

In the continental front, the African Audio-visual and Cinema Commission (AACC) has been established in terms of a draft statute with a similar name. Under the auspices of the African Union, the AACC will provide funding for the sector across the value chain. Its other functions will be in the areas of policy coordination, research and intellectual property protection.

#### **Strategic Outcome-Oriented Goals**

## Increase number of people trained in the industry, particularly in areas of scarce skills

The film industry is one of the key sectors that can provide job creation and economic growth, given the labour-intensive nature of film production. However, to ensure a sustainable industry that contributes to the national economy, an increase in skills development is pertinent for growth and development as an upskilled labour force directly impacts on the number of local film productions. The major skills gaps as identified by the NFVF continue to hinder the industry from sourcing adequate and alternative financing resources and or models to produce films that could perform locally and internationally. These gaps are dominant in screenwriting, directing and executive producing. To this end, the NFVF has devised interventions accordingly.



The NFVF continues to commit itself to comply with the national policy of skills development and ensure that the industry benefits from resources available to upskill itself and build sustainable production companies that can contribute to the eradication of unemployment in the sector. The NFVF is also committed to forming partnerships with a variety of organisations to ensure that industry development is achieved. Particular emphasis is placed on grooming young people to enter into the industry and for those who are already starting careers in the film industry, to secure their longevity by gaining crucial experience required by the industry.

#### Develop appropriate policy interventions for the industry

During the year under review, the NFVF developed an information manually in compliance with the Promotion of Access to Information Act, 2002. The information manual that will be lodged with the South African Human Rights Commission details the business of the NFVF, the designated information officers, type of records held by the NFVF and the procedure to access such records.

Other policies were reviewed as part of the annual policy review exercise. The annual review ensures that amendments are made where policy inefficiencies and gaps have been addressed. Feedback is received from the industry, NFVF staff, internal audit, council committees and panel members to ensure alignment with the NFVF strategic objectives and pieces of legislation that must be complied with. The Funding Policy, Language Policy, Appeals Procedure and Conflict of Interest Policy that informs the business of the NFVF and its service delivery to the industry.

## Increase the number of South African films produced and PDI's producing them.

The NFVF met the targets set for development and production funding in this financial year with 2 slates, animation and documentary that will result in an outcome of 9 scripts and 3 feature films/animatic for animation per slate for over a period of three years. The Female Filmmaker project is complete and has delivered 30 short films and the Youth Filmmakers Projects are in their 3rd year and currently in production. The documentary slate is currently in its second year and have completed one project, Skulls. Three projects in development and one in post-production. The NFVF continues to fund projects under the Emerging Black Filmmakers Transformation Fund in partnership with IDC and DTI. This main purpose of this initiative is to develop and support local emerging black directors and producers by providing financial, marketing and other filmmaking support.

## Promote the South African Film Industry locally and internationally

The role of Marketing and Communications within the NFVF has grown in importance and focuses on the broad Marketing and Communications strategy of the NFVF. Furthermore, our objective is to create an appetite for South Africans to watch local film and create awareness and the appreciation of South African produced films. We have seen the success at the box office of the many films produced by black filmmakers and funded through the NFVF's Marketing and Distribution.

This period has seen the implementation of the NFVF's global positioning strategy and effective promotion of South African films, the South African Film Industry, and the NFVF brand both locally and globally under the positioning statement of "from our streets to the world..."

Every year the NFVF facilitates and guides the participation of filmmakers in festivals and markets abroad with the following aims:

- 1. Opening up markets for South African content.
  - To find new markets for the distribution of South African feature films, documentaries and television concepts.
- 2. Securing partnerships for Co-Production.
  - To find new partners to co-produce, co-finance, distribute and or sell South African feature films, documentaries and television concepts.
  - To explore co-production challenges and opportunities with those countries with whom co-production treaties exist.
- 3. Skills Exchange and Skills Development Opportunities.
  - To foster and build relations with institutions for skills exchange.
  - To position South African filmmakers in global platforms aimed at professional and business skills development.
- 4. The positioning of the South African Film Industry (as a filmmaking destination and a production partner).
  - To market South Africa as a preferred filmmaking destination as well as a co-production partner.

The last year has seen SA films winning awards and receiving nominations at prestigious events like the Cannes Film Festival, Durban International Film Festival, Toronto International Film Festival, International Emmy's, and Berlin Film Festival among others.

The NFVF continues to deliver on its mandate and objectives through various activations at markets and film festivals, media and public relations initiatives, funding roadshows and stakeholder engagements.

In response to the NFVF mandate and objectives of increasing audience access to South African films, the NFVF continued to run a series of roadshows and activations at various festivals around the country, including the Durban International Film Festival, the Grahamstown Arts Festival, the Bojanala Film Week, and the

Ubu Film Festival. The roadshows, predominantly targeting youth involved or interested in the industry, encompassed workshops on directing, scriptwriting, producing, and sessions on "How to Enter the industry."

As part of the NFVF honouring, celebrating and rewarding talent, as well as a drive to create a full circle of interaction within the film and television industry, the NFVF administers the South African Film & Television Awards (SAFTAs) with the mandate to host the awards until such time as the South African Film and Television Academy is established. Held annually, the SAFTAs is now in its eleventh year of celebrating local talent.

The SAFTAs is an annual project that is designed to:

- Promote quality and excellence in the South African film and television products.
- Highlight and profile celebrated South African talent and product to national and international markets.
- Encourage the growth of talent and new talent within the industry.
- Encourage entrepreneurship within the South African Film and Television market.
- Stimulate participation by a broad mass of the industry in competitive awards events.

Fulfil statutory and governance obligations of the NFVF as set out in relevant legislation

The NFVF has a fully functioning and efficient finance department that includes a supply chain management function and adheres to the PFMA. The role of the department is to ensure that the NFVF fulfils its statutory obligations in terms of the NFVF Act and the PFMA and fully meets the needs of its stakeholders.

The NFVF is governed by a Council that is appointed in terms of Section 6 of the NFVF Act. The NFVF also has an Audit Committee that assists the Council in providing the necessary governance oversight of the organisation.

















IGNITION SESSIONS AT DIFF





















## 4. PERFORMANCE INFORMATION BY PROGRAMME

#### 4.1. Programme 1: Training and Skills Development

#### **Programme description**

#### Purpose of programme

Building a sustainable film industry requires rigorous interventions and programmes that will eliminate the structural impediments such as poor education and lack of the required skills. In addressing skills shortages the NFVF offers bursaries to deserving students. The NFVF has partnered with Media, Information, Communication and Technology Seta (MICT) to roll out internships for recently graduated learners wanting to acquire workplace experience.

The major skills gaps as identified by the NFVF continue to hinder the industry from sourcing adequate and alternative financing resources and or models to produce films that could perform locally and internationally while providing audiences with engaging yet entertaining content. These gaps are dominant in screenwriting, directing and executive producing. To that end, the NFVF continues to intervene through the in-house training programs, funding for further studies and through international mentorships.

The NFVF continues to commit itself to comply with the national policy of skills development, ensuring that the film industry benefits from resources available to upskill itself and build sustainable production companies that can contribute to the eradication of unemployment in the creative industries. The NFVF is also committed to forming partnerships with a variety of organisations to ensure that industry's development is achieved.

Strategic objectives related to training and skills development:

- Growth in number of trained professionals
- Increased number of programmes supported
- Address industry skills gaps
- Encourage skills transfer to PDIs
- Learners are recognised for their completion of NFVF training programmes

### **Programme Performance Report**

			Training and Developme	ent		
Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Public Understanding of Arts and Culture	Bursary funding for different levels of training	76 bursaries approved by Council, but 3 were subsequently cancelled by the applicants	64 bursaries awarded per annum	166 bursaries awarded	Over achieved by 102 bursaries awarded	NFVF MICT Seta partnership provided for additional funding to fund extra bursaries
	Internship Programme	50 interns placed	Place 20 interns per annum	80 interns recruited	Over achieved by recruiting 60additional interns	NFVF MICT Seta partnership provided for additional funding for interns.
Human Capital Development	Skills Development	4 training companies funded - Limpopo film and television school; East Coast Media; Writers Guild and Documentary Filmmakers Association	3 Training initiatives funded p.a	2 Training companies funded	Under achieved by 1	Applicants did not meet the accreditation requirements.
		<ul> <li>2 Sediba Spark hosted. Of these 1 was in partnership with KZN Film Commission.</li> <li>1 Producers programme held with KZN Film Commission.</li> <li>1 Directing workshop held.</li> </ul>	2 Sediba Programmes p.a	2 Sediba programmes	-	N/A
		2 students funded to attend Annecy and Hot Docs and 4 students attended Toronto International Film Festival.  5 filmmakers supported through "Creative Minds" to attend Cannes; 3 Filmmakers supported to attend DIFF and 3 Filmmakers supported to attend TIFF and IFP	3 Mentorship programmes p.a	3 Mentorship programmes	-	N/A
		N/A	1 Schools programme p.a	1 Schools programme	-	N/A

#### **Significant achievements**

Increased number of interns and bursaries through additional funding from NFVF MICT Seta partnership. The NFVF has launched a successful Schools program initiative.

#### **Key Programme Outputs**

National bursaries and international scholarships remain one of the key interventions in supporting emerging talent within the industry. During the year under review, the NFVF granted 166 bursaries to students studying film or television courses. These students were from a variety of tertiary institutions both in South Africa and abroad. There was a diverse range of disciplines that the beneficiaries were pursuing which include: Producing, Directing, Script Writing, Cinematography, Animation, Visual Effects, and Sound Design. The students who received funding were also at different levels of study - from the first year right through to Masters Level.

## Strategy to overcome areas of under performance

The accreditation process has proved to be a challenging process due to a lack of standardised study material. The NFVF has liaised with training providers to develop requisite training material in line with the MICT Seta accreditation requirements. To conduct roadshows to inform applicants regarding the accreditation requirement in line with NFVF funding policy.

#### **Changes to planned targets**

There were no changes to planned targets.

#### 4.2. Programme 2: Policy and Research

#### **Programme description**

#### Purpose of programme

Research projects were undertaken and subsequent policy interventions are critical to ensuring that the film industry contributes to government imperatives such as job creation, social cohesion and enterprise development. It is also critical to ensure that an enabling regulatory environment is created and maintained.

The Policy and Research Programme is tasked with providing the NFVF with comprehensive and accurate information by conducting research on the film and video industry in order to make policy recommendations to the NFVF Council. Research conducted also provides critical information and key performance indicators of the South African film industry.

The programme also ensures that internal and external policies are drafted to make sure the NFVF is able to deliver on its various objectives. The Unit also administers film certification for the eight film co-production treaties signed by South Africa and issues certificates of nationality for distribution as well as for the purpose of section 12(0) of the Income Tax Act tax allowance.

The NFVF and the film industry is impacted by a number of policies, laws and regulations that are developed from time to time. Policy monitoring is an important function that identifies policies and laws that impact either positively on the NFVF and/or the industry. Policy submissions generated by the department seek to respond to the proposed laws and presenting alternative positions for consideration by the drafters of the proposed policies or laws.



#### **Programme Performance Report**

			Policy and Resear	rch		
Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations
Business Development	Industry research conducted and published	4 publications Box Office report (January-June), 2015 Box Office Report, Impact Assessment of NFVF/MICT SETA Internship and Skills Audit	4 Research publications per annum	4 research publications	None	None
	Policies approved	Language Policy, Funding Policy, Appeals Procedure and Terms of Reference for Advisory Panels	3 policies approved by Council.	4 policies	1 additional policy was drafted	The information manual was drafted in order to address internal audit concerns to ensure that the NFVF has an information management policy
	Certification of National Films	A total of 17 applications were received and certified: 1 advance ruling; 10 final rulings; and 5 certificates of nationality	Certify 90% of all applications received	100%	All applicants that were received met the requirements	There were no rejections or withdrawals of any application
		4 Co-production forums with Brazil, Canada & Netherlands. 1 additional activation with Brazil took place at the Rio Content Market in Brazil	3 Co-production activations p.a	4 coproduction activations	None	None

Strategic objectives related to policy and research:

- Policy formulation
- Sectorial information management (reliable source of film industry information)
- Proposed regulations
- Administration and certification of national films (local and official co-productions)

#### Significant achievements

The research into the Economic Impact of South African film industry as well as the various co-production activations highlighted the amount of contribution the industry plays in the country and the value of engaging stakeholders, as these platforms encourage meaningful dialogue with stakeholders to reach consensus on the best interventions that must be put in place to address gaps or challenges in the industry.

The Economic impact of the South African film industry has shown that there are multiple policies and plans that identify the industry as a catalytic sector with the substantial potential to affect the development of the economy. These policies look to assist the sector through financial and resource support to ensure that issues such as inequitable resource distribution are addressed. The industry is also quite large in terms of its output's and contribution to GDP, income, taxes. It stimulates multiple sectors through film productions, particularly the real estate (which includes renting of facilities), business services (which includes the use of services such as film editing and make-up), and finance sectors (which includes insurance, fringes, etc.).

The key opportunities that may drive the growth of the overall industry lie in the diverse attraction locations available for shooting, which is strengthened by existing support



structures and access to the global market. On the other hand, the major constraints of the industry come from the lack of skills and skills development (particularly regarding creative thinking); limited distribution channels; limited supporting infrastructure; and an un-coordinated operational approach for role-players.

These issues/constraints have led to the identification of critical growth areas that will drive the industry's growth if addressed; these areas include skills development of film sector participants, development of supporting infrastructure, and the establishment of Provincial film commissions to guide the specific film markets and role-players. An additional improvement measure is to ensure that films being produced locally are of high quality and that genres are diverse, to attract and keep investment in the industry. These measures will thrust the industry's growth to internationally competitive standards in the long-term.

Co-productions, on the other hand, involve working with international country partners to create networking and business platforms for South African co-producers to collaborate and co-produce with treaty and non-treaty partners. The activations targeted well-established platforms such as the Durban International Film Festival, Cannes and targeted forums such as the South Africa-France co-production workshop that took place in Paris on 29-30 March 2017. Co-producers from both countries with selected South African projects participating.

#### **Key Programme Outputs**

#### **NFVF Information Manual**

The information manual is drafted in line with the Promotion of Access to information Act, 2002. As a public entity, the NFVF keeps a number of records that can be accessed upon request by members of the public as well as those that cannot be accessed. The information manual provides details about the business of the NFVF. The CEO and the CFO are designated as chief information officer and deputy respectively.

The process that must be followed by requesters is outlined in the information manual. An appeal process is provided for as well as an appeal committee. The Executive Committee of the NFVF Council will play this role. A request form and applicable fees for making copies of records have been included based on a benchmark with similar entities. The information manual will be available on the NFVF website and a copy will be lodged with the South African Human Rights Commission.

#### Box Office Report 2016

South Africa's box office report provides an analysis of the performance of local films in comparison to international films. The report looks into the earnings of each film (the top grossing films), market share, percentage share by distributors, top earning genre and comparison between classic 2D (standard format) and classic 3D format.

#### Summary of findings

- A total of 228 was released in the year under review.
- A total of R1 135 832 667 was generated from ticket sales a little less than the 2015 box office intake.
- A total of 28 South African produced films were released against 22 that were released in the preceding year, while revenue for both years stood just above R 69 million.

- Afrikaans films continued to dominate the market in 2016 with both Times Media and Ster-Kinekor continuing to dominate the market share and a number of films distributed.
- South African produced films raked in just above R69 million for the box office revenue slightly the same amount as in 2015.
- Action adventure and animation were the most popular genres overall while locally action/crime and drama were the most popular.
- Overall highest grossing movie for 2016 was Finding Dory at R43 719 562 and locally produced Vir Altyd grossed the highest at R15 535 579 followed by Happiness is a fourletter word at R13 188 020
- South Africans films ranked number 3 in terms of revenue generated based on country of origin.
- Two local films could not gross above a R100 000 mark, namely Hatchet Hour (R30 275) and Endless River (R79 510)

Table 1: Top 10 South African Film 2016- Title, Release Date, Genre, Box Office Gross

Movie Title	Date of Release	Weeks in Release	Genre	Cumulative Box Office
Vir Altyd	February	9	Action/Crime	R15 535 579
Happiness is a Four Letter Word	February	12	Comedy	R13 188 020
Vir Die Voels	February	8	Romance	R8 541 773
Mrs Right Guy*	June	14	Drama	R4 412 589
n Paw Paw vir my Darling	January	5	Action/ Comedy	R4 024 034
Noem my Skollie	September	11	Drama	R3 496 315
Dis Koue Kos Skat	August	6	Drama	R3 186 127
Jou Romeo*	December	4	Romance	R2 802 837
Sy Klink Soos Lente	September	5	Drama	R2 380 052
Modder n Bloed (Blood and Glory)	April	6	Comedy/ Romance	R2 036 702

**Table 2: Total Number of Films by Year** 

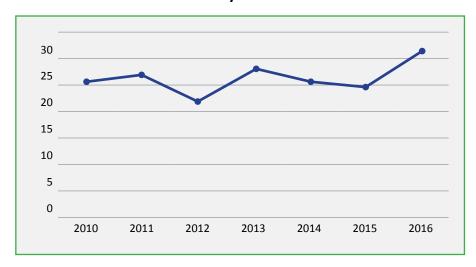
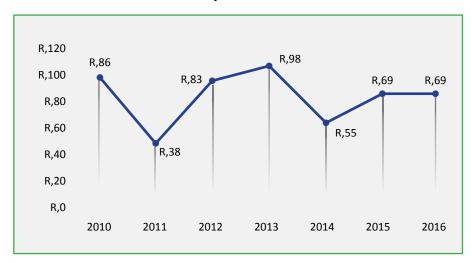


Table 3: SA Gross Box Office by Year



#### The Economic impact of the South African Film and Video Industry.

The Purpose of the study was to identify and quantify the economic impact of activities from companies and/or individuals in the film sector with the following scope:

- Full value chain analysis of the film industry development, production, post-production and distribution.
- Definition of film feature films, documentaries, TV series (including broadcaster commissions), TV films (including broadcast commissions), animation series, films and shots (films, documentaries, animation);
- Films produced during the period 1 January 2013 to 31 December 2015;
- Legitimate film distribution across traditional and new distribution platforms; and
- Films that conducted either all or part of their production within South Africa including
  foreign films that have been short and/or post-produced in South Africa in so far as it
  relates to the Qualifying South African Expenditure.
- 3 years' analysis of the following indicators:
  - » Size of the industry contribution to GDP;
  - » Number of companies that are doing business in the industry
  - » Number of individuals employed in the industry (permanent employees and freelancers)
  - » Direct and indirect taxes that the industry pays
  - » Economic multiplier.

The study was conducted through a mixed research methodology that included qualitative and quantitative approach. Extensive stakeholder interviews were conducted with stakeholders in Gauteng, Western Cape, Limpopo, Mpumalanga, KwaZulu-Natal and North West provinces. Stakeholders were interviewed include government funders, locations, distributors, exhibitors, industry organisations completion-bonders and producers.

The main study limitations related to data collection mainly for producers some who were not able to provide expenditure breakdown for the years covered by the study. First time producers particularly struggled with the questionnaire. Various databases that were used to identify producers were far from accurate. Phone numbers were either invalid or not being answered.

Data from the Department of Trade and Industry's incentive programme was a lifetime. It remains the most accurate and comprehensive source of data for the film sector. Steps were taken to eliminate double counting in the case of productions that received funding from various government funders.

The study found that the film industry has a multiplier effect of 2.34 and made the following further observations depicted in the table below.

	Direct	Indirect	Induced	Total
Production (R Million)	17 535,04	13 074,14	10 503,45	41 112,64
GDP (R Million)	11 055,71	6 313,49	4 431,46	21 800,66
Employment (Number)	56 150	24 163	16 422	96 735
Income (R Million)	3 999,04	2 676,47	1 922,35	8 597,87
Tax (R Million)	234,88	266,09	223,51	724,48

The study recommends that a detailed industry database must be compiled. In addition, the lack of transformation and the need for a "crewing Academy" came out strongly during interviews. The need for collaboration between government, broadcasters and producers to increase the number of South African was also highlighted.

#### South African films certified

A total of 25 films were certified for an advance ruling, final ruling and for a certificate of nationality during 2016/2017.

#### **Co-productions**

During the 2016/17 financial year, 11 projects were submitted for co-production approval, 10 for advance rulings and 1 for a final ruling.

Tor devence runings and I for a final runing.					
Project Name	Treaty	Ruling			
Rivonia	SA/Netherlands	Advance			
A Fool's Paradise	SA/Netherlands	Advance			
Against the Wild 3	SA/Canada	Advance			
Indian Detective	SA/Canada	Advance			
Geraubte Wahrheit	SA/Germany	Advance			
Love Jacked	SA/Canada	Advance			
Saturn	SA/Australia	Advance			
The Road to Kilimanjaro	SA/Germany	Advance			
Big Friend, Little Friend	SA/Germany	Advance			
The Harvesters	SA/France	Advance			
Accident	SA/France	Final			

#### **Certificate of Nationality**

Project Name	Production Company	Producer(s)	Director(s)
SafariLive Mother's Day 2015	Wild Earth Media (Pty) Ltd	Graham Wallington	Will Fox
SafariLive Big Cat Week 2014	Wild Earth Media (Pty) Ltd	Graham Wallington	Will Fox
SafariLive The Dry Season 2015	Wild Earth Media (Pty) Ltd	Graham Wallington	Nicki Austin
SafariLive Big Cat Week 2015	Wild Earth Media (Pty) Ltd	Graham Wallington	Nicki Austin
Necktie Youth	Urucu Media (Pty) Ltd	John Trengrove	Sibusiso Shongwe
Mrs Right Guy	DG Pictures (Pty) Ltd	Dumisani Gumbi, Zikhethiwe Ngcobo, Cati Weinek, Mokopi Shale	Adze Ugha
African Fusion	Fresh Rock Film (Pty) Ltd	Robert Breyer, Yvette Oosthuizen	Nic Good
From a House on Willow Street	From a House on Willow Street (Pty) Ltd	Zino Ventura, Mirell Lerm Ventura	Alastair Orr
Game	Stage 5 Films (Pty) Ltd	Henrietta Hamilton	Robert Fraser
Blood Lions	BL Documentary and Campaign (Pty) Ltd	Jeremy Nathan, Philippa Hankinson	Bruce Young/Nic Chevalier
Everything Must Fall	Free Education Productions (Pty) Ltd	Rehad Desai	Rehad Desai
Of Gold, Dust and Breath	Breath Films (Pty) Ltd	Catherine Meyburgh, Richard Pakleppa	Catherine Meyburgh, Richard Pakleppa
Seal Team	Seal Team Film (Pty) Ltd	Stuart Forrest	Wayne Thornely
Inxeba (The Wound)	Urucu Media (Pty) Ltd	Cait Pansegrouw	John Trengrove

#### Strategy to overcome areas of under performance

There are no specific areas of underperformance for this period under review. The organisation, however, undertakes to increase stakeholder engagement before, during and after research and policy development processes to ensure consistent communication. The period for conducting research outsourced to a service provider will be increased in the future. This is to ensure that there is sufficient time for field work, stakeholder consultations leading up to the conclusion of the research.

#### **Changes to planned targets**

There were no changes to planned targets.

#### 4.3 Programme 3: Production and Development of Content

#### **Programme description**

#### Purpose of programme

Production and development of content are at the core of the work the NFVF engages in – it is where the mandate of the organisation is most clearly fulfilled by providing the film industry with critical financial support and technical expertise to take a film project from an idea to a product that can be screened. While the number of films produced locally is a decisive factor in the growth and sustainability of the film industry, the quality of films is also important in order to ensure widespread distribution and a loyal market. Feature films, documentaries, short films and television concepts are all considered for development and production funding. Financial support also allows for diversity in the film industry so that filmmakers who would typically be unable to raise financing for their projects are not side-lined. The NFVF, therefore, is able to focus on creating a more equitable industry.

#### Strategic objectives related to production and development of content:

- Increase in volume of South African films produced
- Empower individuals from Previously Disadvantaged (PD) communities
- Support innovative distribution

#### **Programme Performance Report**

Production and Development of Content							
Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations	
Business Development	An increase in the volume of South African films produced particularly by PDI's	44 projects funded in development	66 projects funded in development p.a.	80 projects funded in development	14 more than target	More projects were funded because some applicants requested less than the maximum	
		28 projects funded in production	38 projects funded in production p.a.	52 projects funded in production	14 more than target	allocation per project.	
		10 Female Filmmaker films funded	1 Women filmmaker slate funded annually	1 Female filmmaker slate funded	-	N/A	
		14 Youth Filmmakers and 1 first time filmmakers	1 First time / Youth filmmaker slate funded annually	1 First time Youth Filmmaker Slate funded 3 fiction slates	-	N/A	
		3 fiction slates funded	1 fiction slate funded p.a	funded	2 more than target	More than 1 slate funded because of the high quality standard of the proposals.	
		0	1 animation slate	1 animation slate funded	_	N/A	
			funded p.a				
		2 scripts in development, 1 script in production	1 documentary slate funded p.a	1 documentary slate funded	-	N/A	

#### Significant achievements

In response to the NFVF mandate and objectives of increasing the volume of South African films produced, 73 features and 50 documentaries were funded in this financial year.

#### **Completed Fiction Films**

- Chemo Club
- Beyond the River
- Krotoa
- The Wound
- Whale Caller
- Vaya
- Safari CSI
- Pineapple Rings

#### **Completed Non-Fiction Films**

- Skulls
- The Springbok Nude Girls
- Uprize
- Sins of Our Fathers
- Indwe
- Standing on Their Shoulders
- Barefoot Hero
- Maverick with a Cause

#### **Slate Projects**

Out of our Slate initiative, we have seen great success in the first part of the year, affirming the ethos of the project and informing the process for the upcoming slates.

- Happiness is a Four Letter Word grossed R13 188 020 and was ranked one of the highest grossing movies for 2016 alongside Finding Dory at R43 719 562 and locally produced Vir Altyd grossed the highest at R15 535 579.
- **Skulls** premiered at the International Documentary Film Festival Amsterdam (IDFA) this year in November.
- Uprize! was in competition for Best Documentary Feature.

#### **Youth Filmmakers Project**

The main successes of this project in this financial year:

- Films broadcast on SABC and received high audience ratings.
- Showcased at various film festivals and other audience development platforms.
- The projects received numerous recognition/ international awards.
- "THE BICYCLE MAN" by Twiggy Matiwana was awarded the "European Union-ACP Award" and "Silver foal" at the Pan-African Film Festival in Ouagadougou (FESPACO) 2017 in Burkina Faso.
- The films were in the official selection for Joburg Film Festival and Carthage Film Festival – Tunisia
- Youth Filmmaker Project won a Special Merit Award at DIFF for a local feature film.

#### **Female Filmmaker Project**

The main successes of this project in this financial year:

- Films broadcast on SABC and received high audience ratings.
- In-negotiation with a US broadcast, Aspire for a licensing deal
- Showcased at various film festivals and other audience development platforms.
- The projects received numerous recognition/ international awards.
- "LUNGELWA" from the Female Filmmaker Project was nominated for Best Short at the SAFTAs
- Jayan Moodley former filmmaker project beneficiary has recently directed have the first feature, Keeping Up with the Kandasamys which grossed 10 million box office.



#### **Non-Fiction (Documentary) Projects**

- Frontier Vets a 13- part docu-reality series backed by the NFVF backed was screened weekly on SABC 3 in July.
- Alison by Uga Carlini won the International Humanitarian Platinum Award
  for Documentary. The film will now compete for overall winner at the World
  Humanitarian Film Awards. It was also part of the special '16 days of activism'
  screening at the Labia Theatre in Cape Town and the Bioscope Cinema in
  Johannesburg.
- Skulls was selected for the International Documentary Film Festival Amsterdam (IDFA). This was its world premiere.
- *Uprize!* by Zinc Pictures was screened at the Morris Isaacson High School in Soweto as part of the heritage month celebration.
- **Standing on their Shoulders** by Nayanaya Pictures and Indweby One Blood Sound were both screened at the inaugural NFVF Women in Dialogue event that took place in East London, Kroonstad, Kimberly and Rustenburg. The screening of the two films was part of commemorating the 1956 women's march.
- Action Kommandant by Nadine Cloete won an Audience Choice Award.

#### **Fiction Projects**

- **Tell Me Sweet Something** NFVF funded film stays winning after returning home from theBlackStar Film Festival with the award for Best Narrative Feature. The annual award ceremony, which takes place in Philadelphia (USA), aims to celebrate films by and about African people on a global scale.
- Vaya NFVF funded film was screened in the Contemporary World Cinema at the 2016 Toronto International Film Festival and at the Berlinale Panorama. It was also premiered during the Joburg Film Festival in November.
- **The Wound** NFVF funded film was screened at the Sundance Film Festival and Berlinale as the opening film for the Panorama section. it was well received by audiences all over the world.
- **Dora's Peace** NFVF funded crime film starring Khabonina Qubeka was awarded The Best South African Feature award at the annual Jozi Film Festival.
- Tass An NFVF funded film won an award for best feature film at DIFF 2016.
- Mrs Right Guy An NFVF Slate Film by Fuze was released on the 27th of May and performed exceptionally well. It racked in over R1 million rand in its opening weekend and continued its great run at the local box office, surpassing the R3 million mark.
- "Noem My Skollie" was nominated for Oscars.
- "Kalushi" will officially be realised in cinemas on the 10th March 2017.
- Female Project Films two films made headlines in December by attracting 4 million viewers on SABC 1.

## Key programme outputs Approved Projects 2016/17

## Cycle 1 Documentaries Development

Documentaries Developine	,	,	,
Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
A Promise of Milk and Honey	Kgomotso Nkele	Motako Kreashins (Pty) LTD	R100 000.00
Baby Jake-The Legend	Zanele Mthembu	Brown Panther Films	R118 500.00
Eaglette-Whenthe music died	Beverley Ditsie	Ditsie Media	R98 000.00
Life & Times of John C	Francois Verster	Under current Film & Television cc	R100 000.00
Ma Adams	Janette de Villiers	Groundglass (Pty) LTD	R100 000.00
Ma'Leven	Suzette Mabelane	Godaholik	R100 000.00
Mutant!	Mlungisi Khanyile	Anaphora Films	R150 000.00
Profitingon Circumcision: A tale of lost Manhood	Gugulethu Maqetuka	Matigari Films	R100 000.00
Strandloper	Sarah Summers	Gambit Films	R100 000.00
The Legendary Mpondo Rural Revolt and the United Nations Response	Thami Nxasana	Synetics (Pty) LTD	R120 000.00
The Marionette Tyrants	Bonganjalo Marala	Insync Media Primary Cooperative	R120 000.00
The Other Side	Laurian Nortje	Youngpreneur Media (Pty) LTD	R150 000.00
The Tuna Fish	Bobby Rodwell	Mehlo-maya	R150 000.00
What if we owned the bank?	Nisha Naidoo	The Creative Advantage	R150 000.00

#### Feature length -Development

Project Name	Applicants Name	Production Company	Amount Allocated
As She Remembers- A Nomhle Nkonyeni Autobiography	Nomakhomazi Dewavrin	OneBloodSound	R150 000.00
Besides Ourselves	Nimrod Geva	Quizzical Pictures	R200 000.00
Chasing Vice	Keitumetse Qhali	TTT Productions	R150 000.00
Eyethu	Jabulani Phambana	Mouze Trap Entertainment (Pty) LTD	R150 000.00
Full Distance	Thapelo Mokoena	Easy Sundays Productions	R200 000.00
Glorified	Chule Gobodo	Brainbow Productions	R122 000.00
Laundry	Robbie Thorpe	Rififi Pictures	R200 000.00
Losing My Religion	Kate D'Hotman	Bon Appetit Films	R200 000.00
Mali	Pheello Mochele	Naleli M Holdings (Pty) LTD	R150 000.00
Miles From Nowhere	Samantha Nell	N/A	R200 000.00
Pineapple Rings	Rachel Young	Happy Cat Films	R190 000.00
Serenade	Ed Worster	Rapid Blue	R200 000.00
Slang Madiba: "Supercop"	Adriaan Van Wyk	Blue Zulu Productions (PTY) Ltd	R150 000.00
Song Bird	Bongiwe Mbongwe	Classic Options	R150 000.00
The Sound of Animals Fighting	Neil Brandt	Fireworx Media (Pty) LTD	R200 000.00
The Woods	Kofi Zwana	N/A	R200 000.00
Unite- The Impossible Possibility	Polani Fourie	United Productions SA	R150 000.00
Wright Street	Genevieve Akal	N/A	R200 000.00

#### Short film - Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Fixing Sam	Eduard Frauenstein	N/A	R97 704.00
Millennial Love	Ashlin Simpson	Eight Street Stories	R77 500.00

#### TV Format – Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Home Cooked	Jugedesi Desmond Naidoo	Slic Eye Productions	R200 000.00
Safari CSI	Lousevan Hoff	Okuhle Media	R250 000.00
Marjetsah	Munreera Sallies	DNA Studios	R200 000.00

#### **Production Animation**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Oongu Loongu: Animal Palace	Tariq Khan	OOMPH! Animation Studios	R1 000 000.00

#### **Production Archive**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
What's The Frack?	Themba Vilakazi	Mvura Ya Afrika Productions	R236 767.00
Mama Marikana	Aliki Saragas	Elafos Productions	R250 000.00

#### **Production Documentaries**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Between the Soul and the Sea	Riaan Hendricks	Witch Pepper Stew Films (Pty)Ltd	R350 000.00
Caught in Traffic	Cheryl Uys-Allie	Forward Films Africa	R200 000.00
District Six - Rising from the Dust	Weaam Williams	Tribal Alchemy	R350 000.00
The Spirit	Khukhwane Mercia Wechoemang	Wall of Arts Trading (Pty) LTD	R200 000.00

#### **Production Features**

Project Name	Applicants Name	Production Company	Amount Allocated
69 Bodies	Thabang Molibeli	Tamol Media (Pty) LTD	R1 000 000.00
Delivered	Smay Kearabilwe Malao	KMFILMS SOUTH AFRICA	R 250 000.00
Flatland	David Horler	Proper Film	R1 300 000.00
Garden Boy	Bethuel Ramonetho	Longwalk Marketing Production (Pty) LTD	R 150 000.00
Kings of Mulberry Street	Judy Naidoo	Ladybug Films (Pty) LTD	R1 000 000.00
State Enemy No.1	Elvis Nkosi	1300 Pictures	R1 000 000.00

#### **Post Production**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Belly Flop	Kelly Dillion	Triggerfish Animation	R200 000.00
The Wound	John Trengove	Urucu Media	R245 000.00
Vaya	Rethabile Molatela	Rififi Pictures	R603 000.00
Nomfundo	Sihle Hlophe	Passion Seed Communications	R146 610.00

#### **Production Short Films**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Gracie	Robin Gengan	GentaCorp (Pty) Ltd	R200 000.00
Honour	Imran Hamdulay	Civilian Collective (Pty) LTD	R200 000.00
Opus	Kgosana Monchusi	Weldun Media	R200 000.00
The Letter Reader	Sibusiso Khuzwayo	Sleeves Up Media	R 67 640.00
Under The Rainbow	Nicki Priem	Mad Little Badger	R200 000.00
When The Sun Sets	Bobie Mokhema	StreTalk Productions	R200 000.00

#### Cycle 2

#### **Documentaries Development**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
A Suitcase of Memories	Zinzi Nkenene	Natives at Work	R150 000.00
Bloedsusters	Mia Cilliers	Reel Epics Productions	R127 250.00

#### Feature length -- Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Break In	Jonty Acton	N/A	R200 000.00
H.O.S	Ryan Peimer	Flash Forward Production	R199 200.00
Happiness Ever After	Bongiwe Selane	Blingola Media	R200 000.00
No Strings Baby	Natasje van Niekerk	N/A	R200 000.00
Riot Waif	Jean Meeran	Team Tarbaby	R200 000.00

#### Short film -- Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Daniel and Leighann	Nadia Darries	N/A	R100 000.00
Emkhathini (In Space)	Sanele Ndlovu	N/A	R92 500.00
Zanele Hoffman	Mbuyiselo Ntubelo	N/A	R100 000.00

#### TV Format – Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Home	Sylvia Vollenhoven	Vision In Africa	R200 000.00

#### **Development Animation**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
My Bones Will Rise Again	Takatso Matlaletsa	Deconstruct Pictures	R200 0000.00

# Documentary – Short Film Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
In Between Dreams	Ikanyeng MotIhamme	Ground Works Productions	R100 000.00
Live Original	Jolene Martin	Live Original Productions	R100 000.00
The King's Last Prophecy	Richard Kgomo Tjebane	Mmoles Cultural Entertainment	R100 000.00

# Documentary - Production

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Diturupa - Troupes Of War	Themba Vilakazi	Mvura Ya Afrika Productions	R350 000.00
Spirits of the Karoo	Zinzi Nkenene	Natives at Work	R350 000.00
The Battlefield of Love	Enver Samuels	EMS Productions	R350 000.00

# Documentary – Short Film Production

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Home of Handcraft Legends	Simphiwe Gwashu	Sabile Communications	R150 000.00
Poetic Soul	Sabela Cuba	Cuba Media Production	R150 000.00
Y Revolution	Suzanne Du Toit	Story Nation	R150 000.00



# Cycle 3

# Documentaries Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Environmental Warrior	Dowelanie Nenzhelele	N/A	R111 000.00
Ola Dukuduku - Hurbeta the Wandering Hippo	Dynana Kukama	Mind Your Head Productions	R150 000.00
The Forgotten Ones: Clans and Nations	Kenneth Hlanguza	Shabba Media (Pty) Ltd	R150 000.00
The Legacy of A Golden Diva	Nolitha Xozwa Fenton	Cr8tive Genius Media (Pty) Ltd	R150 000.00
Working Title The Beginning of a New era (Urban black Radio)	Rudzani Muthambi	Rudzani Muthambi Properties (Pty) Ltd	R150 000.00

# Feature length -- Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
The Prels of UKhahlamba	Zola Maseko	Black Roots Pictures	R110 000.00
Love in F#	Mandisa Bardill	Bardill Entertainment Production	R200 000.00
The Come Up	Ntokozo Buthelezi	Izwe Lisha Creatives	R200 000.00
Writers Block	Kurt Oderson	Azania Rising	R200 000.00

# Short film -- Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Letters of Hope	Vusi Sindane	Trial by Media	R90 000.00
Majaivane	Siphokazi Mtila	N/A	R100 000.00
No Place For Girls	Ntuthuko Qwabe	Indie Content Africa	R100 000.00
Small Moving Parts	Amy Jephta	Jet Landing Media	R98 850.00
The Fiela Files	Collin Mfayela	N/A	R100 000.00
The Rise of Nabo	Mpho Mashita	Mpho Mashita & Imelda Coetzee - Independent Creators	R100 000.00
Thabo's True Self (Ubuntu Village - Pilot)	Rishane Rajkoomar	Media Sea	R100 000.00

# **Development Animation**

Project Name	Applicants Name	Production Company	Amount Allocated
Azania	Babalwa Baartman	Sanusi Chronicles	R200 000.00
Pixel's Plan	Catherine Hunter	N/A	R100 000.00
The Makers	Sheldon Bengtson	N/A	R100 000.00
Time Sliders	Clare Louis	Katanimate Studios	R200 000.00
Troll Girl	Kay Carmichael	N/A	R200 000.00

# Documentary - Short Film Development

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Ntimbwe Mpamba: The Oldest HIV Positive Man	Obakeng Malope	Maalkop Trading and Projects cc	R100 000.00
Play Back	Jessie Zinn	Red Coat Films	R94 021.00
Suck My Niggerballz: The Great Pyramid Scheme	Phumelela Mathenjwa	N/A	R93 600.00

# **Documentary Production**

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Not in my Neighbourhood	Kurt Oderson	Azania Rising Productions	R350 000.00
A Fool's Paradise	Marc Schwinges	A Fool's Paradise Pty (Ltd)	R350 000.00
The American Struggle Over Apartheid: Edward Kennedy	Kenneth Kaplan	Bioscope Pictures	R350 000.00
In Search for Bhambatha's Spirit	Kenneth Hlanguza	Shabba Media (Pty) Ltd	R350 000.00
Isihlobo Esihle (a good relationship)	Siphiwe Mpanza	Dogg Bite Entertainment	R342 000.00
Mahotella Queens	Lucy Mabula	South African Family Song Book	R350 000.00
Mission 99	Tumelo Moutlana	Wormwood Pictures	R327 000.00

# Documentary - Short Film Production

Project Name	Applicants Name	Production Company	Amount Allocated
Bisho Massacre - Gone but not Forgotten	Petunia Mokoena	Audacity Worx	R147 572.00

# **Production - Archive**

Project Name	Applicants Name	Production Company	Amount Allocated
District Six Rising from the Dust - ARCHIVE APPLICATION	Weaam Williams	Tribal Alchemy	R250 000.00
The Sounds of Masks	Julia Ramsay	Lionfish Productions PTY Ltd	R200 000.00

# Production – Made For TV

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Loveless	Anthony Thobejane	iBokashe Projects	R200 000.00

# Production - Short Film

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
(She)	Sean Steinberg	The First Order	R200 000.00
I Want To Be A Doctor Too	Senthuran Pillay	Tymphanic Vision	R100 000.00
Into Infinity	Brendan Campbell	Hand Drawn House Motion Pictures	R200 000.00
Make-Up and Cigarettes	Ndamu Farisani	Farisani Creations	R200 000.00

# Production – Web Series

Project Name	Applicants Name	<b>Production Company</b>	Amount Allocated
Braamies	Xolelwa Nhlabatsi	Blackweather Productions	R200 000.00

Recoupment Schedule Total recoupable grants are as follows:					
Grants allocated in 2003	R12 690 774				
Grants allocated in 2004	R8 630 000				
Grants allocated in 2005	R4 990 000				
Grants allocated in 2006	R4 300 000				
Grants allocated in 2007	R3 550 000				
Grants allocated in 2008	R1 934 000				
Grants allocated in 2009	R3 309 000				
Grants allocated in 2010	R3 700 000				
Grants allocated in 2011	R6 984 845				
Grants allocated in 2012	R17 758 735				
Grants allocated in 2013	R14 854 735				
Grants allocated in 2014	R12 923 500				
Grants allocated in 2015	R18 089 369				
Grants allocated in 2016	R25 525 452				
Grants allocated in 2017	R28,717,374				
<b>Total Recoupable Grants</b>	R167 957 784				

# Strategy to overcome areas of under performance

The overall number of applications has increased year on year with the introduction of the online application system. The number of projects funded has also increased but limited there is still limited access to resources and funds.

There remains a disparity in provincial representation which the NFVF is addressing by holding funding and application workshops in all provinces to encourage under-represented provinces to submit applications for funding.

The assessment process still remains prejudice to the entry level applicants. The application and evaluation criteria for entry level applicants was refined and aligned to entry level standards.

# **Changes to planned targets**

There were no changes to planned targets.

# 4.4 Programme 4: Marketing and Distribution

# **Programme description**

### Purpose of programme

The role of Marketing and Communications within the NFVF has grown in importance and focuses on the broad Marketing and Communications strategy of the NFVF. The "from our streets to the world..." campaign was launched and activated in 2016. This campaign also assisted in ensuring that the marketing and communications of the local industry goes beyond our shores, as the strategy was to embrace the continent and global audience. In August 2016, the NFVF appointed a Marketing and Communications (PR) agency to assist in positioning the NFVF through advertising, media, branding, marketing and communications. Furthermore, the scope included developing a through-the-line (TTL) campaign communicating the NFVF's mandate and brand positioning. The campaign's objective is to market the NFVF as a film industry enabler based on different facets of its business (Funding, Training, Bursaries and Research).

The NFVF provides support that enables the promotion of the South African film industry by providing grants in the following categories:

### 1. Marketing and Distribution Grant

• Funding for printing of marketing material and advertising for independent distribution of South African Film through cinema, video on demand (VOD) or direct to DVD.

#### 2. National Film Festival Grant

 Provides financial support to individuals or organisations to host local film festivals which contribute towards the growing of audiences and creating markets for SA Film. NFVF continues to provide this critical financial support to local long-standing festivals.

# 3. NFVF Activations at Local and International Markets and Festivals (which aim to increase audience access to SA film)

- Creating awareness of NFVF programmes and South Africa film opportunities.
- Promote the South African film industry locally and internationally.

#### 4. Markets and Film Festivals attendance

Provide financial travelling support to South African filmmakers to attend global festivals and markets.

Strategic objectives related to marketing and distribution:

- Increase awareness of the South African film industry
  - » Recognition of South Africa as a film making destination
- Develop and maintain relations with distribution stakeholders
- Increase awareness of funding opportunities in the NFVF
  - » Elicit more funding applications from underserved areas
- Increase distribution access points for filmmakers
  - » Promote South African filmmakers (technical expertise and film products)

# **Programme Performance Report**

	Marketing and Distribution							
Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations		
Promotional Events	Audience Development for SA Films and Content	10 Grants Awarded to national Festivals	7 Festival Grants awarded to National Festivals p.a	11 Festival Grants awarded to National Festivals	Funded 4 more than target	Funded more festivals in previously underserviced regions: i.e. Inaugural Ekurhuleni Film Festival, North Coast Film Festival, Limpopo Film Festival, Black Filmmakers Film Monthly Port Elizabeth Screenings, and 48hr Film Project		
	Local activations and promotional events	Implemented 2 Industry development programmes and 3 Audience development Programmes	7 Festival Activations p.a	Implemented 13 Festival activations, 2 Career Expos and 4 National Days programmes	Activated 6 more Festivals than target, 2 Career Expos, and 4 National Days	2 Career Expo (The Glen Career Expo, Durban Career Expo) and 4 National Days (Youth Month, Mandela Day, Women's Day and Heritage Day)		
		Funded 70 filmmakers to attend markets and film festivals	Fund 50 Filmmakers p.a to attend Markets and Film Festivals	Funded 85 filmmakers to attend markets and film festivals	Funded 35 more than target	Not all applicants applied for or were granted the R29,000.00 funding cap, and more filmmakers were invited to screen their productions as part of the "Official Programme"		
		1 DAC activation during Africa Month	1 DAC Activation	1 DAC activation during Africa Month	N/A	N/A		
	International activations and promotional events	Attended 7 International Festivals p.a	Attend and activate at 7 International Festivals	Attended 7 International Festivals p.a	N/A	N/A		
		Attended 3 New Markets to promote SA content	Attend 3 New Markets for SA Film Content	Attended 3 New Markets to promote SA content	N/A	N/A		
	Brand Positioning	Launched the brand campaign (From Our Streets to the World) at Cannes International Film Festival and extended brand campaign at DIFF	4 Brand activations pa	5 Below the Line brand activation	1 additional Below the Line brand activation than target	Below the Line brand activation for the promotion of Mrs Right Guy's release		
	SA Film and TV Industry Awards	SAFTAs event hosted and broadcast on SABC and Mzansi Magic	SA Film and TV Awards (SAFTAs)	The planning, organising, and hosting the SAFTAs event that was broadcast on SABC 2 and Mzansi Magic	N/A	N/A		

	Stakeholder Relations management	Implemented Quarterly Stakeholder Engagements	Quarterly engagement fora with stakeholders	NFVF held 6 quarterly engagement fora with stakeholders instead of 4.	Held 2 more engagement for a with stakeholders	NFVF over- achieved due to invites/requests that were not part of the identified fora i.e. Mpumalanga Provincial Government who requested an engagement on film matters as well as SASFED who requested engagement on specific matters.
	Implement a communications campaign	Implemented Quarterly Communication of NFVF programmes to external stakeholders	Quarterly Communications	Implemented Quarterly Communication of NFVF programmes to external stakeholders	N/A	N/A
Distribution	Assist to sell and distribute local films	A Service Provider (Globecast) has been appointed	1 Digital Platform for SA film industry implemented	Development of the VOD Platform	N/A	N/A
			10 Marketing and Distribution grants awarded p.a	12 Marketing and Distribution projects funded	Funded 2 more than target	Not all applicants applied for or were granted the maximum funding cap

# **Significant Achievements and Key Programme Outputs**

### Local positioning:

# Provincial Roadshows and Stakeholder Engagements

The NFVF hosted Provincial Engagements with filmmakers in order to inform them regarding the funding that is available at the NFVF. Furthermore, these visits promoted one-on-one interactions with the industry practitioners. During the Provincial visits, the NFVF touched on various topics, including NFVF Funding Policy and the Online Application process.

The NFVF intends to strengthen its presence in the underdeveloped and marginalised areas and to deliver on its mandate of promoting the South African film industry locally.

All activities, planning and implementation are to ensure maximum industry participation in attracting new funding applications. These roadshows and engagement with various stakeholders are intended to promote the South African film industry and audience development whilst keeping in mind the NFVF's key strategic objectives, which are:

- To raise awareness of local films locally.
- To position the NFVF as a preferred partner for local producers, funders and other stakeholders.
- To drive audiences to traditional film distribution channels, thus increasing audience numbers.
- To improve NFVF brand awareness and its role in the film industry.

The following areas were identified and visited:

- Mbombela Mpumalanga
  - » The above-mentioned roadshow attracted 70 filmmakers from different municipalities in Mpumalanga.
- Polokwane Limpopo.
  - » The above-mentioned roadshow attracted 58 filmmakers from different municipalities in Limpopo.
- Mahikeng and Rustenburg North West.
  - » The above-mentioned roadshow attracted 32 filmmakers from different municipalities in North West.
- Durban KwaZulu-Natal.
  - » The above-mentioned roadshow attracted over 80 filmmakers from Ethekwini municipality.
- The NFVF delegation also visited the following Production sets:
  - » Uzalo
  - » Comatose
  - » iNumber

With these roadshows, we were able to reach out to filmmakers from marginalised areas and also have an opportunity to educate them about the NFVF and the film industry at large.

Furthermore, we partnered with the following stakeholders during the roadshows:

- Provincial Arts and Culture Department.
- Film Festivals
- Provincial Film Commissions.
- Training Institutions

### **Durban International Film Festival**

Durban International Film Festival (DIFF) is the biggest international film festival on the continent and South Africa's oldest and most successful film festival. It caters for all genres and hosts a number of invaluable fora, workshops, networking sessions and pitching arenas. The festival boosts participation in the successful Durban Film Mart, a market place for African film producers to participate in learning the mechanics of raising finance and of navigating the film environment, and Talent Campus for the Youth. Last year the NFVF partnered with the KwaZulu-Natal Film Commission and extended the festival's audience through an outreach programme to rural communities around eThekwini Municipality which proved to be a success.

The festival also gave the NFVF the opportunity to showcase the work that is being done with its research programmes, co-production initiatives, and marketing programmes. The NFVF also held an engagement forum for the industry to discuss the NFVF's research in terms of Industry Skills Development.

# **Encounters Documentary Film Festival**

Encounters provides documentary film lovers with a unique opportunity to watch documentaries from all over the world. The films screened are some of the best made globally and are selected specifically for a South African audience. The NFVF has supported the festival for many years as it offers the foundation visibility and much-needed leverage to our efforts in supporting documentary development and production through the grant system. Encounters also allows the NFVF to learn how the audience responds to documentary films.

The festival is held annually in Cape Town and Johannesburg with outreach in various communities in outlying areas of these cities. In this financial year, the NFVF hosted a special industry session where it outlined its existing documentary programs and details on its new initiatives, including a new documentary grant.

#### Shnit Film Festival

Shnit is an international short film festival and it is now in its 7<sup>th</sup> year in South Africa and is operates from Cape Town. It is an intriguing short film experience, featuring some of the most stimulating and thought-provoking films from all over the world. The festival

takes place over five days with screenings happening at the Labia Theatre. At the core of the festival is the Shnit International Competition, which features 58 short films over 10 screening sessions, selected from thousands of entries from all around the world.

It is worth mentioning that an NFVF funded short film, The Suit won the audience award. The NFVF was mentioned in all media releases from the Shnit organisers and in the media release celebrating The Suit's victory.

### **AMAPHIKO Film Festival**

Amaphiko offers a stage for young filmmakers to produce content that will influence change. The festival develops and connects young filmmakers with established filmmakers with the objective of helping them make socially engaging and inspiring films, not just be better filmmakers.

The festival targets young people who don't necessarily have professional training but have a passion and an interest in film making. Thirty participants are selected to take part in a series of workshops happening over three days. Amaphiko approached the NFVF as the expert in the SA film industry to contribute and participate in the workshops.

The NFVF participated in the following workshops:

- Funding and the development process, focusing on a case study of Skulls by Vincent Moloi
- Marketing and distribution, the importance of various distribution channels for filmmakers and how to market a film once it is produced. A case study of Happiness is a Four Letter Word.

# **DISCOP Johannesburg**

Launched in 2008, DISCOP AFRICA is the most important pan-African film market attracting independent producers, regional and global distributors, broadcasters, pay-tv, mobile operators and alternative distribution platforms driving the growth of Africa's multiscreen and televised entertainment industry.

The National Film and Video Foundation (NFVF) partnered up with Gauteng Film Commission, Durban Film Office and KZN Film Commission to host the South African Pavilion at DISCOP Johannesburg this year. The market was hosted from 2<sup>nd</sup> until the 4<sup>th</sup> of November 2016. The NFVF utilised the platform to engage with industry, influencers and stakeholders over the three-day period in order to create awareness and opportunities, as well as promote the South African audio visual industry to the world.

The NFVF used the market to grant over one hundred South Africa filmmakers an opportunity to engage and network with international counterparts as well as to further enrich their knowledge through participating in the various workshop sessions. The research team also used DISCOP as an opportunity to conduct filmmaker research for the current research project.

#### **Activations at Local Festivals**

The NFVF supports and activates at a number of local festivals annually. Also, the NFVF introduced a new approach to the Festival Grants and activations at local festivals namely:

#### National Film Festival Grant

 To support additional local festivals in different locations and targeting different audiences e.g. schools and underserviced areas.

#### Activations at local and International Markets and Festivals:

- The budget between local and international film festivals has been reviewed over the last three years.
- Realigning the international activation spend in line with government imperatives to focus on BRICS and the African Continent.

The festival also gives the NFVF the opportunity to showcase the work that is being done with its research programmes, SEDIBA training, co-production initiatives, and marketing programmes. The NFVF also hosts an annual engagement forum for the industry to engage and interact with NFVF's achievements of the past financial year and its future plans.

Other festivals that the NFVF supports and activates at are Encounters Documentary Festival, Grahamstown Arts Festival, Yanaya Gender Film and Dialogue Festival, Cape Town Animation Film Festival, Ugu Film Festival and KwaMashu Film Festival. Also, the NFVF activated at new festivals namely, Ekurhuleni Film Festival, Sol Plaatjie Film Festival and Limpopo Film Festival.

The NFVF also supports filmmakers to attend various international festivals. These festivals offer the local film industry access to meet potential buyers, film financiers, distributors, co-producing partners and allows the NFVF to position the country as a competitive filming destination with competitive incentives for foreign filmmakers.

Furthermore, South Africa is also a leading and preferred film location for foreign studios and production companies. The NFVF plays a key role in positioning the country as diverse and commercially viable.

The NFVF's transformative role of providing funding and empowering programmes to the industry is in even greater focus and will be communicated to broader audiences.

# South African Film and Television Awards (SAFTAs)

The NFVF is the custodian of the South African Film and Television Awards. The SAFTAs is an annual project that is designed to:

- Promote quality and excellence in the South African film and television products.
- Highlight and profile celebrated South African talent and product to national and international markets.
- Encourage the growth of talent and new talent within the industry.
- Encourage entrepreneurship within the South African Film and Television market.
- Stimulate participation by a broad mass of the industry in competitive awards events.

The 11<sup>th</sup> Annual SAFTAs took place on the 16<sup>th</sup> and 18<sup>th</sup> March 2017, with a Live Broadcast on SABC 2 on the 18th March 2017, a red carpet broadcast on E! Entertainment, and a highlights package broadcast on Mnet/Mzansi Magic. Along with this, the theme for SAFTAs 11 was "SA's Got It, Let's Celebrate It."

The SAFTAs is the only ceremony that recognises the film making fraternity across all disciplines and dedicates awards for excellence across the value chain in front of and behind the camera.

The essence of the awards are encapsulated in the values of the NFVF, which are:

- Creativity
- Freedom of Expression
- Entrepreneurship
- Transformation

Key to the success of SAFTAs 11 are the private sector partners that have come on board such as Sun International, McCafé and Ster Kinekor.

McCafé have shown significant support in advancing and developing the exceptional talent in South Africa. McCafé presented the Best Actor and Actress Awards in a Feature Film. Ster Kinekor has shown its commitment to the development of the film industry by presenting the Youth Achiever Award, an award that recognises a young individual or new comer who has demonstrated excellence in their craft.















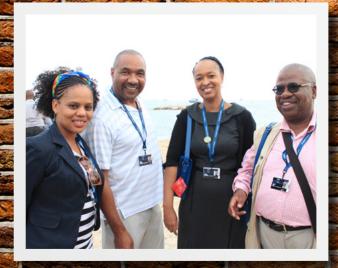
INTERNATIONAL FESTIVALS

















The SAFTAs governance structure is made up of the SAFTAs Committee as follows:

- NFVF (Chaired by the CEO)
- South African Broadcast Corporation (SABC)
- M-Net
- E TV
- StarSet
- Film Industry represented by South African Screen Federation (SASFED)
- Film Industry represented by Cultural and Creative Industries Federation of South Africa (CCISFA)

The NFVF successfully introduced the online entry system during SAFTAs 10 in 2015 and continued on for the second year. The SAFTAs online system was developed in an effort to simplify the submission process and ensure timeous feedback, smoother capturing and evaluation process.

The 11<sup>th</sup> Annual SAFTAs witness a dramatic rise in participation from the local industry, we received more than 441 submissions. During the SAFTAs 11 nominations process, we received more than 441 submissions from production houses across the country in 89 categories across feature films, animation film, special public vote, discretionary awards, and most popular TV presenter.

### Global positioning:

The international festivals and markets at which the NFVF led a South African delegation were:

# HOT DOCS 2016 and NEW YORK INTERNATIONAL FILM FESTIVAL

This year marked the 23<sup>rd</sup> edition of HOT DOCS with record-breaking audiences of 211,000. The 11-day event featured 462 public screenings of 232 films on 15 screens across Toronto.

The NFVF supported 2 students and 3 filmmakers for this year's HOT DOCS. NFVF in partnership with HOT DOCS

hosted the first ever micro meeting session in which filmmakers presented their projects to industry players in Canada. The objective was to discuss the state of the South African industry and to give our delegation an opportunity to present their projects for the purposes of securing co-production partners, funding and distribution opportunities.

The NFVF also hosted a private reception, providing a networking platform for the filmmakers, international producers and distributors. Simon Wood's film titled "The Silent Form" was the only South African film in the official selection of this year's HOT DOCS.

### **Cannes Film Festival**

The Cannes International Film Festival is the premiere Film Festival and Market place for film globally, held annually in Cannes, France. The 2016 edition marked 16 years of South Africa's official participation at the festival. The festival offers the local film industry access to meet potential buyers, film financiers, distributors, co-producing partners and allows the NFVF to position the country as a competitive filming destination with competitive incentives for foreign filmmakers.

Key activities the NFVF hosted and facilitated were:

- The line-up of South African films at Cannes, raising awareness of the films and the filmmakers present at the festival who were looking for various levels of support toward the completion of their films.
- The NFVF screened a number of South African films, under the theme "From our streets to the World."
- The films screened were:
  - » Mrs Right Guy (Fuze Films)
  - » Happiness is a Four Letter Word (Junaid Ahmed Productions)
  - » Free State (Bosbok Ses Films)
  - » Kalushi (Pambili Media)

The films were selected out of a number of films that had either recently been released in South Africa or were close to having their theatrical releases in South Africa. The films screened were seeking international sales and distribution deals and this was being facilitated by the NFVF as a part of our mandate to promote local content at international platforms.

Two of the film received a good amount of interest – Kalushi received a standing ovation at the end of the screening and Free State was subsequently been invited to a number of international film festivals to screen.

The South African pavilion again played host to a number of events aimed at introducing South Africa to the world. The NFVF presented a "Filming in SA" cocktail event followed by the KwaZulu-Natal Film Commission's event presenting "Filming in KZN". Independent production company Mannequin Films also held a "Filming in SA" event where they were able to invite previous international clients and prospective clients to meet the team from the NFVF and South Africa.

Agreements were signed between South Africa and The Netherlands, Rio Film Commission and the Canadian Media Fund ensuring that South Africa maintains its reputation as a viable co-production partner. The MOUs between the Netherlands and Rio Film Commission are the first cooperation agreements signed between South Africa and the two countries while the Canadian MOU is an enhancement of the existing treaty between Canada and South Africa.

The highly acclaimed Cannes Africa Film Factory which had four short films screened as part of the Director's Fortnight held its post-screening cocktail event at the South African pavilion. The producers and filmmakers were all on hand to speak about the collaboration, and how it resulted in four festival-worthy films from emerging filmmakers from South Africa. They were able to promote the production potential as well as the wealth of the concepts which originated in South Africa.

# **Annecy Animation Film Festival/MIFA**

Continuing with the relationship that was established in 2012 between the NFVF and MIFA, the market remains a strong supporter of South Africa's burgeoning animation industry and our biggest platform for showcasing our country's animation capabilities. This year the festival programmed three South African animated films in competition.

The NFVF seeks to further develop relationships with sectors of the industry that have been earmarked for attention and development, in this case, the animation sector. As such, the Annecy / MIFA festival in France was identified as one of the core festivals that will assist in meeting our said mandates.

By participating at the Annecy Animation Festival and MIFA, the NFVF met the following objectives:

- Increase awareness of South African animation potential internationally
- Develop and promote the film and video industry products
- Conduct research into any field of the film and video industry
- Internationally facilitate and promote liaison between individuals and institutions

The NFVF presence at Annecy has definitely boosted the partnership between France and South Africa in animation with ties being solidified between MIFA and Cape Town International Animation Film Festival, as well as Gobelins Animation School and Animation School of South Africa amongst others.

## Toronto International Film Festival (TIFF)

The NFVF this year presented a more organised presence at the Toronto International Film Festival by hosting a South Africa stand and four market screenings for the first time since we began our support of the platform. As part of our ongoing global positioning drive, the decision was made to test the opportunity for using TIFF as our North American platform to support and promote local content and filmmakers.

South Africa had four films in official selection this year of which two films – one full-length feature and one short film – were partially funded by the NFVF. The films in official competition were:

- Vaya (Dir. Akin Omotoso; Produced by Rififi Pictures) NFVF funded.
- The Journey is the Destination (Dir. Bronwen Hughes; Co-produced by Out of Africa Entertainment).
- Queen of Katwe (Dir. Mira Nair; Production Services by Moonlighting Productions)
- Paraya (Dir. Sheetal Magan; Co-Produced by Zidaka Productions) Short Film funded by NFVF for Cannes Africa Factory

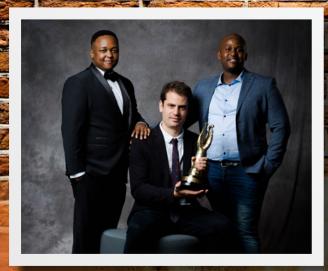
In addition to this representation, South Africa was represented for the first time at the TIFF Talent Lab by female filmmaker Zamo Mkhwanazi. The Talent Lab is an artistic development programme that is run during the film festival and provides emerging filmmakers with an opportunity to network, earn sand develop their careers with the aim of perfecting the art of telling their stories.















SAFTA WINNERS

















# No Borders/IFP film week

The No Borders market place is one of the most effective and enabling meeting places for independent film producers in the United States. Whereas other platforms look to support studio made films, this platform focuses on low-budget independent participants, giving them pitching opportunities, workshop attendance and networking opportunities with other independent filmmakers.

# Supporting filmmakers to attend film festivals globally

In an attempt to further expand the South African filmmaker footprint, the NFVF supports filmmakers to attend various other film festivals and markets around the world through a grant system. To qualify for funding support, the filmmaker should have been invited to attend a festival, forum or market to participate in screening, forums or have a compelling reason and solid itinerary in the country of choice.

# Overall the NFVF funded 85 filmmakers to attend the following Festivals/Markets:

Hot Docs, Cannes Film Festival, New York Film Festival, OTTAWA International Film Festival, Story Expo, London Film Production Finance Market, DOK Leipzig, Zanzibar Film Festival, FIA 21st World Congress, Durban Film Mart, Durban International Film Festival, International Emmys, Annecy International Film Festival, Giffoni International Film Festival, Toronto International Film Festival, IFP No Borders, Fantasia Co-Production Market and Berlin International Film Festival,

# Strategy to overcome areas of under performance

There were no areas of underperformance.

# **Changes to planned targets**

There were no changes to planned targets.

# 4.5 Programme 5: Administration and Human Resources

# **Programme description**

# Purpose of programme

The Administration and Human Resources departments provide strategic oversight of the performance and overall service delivery of the NFVF. The overall objective is to improve efficiency and effectiveness in the management of the NFVF. The administration department is responsible for ensuring good corporate governance and effective internal controls. The human resources department ensures that the NFVF is adequately staffed to deliver on its mandate and service delivery objectives.

# Strategic objectives related to administration and human resources

- · Maintenance of efficient and effective systems of financial, legislative and administrative controls
- Sound leadership, governance and management

# **Programme Performance Report**

	Administration and Human Resources						
Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement 2016/2017	Comment on deviations	
Entity Management	Effective reporting	Quarterly Reports submitted to DAC, National Treasury and Council	Quarterly reporting to Council, DAC and Treasury	Quarterly Reports submitted to DAC, National Treasury and Council	-	N/A	
Finance Administration	Effective governance	Unqualified audit report	Monthly Management Accounts	Monthly Management Accounts Prepared	-	N/A	
Risk Management	Risk register	Risk assessment workshop was conducted in Feb 2016 with Audit committee members in attendance and the risk register approved by Council	Conduct an annual risk assessment workshop	Risk assessment workshop was conducted in Feb 2017	-	N/A	
Internal Audit	Internal audit function	5 Audits completed: AoPO; Project Funding Audit; HR and Payroll Audit; SCM Audit and IT General Controls Review	4 internal audits annually	5 Audits completed for the year	1 more than target – AoPO	N/A	
Corporate Services	Performance Management	PMS fully implemented	Implement PMS	PMS fully implemented	-	N/A	
	Human Resources Development	14 staff trained	6 staff are trained	20 staff trained	14 additional staff members trained	More staff trained due them requesting courses that were less than what was budgeted for hence more staff could be trained.	
	Labour and Compliance	Annual HR policies reviewed	Compliance with legislation	Annual HR policies and procedures workshop	-	N/A	
	Payroll	Annual increases approved by Council and implemented	Implement approved salary increases	Annual salary increases approved by Council and implemented	-	N/A	

# **Strategy to overcome areas of under performance** There were no areas of underperformance.

Changes to planned targets
There were no changes to planed targets.















WOMEN IN DIALOGUE

















# 1. INTRODUCTION

The Corporate Governance Principles and Practice of the NFVF are based on relevant legislation (incorporating the National Film and Video Foundation Act, as amended by the Cultural Laws Amendment Act, 36 of 2001, the Public Finance Management Act, 1 of 1999), and take into account the Protocol on Corporate Governance in the Public Sector, Notice 637 of 2002, as well as the King Report on Corporate Governance in South Africa, 2002 ("King Report").

The NFVF recognises the significance of good governance in the public sector, which is crucial for effective public service delivery and improved social outcomes. The NFVF is committed to ensuring good governance throughout the organisation by observing the principles of the King Report, where possible, within the parameters of public sector legislation. All employees and Council Members of the NFVF are expected to conduct the affairs of the NFVF in accordance with the law, and the spirit of the corporate governance principles and practices, which requires a separation of organisational and private interests and the adoption of ethical standards of business.

The Council and Management of the NFVF ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices, which are continually benchmarked against international best-practice.

The Council and Management believe that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa 2002, as well as the Protocol on Corporate Governance in the Public Sector 2002.

# 2. EXECUTIVE AUTHORITY

The Executive Authority of the NFVF is the Minister of Arts and Culture. For the year under review, the NFVF submitted the following reports on the dates specified:

- Annual Performance Plan and Strategic Plan for 2016/17 29th January 2016
- 1st Quarterly Report 26th July 2016
- 2<sup>nd</sup> Quarterly Report 31<sup>st</sup> October 2016
- 3<sup>rd</sup> Quarterly Report 30<sup>th</sup> January 2017
- 4<sup>th</sup> Quarterly Report 28<sup>th</sup> April 2017

# 3. THE ACCOUNTING AUTHORITY

#### Introduction

In terms of section 6 of the NFVF Act, the NFVF functions under the guidance of a Council, appointed by the Minister of Arts and Culture. The Council bears primary responsibility for discharging the statutory mandate of the NFVF as set out in the NFVF Act. The Chief Executive Officer, management and staff exist to support the Council in executing its responsibilities.

The purpose of the Council is to direct the affairs of the NFVF in fulfilling its statutory obligations set out in the NFVF Act and to give strategic direction to the NFVF.

### The role of the Council is to:

- carry out its statutory mandate under the NFVF Act
- define and ensure compliance with the values and objectives of the NFVF
- establish policies and plans to achieve those objectives;
- approve each year's strategic and annual performance plan, budget and annual financial statements prior to publication;

In accordance with section 8(1) of the NFVF Act, Council meetings were held on 26<sup>th</sup> May 2016, 2<sup>nd</sup> August 2016, 1<sup>st</sup> September 2016, 1<sup>st</sup> December 2016 and 17<sup>th</sup> March 2017.





In accordance with section 8(1) of the NFVF Act, Council meetings were held on 26th May 2016, 2nd August 2016, 1st September 2016, 1st December 2016 and 17th March 2017.

Name	Designation	Date appointed	Date resigned	Other Committees (e.g. Audit committee)	No. of Meetings attended
Ms M Ramagoshi	Chairperson	01 May 2014		Executive Committee	5
Mr G Leolo	Deputy Chairperson	01 May 2014		Executive Committee	15
Adv R Dehal	Council Member	01 May 2014			5
Ms D Markgraaf	Council Member	01 May 2014		Executive Committee / Panel Chair	12
Ms P Mashiane	Council Member	01 May 2014		Executive Committee / Panel Chair	23
Mr TL Masudubele	Council Member	01 May 2014		Executive Committee / Panel Chair	27
Mr B Meyer	Council Member	01 May 2014		Audit Committee / HR Committee	15
Mr L Mkhabela	Council Member	01 May 2014			4
Mr P Molefe	Council Member	01 May 2014		Executive Committee / Panel Chair / HR Committee	17
Mr A Moosa	Council Member	01 May 2014			3
Ms LJ Ramathesele	Council Member	01 May 2014		HR Committee	9
Mr S Swana	Council Member	01 May 2014		Executive Committee / Audit Committee / HR Committee	15
Mr M Vundla	Council Member	01 May 2014			2

# **Remuneration of board members**

Name	Remuneration	Other allowance	Other	Total
Ms M Ramagoshi	42 480			
Mr G Leolo	126 792			110 138
Adv R Dehal	53 760			38 220
Ms D Markgraaf	101 200			89 002
Ms P Mashiane	122 296			159 963
Mr TL Masudubele	171 568			198 086
Mr B Meyer	104 448			103 737
Mr L Mkhabela	64 912			30 652
Mr P Molefe	151 960			113 626
Mr A Moosa	68 896			22 894
Ms LJ Ramathesele	47 576			68 006
Mr S Swana	123 400			110 439
Mr M Vundla	21 504			15 326

# 4. RISK MANAGEMENT

### Nature of risk management

Risk Management encompasses the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the NFVF. The realisation of the organisation's business strategy depends on its ability to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk through the NFVF's risk management system enables the organisation to anticipate and respond to changes in its business environment, and to take informed decisions in conditions of uncertainty.

### Risk management strategies to identify risks and manage the risks

A Risk Assessment Workshop was conducted with Audit Committee members and the Executive Management team on the 22nd February 2017 to review and update the NFVF Risk Register.Based on the outcomes of the risk assessment, a three-year Rolling Internal Audit Plan was drafted, presented and approved by the Audit Committee.

### Progress made in addressing risks identified

Based on the control improvement plan identified at the risk assessment workshop, the NFVF has prepared the following:

- Signed a shareholders compact with DAC
- Developed an alternative revenue generation and funding strategy for NFVF
- Continued to lead industry-wide initiatives to improve funding for the industry
- Revieweditsfinance, HR, IT and business related policies and procedures
- Updated the funding criteria
- Reviewed and approved the Council and Audit Committee Charters
- Council evaluation of all committees

# **5. INTERNAL CONTROL**

The NFVF is a section 3A Public Entity that is guided by both the principles set out in the NFVF Act as well as the Public Finance Management Act (PFMA). As such, its objectives are to ensure a fully functioning and efficient NFVF office that fulfils its statutory obligations in terms of the NFVF Act and the PFMA and fully meets the service delivery needs of its stakeholders. This means that firstly, the NFVF needs to have adequate resources to fulfil its mandate and secondly to implement and maintain efficient and effective corporate governance and internal control systems.

During the year under review the NFVF has:

- Ensured financial compliance with the NFVF Act and the PFMA as well as financial and legal compliance with other statutory bodies (e.g. SARS)
- Ensured an efficient NFVF office that successfully meets the needs of its various stakeholders
- Maintained an administration system that ensures the productivity and quality of the NFVF office
- Maintained effective and efficientsupplychainmanagement system
- Obtained an unqualified (clean) audit report for the year ended31 March 2016
- Identified and managed risks by holding an annual risk workshop which culminated in an annual internal audit plan and a risk register
- Ensured good corporate governance by having regular committee meetings including the Audit Committee, Human Resources Committee and Exco etc. as well as having a fully functioning and efficient internal audit function
- Ensured that the HR Policies and Procedures are in line with the legislature and best practice



# 6. INTERNAL AUDIT AND AUDIT COMMITTEES

### Key activities and objectives of the internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the NFVF's operations. It assists the NFVF in accomplishing its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and the governance process.

Consistent with the above, the primary objectives of the Internal Audit Function are:

- To evaluate the effectiveness of the risk management process of the NFVF, and suggest improvements related thereto.
- To evaluate the adequacy of NFVF's internal control system as a contribution to the
  economic, effective and efficient use of resources, and suggest improvements related
  thereto.
- To evaluate NFVF's process of governance, and suggest improvements related thereto.

Thus the activities performed by the Internal Audit Function in executing its responsibilities include:

- Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether operations or programmes are being carried out as planned;
- Assisting management in identifying business risks and assessing the adequacy of their risk management processes.
- Appraisal of the economy, effectiveness and efficiency with which resources are employed;
- Evaluating the effectiveness of controls over the reliability and integrity of information for management purposes; and
- Ascertaining the level of the NFVF's compliance with relevant policies, plans, procedures, laws and regulations.

The NFVF's internal audit was performed by NexiaSAB&T.

# Summary of audit work done

During the 2016/17 financial year, a risk assessment was conducted. Based on the outcomes of the assessment and in terms of the three-year rolling internal audit plan, the following audits were conducted:

- · Audit of pre-determined objectives;
- Project Funding Audit

- Governance Review
- Financial discipline review;
- Bursary Funding audit

### Key activities and objectives of the audit committee

The primary purpose of the NFVF Audit Committee is to assist the Council in fulfilling its oversight responsibility relating to the conduct of the Foundation's activities, in terms of the NFVF Act and the PFMA, (which includes responsibilities regarding safeguarding of assets, operating effective systems of control and preparing annual financial statements) by reviewing:

- The systems of internal control (financial, operational and compliance) that management have established
- NFVF's auditing, accounting and financial reporting processes generally
- The integrity of financial reporting and other information provided by the NFVF to the Minister of Arts and Culture, any government body or the public.

Attendance of Audit Committee meetings by Audit Committee members:

Name	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms T Mjoli (Chairperson)	External		1 June 2014		6
Mr S Vilakazi	External		1 June 2014		5
Mr L Seperepere	External		1 June 2014		6
Mr B Meyer	Internal	Council Member	1 June 2014		6
Mr. S Swana	Internal	Council Member	1 June 2014		3

# 7. COMPLIANCE WITH LAWS AND REGULATIONS

The NFVF regularly monitors changes in legislation, and policies and procedures are reviewed and updated to take into account legislative changes and updates.

# 8. FRAUD AND CORRUPTION

The NFVF has a fraud prevention plan in place. All new staff are inducted on the plan and regular workshops are held with all staff to familiarise them with the plan. The NFVF is also a participant in the DAC's fraud and corruption campaign. During the year under review, the NFVF was made aware of fraud being committed by one of its staff members. A forensic audit was instituted and based on the outcomes, criminal charges have been laid against the said employee who is no longer in the employ of the organisation.

# 9. MINIMISING CONFLICT OF INTEREST

The NFVF has developed a conflict of interest policy which has been approved by Council. All Council, Committee and panel members are required to sign a declaration of conflict of interest form at every meeting. Staff members sign a declaration of conflict of interest form on an annual basis.

# 10. CODE OF CONDUCT

The purpose of the code of conduct is to provide clear guidelines on how employees should conduct themselves during the course of their employment at the NFVF. The code sets out the acceptable business conduct and practices.

The code of conduct is reviewed together with the organisational policies and procedure on an annual basis. Staff members are made aware of the code of conduct and any revisions during the annual workshop and during induction for new employees. In the event of a breach of the code of conduct, the normal HR processes as outlined in the HR policies will be followed.

# 11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The NFVF complies with the Occupational Health and Safety (OHS) Act and contributes to the workman's compensation. All staff are made aware of the health and safety requirements including but not limited to the following:

- Adequate signage
- An easily-accessible fire extinguisher
- A well-rehearsed evacuation strategy

















IGNITING THEIR STORIES

# 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

# **Audit Committee Responsibility**

The Audit Committee has complied with its responsibilities arising from the Treasury Regulations for public entities as issued by the Public Finance Management Act (PFMA), 1999, as amended. The Audit Committee has adopted an appropriate formal Audit Committee charter, which has been confirmed by the Council of the NFVF, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

#### **Audit Committee Members and Attendance**

The Audit Committee consists of the members listed hereunder and have met the required three times per annum as per its approved charter. During the year under review, the committee met on 12<sup>th</sup> May 2016, 20<sup>th</sup> July 2016, 11<sup>th</sup> November 2016 and 3<sup>rd</sup> March 2017.

#### Name of Member

Ms T Mjoli – External member (chairperson) Mr S Vilakazi - External member Mr L Seperepere - External member Mr B Meyer - Council member Mr S Swana - Council member

### The Effectiveness of Internal Control

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors and the Audit Report on the Annual Financial Statements of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The following internal audit work was completed during the year under review:

- · Audit of pre-determined objectives;
- Project Funding Audit
- Governance Review
- Financial discipline review;
- · Bursary Funding audit

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

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

### **Evaluation of Financial Statements**

The Audit Committee has:

- reviewed and discussed the audited annual financial statements of the NFVF to be included in the annual report, with the Auditor-General and the Accounting Officer
- reviewed the Auditor-General's management letter and management's response thereto
- reviewed changes in accounting policies and practices
- reviewed any significant adjustments resulting from the audit

The committee is satisfied that these statements comply, in all material respects, with the requirements of the PFMA, 1999, as amended, and South African Statements of Generally Recognised Accounting Practice (GRAP).

# Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The committee has met with the Auditor-General South Africa to discuss all audit findings. The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Şiyakhula Vilakazi

Chairperson of the Audit Committee National Film and Video Foundation 31 July 2017

# 1. INTRODUCTION

### Overview

### The HR priorities for 2016/2017 and their impact

### Align the organisational structure to the organisation's strategic objectives

The organisational structure ensures that the NFVF has the right number of staff to enable the organisation to achieve its strategic objectives. The positions approved by Council were filled within the period under review.

### Implement an enhanced Performance Management System

The 360° Performance Management was embraced by the staff and is fully implemented. This is an assessment system which allows a comprehensive performance assessment of staff. This enabled the whole staff to see their individual roles in the overall organisational performance.

### **Human Capital Development**

Training priorities are identified when the performance reviews are conducted. These training needs are compiled into a work skills plan and training plan that is submitted to the MICT Seta. Employees are then trained in line with the work skills plan (WSP).

### **Employee Wellness**

Implementation of the wellness programme – a staff workshop on family law was held as well as a general Wellness day in September 2016.

### **Labour and Compliance**

HR Policies are reviewed on an annual basis and are approved by Council. Once approved, NFVF staff members are taken through the changes and implications. The workshop was held during the first quarter of the year.

### Performance Reward System

The reward system was revised and implemented and encompasses both financial and non-financial rewards. Members of staff are rewarded according to the revised and approved salary increases.

### Mentorship program:

Formal mentoring programmes are implemented to address challenges such as retaining and engaging employees, accelerating learning and building succession pools. Mentoring remains an important part of the NFVF's learning and development offering.

# Plans for the year ahead

The overarching purpose of the department continues to ensuring that the programs are in line with the overall objective of sound leadership and governance. The major emphasis will be on solidifying the talent management framework which addresses program such as mentorship, career development and succession planning. The wellness program remains a key part of maintaining employee engagement.



# 2. HUMAN RESOURCE OVERSIGHT STATISTICS

# **Personnel Cost by programme**

Programme	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Training & Skill Development	731	3.28	2	366
Policy & Research	3 073	13.80	6	512
Production & Development	2 809	12.62	5	562
Marketing & Distribution	3 487	15.66	6	581
CEO, Finance & Centralised Services	12 167	54.64	18	676
Total	22 267	100	37	

# Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 068	9.29	1	2 068
Senior Management	5 911	26.55	5	1 182
Middle Management	7 260	32.60	11	660
Professional qualified	6 715	30.16	18	373
Semi-skilled	189	0.85	1	189
Unskilled	124	0.56	1	124
TOTAL	22 267	100	37	

# **Training Costs**

Personnel Expenditure (R'000)	Training Expenditure (R'000)		No. of employees trained	Average training cost per employee
22 267	839	3.77	20	42

# **Performance Rewards**

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	294	2 068	14.22
Senior Management	359	5 911	6.07
Middle Management	351	7 260	4.83
Professional qualified	369	6 715	5.50
Semi-skilled	14	189	7.41
Unskilled	9	124	7.26
TOTAL	1 396	22 267	

# **Employment and vacancies by programme**

Programme	No. of Employees as at 31 March 2016	2016/2017 Approved Posts	No. of Employees as at 31 March 2017	Vacancies as at 31 March 2017	% of vacancies
Training & Skills Development	1	2	2	-	-
Policy & Research	6	6	6	-	-
Production & Development	5	6	6	-	-
Marketing & Distribution	7	6	6	-	-
HR, Finance & CEO	13	17	17	-	-
TOTAL	32	37	37	-	-

# **Employment and vacancies by salary band**

Programme	No. of Employees as at 31 March 2016	2016/2017 Approved Posts	No. of Employees as at 31 March 2017	Vacancies as at 31 March 2017	% of vacancies
Top Management	1	1	1	-	-
Senior Management	5	5	5	-	-
Middle Management	9	11	11	-	-
Professional qualified	15	18	18	-	-
Semi-skilled	1	1	1	-	-
Unskilled	1	1	1	-	-
TOTAL	32	37	37	-	-

# **Employment changes**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1			1
Senior Management	5			5
Middle Management	10	4	3	11
Professional qualified	14	6	2	18
Semi-skilled	1			1
Unskilled	1			1
Total	32	10	5	37

# **Reasons for staff leaving**

Reason	Number	% of total no. of staff leaving
Death		
Resignation	5	100%
Dismissal		
Retirement		
III health		
Expiry of contract		

# **Labour Relations: Misconduct and disciplinary action**

Nature of disciplinary Action	Number
Verbal Warning	
Written Warning	1
Final Written warning	
Dismissal	

# **Employment Equity Status**

Levels	MALE			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top Management				
Senior Management	1			
Middle Management	5			
Professional qualified	2			
Semi-skilled	0			
Unskilled	0			
TOTAL	8			

Levels	FEMALE			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top Management	1			
Senior Management	3	1		
Middle Management	5		1	
Professional qualified	15			1
Semi-skilled	1			
Unskilled	1			
TOTAL	26	1	1	1

# 1. STATEMENT OF RESPONSIBILITY

# Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2017

The Accounting Authority is responsible for the preparation of the public entity's annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the public entity for the financial year ended 31 March 2017.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements of the Public Entity.

The National Film and Video Foundation annual financial statements for the year ended 31 March 2017 have been audited by the external auditors and their report is presented on page 67.

The Annual Financial Statements of the Public Entity set out on page 66 to page 96 have been approved by the Accounting Authority.

Ms Zama Mkosi

chief Executive Officer

National Film and Video Foundation

31 July 2017

Mr Phillip Molefe

Chairperson

National Film and Video Foundation

31 July 2017





# 2. ANNUAL FINANCIAL STATEMENTS

### NATIONAL FILM AND VIDEO FOUNDATION

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CONTENTS	Page
Report of the Auditor-General	67-69
Accounting Authority Report	71
Statement of Financial Position	73
Statement of Financial Performance	73
Statement of Change in Net Assets	74
Cash Flow Statement	74
Notes to the Annual Financial Statements	75-96

The annual financial statements set out on page 66 to 96 were approved by the Accounting Authority on 31 May 2017 and are signed by:

Mr Phillip Molefe Chairperson

NFVF

Ms. Z Mkosi

Chief Executive Officer

IFVF

#### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL FILM AND VIDEO FOUNDATION

# Report on the audit of the financial statements

### Opinion

- I have audited the financial statements of the National Film and Video Foundation set out on pages 73 to 96, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Film and Video Foundation as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Accepted Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### **Basis for opinion**

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

### **Emphasis of matter**

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

### Restatement of corresponding amounts

7. As disclosed in note 10 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors discovered during 31 March 2017 in the financial statements of the National Film Video Foundation at, and for the year ended 31 March 2017.

### Responsibilities of accounting authority for the financial statements

- 8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 9. In preparing the financial statements, the accounting authority is responsible for assessing the National Film and Video Foundation'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 there is an intention either to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

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

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

7

#### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL FILM AND VIDEO FOUNDATION

# Report on the audit of the annual performance report

### Introduction and scope

- 12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PM) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 1 - Training and development	22-24
Programme 3 - Production and development of content	29-37
Programme 4 - Marketing and distribution	37-48

- 15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

#### Other matter

17. I draw attention to the matter below.

### **Achievement of planned targets**

18. Refer to the annual performance report on page(s) 22 to 48 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the conclusions expressed on the usefulness and reliability of the reported performance information in paragraphs 14 to 16 of this report.

# Report on audit of compliance with legislation

### Introduction and scope

- 19. In accordance with the PAA and the general notice issued interms thereof I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 20. The material finding in respect of the compliance criteria for the applicable subject matters is as follows:

#### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL FILM AND VIDEO FOUNDATION

### Procurement and contract management

21. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.

### Other information

- 22. The National Film and Video Foundation accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those seiected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
- 23. 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.
- 24. 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 presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

### Leadership

26. The accounting authority did not exercise adequate oversight responsibility regarding compliance with procurement laws and regulations.

### Financial and performance management

27. Management did not ensure adequate controls are designed, implemented and monitored to ensure compliance with procurement laws and regulations.

### Other reports

- 28. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 29. An investigation into the state of affairs at the public entity was initiated by Minister of Arts and Culture. The investigation is still ongoing as at the date of this report.

Auditor - General

Auditor - General Johannesburg 31 July 2017



Auditing to build public confidence

7

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL FILM AND VIDEO FOUNDATION

# Annexure - Auditor-general's responsibility for the audit

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 programmes 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 the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council, which constitutes the accounting authority.
  - conclude on the appropriateness of the council, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Film and Video

Foundation ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.

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

### Communication with those charged with governance

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

I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

#### ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2017

# 1. INTRODUCTION

The Accounting Authority presents the report that forms part of the Audited Annual Financial Statements of the organisation for the year ended 31 March 2017. The National Film and Video Foundation is established in terms of the National Film and Video Foundation (NFVF) Act no. 73 of 1997 and is listed as a National Public Entity in schedule 3A of the Public Finance Management Act (PFMA), 1999, as amended.

# 2. DIRECTORS OF THE ENTITY

Executive director:

Ms Z Mkosi (Chief Executive Officer)

Non-executive directors (Council):

Ms M Ramagoshi (Chairperson),

Mr G Leolo (Deputy Chairperson),

Adv R Dehal, Ms P Mashiane, Ms D Markgraaf,

Mr TL Masudubele, Ms LJ Ramathesele, Mr L Mkhabela,

Mr P Molefe, Mr A Moosa, Mr B Meyer, Mr S Swana,

Mr M Vundla

## ORGANISATIONAL STRUCTURE

The organisation currently employs 37 permanent staff including the Chief Executive Officer and 5 Executive Managers. 10 staff members were employed during the year, and 5 employees resigned.

#### **REMUNERATION FOR THE YEAR**

Non-executive directors: Council (1 April 2016 to 31 March 2017)

Council Member	Amount	Number of Meetings attended						
		Council 5 meetings	No Strategy sessions	Exco 4 meetings	HR 4 Meetings	Advisory Panel 7 Meetings	11 Other meeting	
M Ramagoshi (Chairperson)	-	-	-	-	-	-	-	
Mr G Leolo	R 110 138	5	-				6	
Adv R Dehal	R 38 220	5	-	-	-	-	-	
Ms P Mashiane	R 159 963	5	-	3		5	10	
Ms D Markgraaf	R 89 002	3	-	2	-	7	11	
Mr TL Masudubele	R 198 086	5	-	4	-	7	11	
Ms LJ Ramathesele	R 68 006	5	-	-	2	-	2	
Mr L Mkhabela	R 30 652	4	-	-	-	-	-	
Mr P Molefe	R 113 626	5	-	3	4	2	2	
Mr A Moosa	R 22 894	3	-	-	-	-	-	
Mr B Meyer	R 65 824	5	-	-	4	-	-	
Mr S Swana	R 93 144	5	-	1	4	-	2	
Mr M Vundla	R 15 326	2	-	-	-	-	-	

# Audit Committee (1 April 2016 to 31 March 2017)

Audit Committee Member	Amount	No of meetings attended			
		4 Audit Meetings	1 Risk Workshop	2 Other Meetings	
Ms T Mjoli(Chairperson)	R 50 999	4	1	2	
Mr B Meyer	R 37 913	4	1	2	
Mr S Swana	R 17 295	1	1	2	
Mr S Vilakazi	R 31 097	3	1	2	
Mr L Seperepere	R 37 913	4	1	2	

# **Executive Management:**

	Basic Salary	13 <sup>th</sup> Cheque/ Perf Bonus	Allowances	Contributions	Total
Chief Executive Officer	1 405 846	341 757	18 000	233 692	1 999 295
Chief Financial Officer	1 153 844	178 659	12 000	221 325	1 565 829
Head: Marketing	924 000	132 270	12 000	103 355	1 171 625
Head: Policy & Research	785 817	118 460	12 000	89 412	1 005 689
Head: Human Resources	893 453	136 858	12 000	158 822	1 201 133
Head: Prod & Dev	678 000	100 610	12 000	110 175	900 785
Total	5 840 961	1 008 613	78 000	916 781	7 844 356

# 3. GOING CONCERN

The Council and Management of the Foundation are of the opinion that the organisation will continue as a going concern in the foreseeable future.

# 4. PRINCIPAL ACTIVITIES

The principal activities of the organisation during the year comprise support to the film and video industry through—the granting of funds for the development and production of film projects, the granting of bursaries and support of training initiatives, and the marketing and promotion of film and video projects.

## 5. OPERATING RESULTS

The deficit of the organisation for the year is R4 338 813 (2016 surplus restated: R 1 734 382).

# 6. REVIEW OF OPERATIONS

## Revenue

Revenue comprises funding received from Government, sponsors and other stakeholders.

The increase in revenue is attributable to an increase in the allocation from the Department of Arts and Culture as well as sponsorship and partnership revenue for various events.

## Expenditure

5 staff members resigned and 10 new staff members were employed during the current financial year.

The organisation hosted the eleventh annual South African Film and Television Awards (SAFTAs). The NFVF awarded 110 grants towards the development and production of content. The NFVF also awarded 166 bursaries in partnership with MICT Seta to students for film related studies.

# 7. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

The Accounting Authority is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the organisation or the results of its operations. However, a new Accounting Authority has been appointed on the 1<sup>st</sup> of May 2017 for a 3-year period. Three members of the previous Council remain for continuity purposes.

# 8. AUDITORS

The Office of the Auditor General will continue in accordance with section 58(1) (a) of the PFMA

#### 9. ADDRESSES

The entity's business, postal and registered addresses are as follows:

Business address / domicile:Postal address:Registered address:87 Central StreetPrivate Bag X0487 Central StreetHoughtonNorthlandsHoughton219821162198

# NATIONAL FILM AND VIDEO FOUNDATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

TOTAL NET ASSETS AND LIABILITIES

# NATIONAL FILM AND VIDEO FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

		_	Restated					Restated
	Note	March	March		Note	2017	2017	2016
		2017	2016				Approved	
ASSETS						Actual	Budget	Actual
Non Current Assets		8,125,809	6,401,061			R	R	R
Plant and Equipment	3	4,784,191	2,667,643					
Intangible assets	4	3,001,644	3,733,418	Revenue		158,098,207	122,907,000	144,443,729
Rental deposit	14.3	339,974	3,733,113	Non-exchange	8.1	122,941,216	122,907,000	116,757,924
nental deposit	14.5	333,374		Exchange	8.2	35,156,991	-	27,685,805
Current Assets		74,961,818	86,834,240					
Cash and cash equivalents	13	59,616,707	80,143,370	Grant expense	9	(131,380,844)	(91,200,000)	(114,801,964)
Trade and other receivables	5.1	15,345,111	5,779,783					
Rental deposit	14.3	-	196,560	Gross profit		26,717,363	31,707,000	29,641,765
Prepayments	5.2	-	714,527					
TOTAL ACCETS		02.007.627	02 225 204	Other income	8.3	272,580		194,918
TOTAL ASSETS		83,087,627	93,235,301					
LIABILITIES				Operating expenses	10	(36,574,621)	(35,307,000)	(33,280,032)
				Loss on disposal of Plant and				
Non-Current Liabilities		35,011,811	51,420,273	Equipment		(28,236)	-	(15,132)
Provisions	6.2	34,846,099	51,420,273	Carrying value of Plant and				
Operating lease liability	14.2	165,712	-	Equipment	3	(28,236)	-	(15,132)
Current Liabilities		46,190,099	35,590,498			-	-	-
Trade and other payables	6.1	5,565,566	1,959,432			<u> </u>		
• •	14.2	_ 5,303,300	156,021	(Deficit) from operations		(9,612,914)	(3,600,000)	(3,458,481)
Operating lease liability Provisions	6.2	39,613,697	30,336,986					
Income received in advance	7			Investment income	11	5,274,102	3,600,000	5,192,863
income received in advance	,	1,010,836	3,138,059					
TOTAL LIABILITIES		81,201,910	87,010,771	(Deficit)/Surplus for the year	21	(4,338,813)	-	1,734,382
NET ASSETS								
Accumulated surplus restated		1,885,718	6,224,531					

93,235,301

83,087,627

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

		Accumulated surplus R	Total Net Assets R
Balance as at 31 March 2013		2,169,391	2,169,391
Surplus for the year		152,434	152,434
Balance as at 31 March 2014		2,321,825	2,321,825
Surplus for the year		3,427,722	3,427,722
Correction of error	10.1.2	(1,259,397)	(1,259,397)
Balance as at 31 March 2015		4,490,150	5,749,547
Surplus for the year		1,871,364	1,871,364
Correction of error	10.1.2	(136,983)	(136,983)
Restated Balance as at 31 March 2016		6,224,531	7,483,928
(Deficit) for the year		(4,338,813)	(4,338,813)
Balance as at 31 March 2017		1,885,718	3,145,115

# NATIONAL FILM AND VIDEO FOUNDATION

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 Actual	2016 Actual
Cash flow from operating activities		R	R
Cash Receipts		148,662,045	147,345,311
Non-exchange		122,941,216	116,757,924
Exchange		25,448,249	30,392,469
Other income		272,580	194,918
Cash Payments		(170,854,742)	(155,217,757)
Employee costs		(22,182,163)	(19,621,211)
Suppliers		(148,672,578)	(135,596,546)
Net Cash flows from operating activities	12	(22,192,697)	(7,872,446)
Cash flow from investing activities			
Purchase of Plant and Equipment	3	(3,414,456)	(543,826)
Purchase of intangible assets	4	(193,613)	(1,282,514)
Investment revenue	11	5,274,103	5,192,862
Net Cash flows used in investing activities		1,666,034	3,366,522
Net(Decrease)/ Increase in cash and cash equivalents Cash and cash equivalents at the beginning of		<b>(20,526,663)</b> 80,143,370	<b>(4,505,924)</b> 84,649,294
the year  Cash and cash equivalents at the end of the		60,143,370	04,043,234
year	13	59,616,707	80,143,370

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 1. Basis of preparation

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

#### 1.1 Standards of GRAP

The following GRAP Standards have been approved and became effective during the period under review, i.e. from 01 April 2016:

**GRAP16: Investment Property** 

GRAP17: Property, Plant and Equipment

## 2. Summary of significant accounting policies

The following are the principal accounting policies of the NFVF which are prepared on an accrual basis and in all material respects, consistent with those applied in the previous year. The annual financial statements of the NFVF have been prepared on the historical cost and going concern basis.

## 2.1 Significant accounting estimates and judgements

In the application of the NFVF accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions do however affect the reported amounts of assets and liabilities at the Statement of Financial Position date, as well as the reported income and expenditure recorded in the Statement of Financial Performance. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

# Critical judgements in applying accounting policies

The following are the key assumptions and judgements concerning the future, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year:

#### Estimates

#### Trade Receivables

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

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 6.2 to the annual financial statements.

# Useful life and residual value of plant and equipment

As described in the accounting policy of plant and equipment, the NFVF reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. During the review, management determines that the useful lives of certain equipment should be lengthened, due to the condition and the continuous use of certain of the assets. The financial effect of this assessment, assuming the assets are held until the end of their revised estimated useful lives, is to reduce the depreciation expense in the current financial year.

The annual depreciation charge will be adjusted for any changes in these estimates (refer to note 3 & 4). These estimates are based on managements experience, knowledge and current expectations.

#### NATIONAL FILM AND VIDEO FOUNDATION

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# **Judgements**

#### Leases

Management has applied its judgment to classify all lease agreements that the NFVF is party to as operating leases if the lease does not transfer substantially all risks and rewards of ownership to the foundation, or the other recognition criteria is met in terms of GRAP 13 to classify leases as operating leases.

#### 2.2 Revenue

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

## 2.2.1 Revenue from Non Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the NFVF either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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

#### **Government Grants**

Government Grants received by the NFVF relates to financial support that the foundation receives as a Public Entity in order to carry out its mandate. All Government Grants are recognised in the Statement of Financial Performance for the year to which they relate.

# Payments received in advance

Government Grants are recorded as payments received in advance when they are received.

The liability will be discharged and revenue recognised as the conditions of the agreement is satisfied.

## 2.2.2 Revenue from Exchange Transactions

An exchange transaction is one in which the NFVF 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.

Exchange revenue is recognised when it is probable that future economic benefits will flow to the NFVF and when the amount can be measured reliably. Revenue is measured at the fair value of the consideration received. 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.

#### Interest Revenue

Revenue arising from the use by others of entity assets yielding interest is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the NFVF , and the amount of the revenue can be measured reliably.

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

# 2.3 Prepayments

Prepayments are payments made for festivals in order to secure orders placed and receive discounted rates.

# 2.4 Plant and equipment

Plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. The cost of an item of plant and equipment is recognized 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.

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Plant and equipment are initially measured at cost. The cost of an item of plant and equipment comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Plant and equipment are depreciated on the straight line method at rates which are estimated to write off each asset over its useful life, as follows:

	Useful life	кате	
Computer hardware	3 -7 years	14% - 33.33%	p.a
Furniture and fittings	6 - 10 years	10% - 16.67%	p.a
Office equipment	6 years	16.67%	p.a

The useful lives of the assets is reviewed at the end of each financial year and adjusted if appropriate. Any change resulting from the review is treated as a change in accounting estimate. Depreciation commences when the asset is available for use.

The gain or loss arising from the derecognition of an item of 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 plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item Repairs and maintenance are charged to the Statement of Financial Performance when the expenditure is incurred.

## 2.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identified as an intangible asset when it 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, assets or liability; An intangible asset is recognised when It is probable that the future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised over its estimated useful life, using the straight line method and is calculated to reduce the original costs to the expected residual values over the estimated useful lives.

The amortisation rates are as follows:	Useful life	Rate	
Intangible assets	10 years	10.00%	p.a
Computer software	2 - 5 years	20% - 50%	p.a

Useful lives are assessed annually.

## 2.6 Impairment of assets

An impairment loss is an amount by which the carrying amount of an asset (i.e., the amount recognised on the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment loss) exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less its cost to sell, and its value in use. Value in use is the present value of the future cashflows expected to be derived from an asset.

At each reporting date the carrying value of property, equipment and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Value in use is estimated taking into account future cashflows, forecast market conditions and the expected lives of the assets.

#### NATIONAL FILM AND VIDEO FOUNDATION

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the Statement of Financial Performance. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### 2.7 Non-current assets

There were no major changes in the nature of the non-current assets of the NFVF, nor to its policy regarding its use during the year under review.

#### 2.8 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and financial liabilities are recognised on the Statement of Financial Position when the NFVF becomes a party to the contractual provisions of the instrument. Financial instruments recognised on the Statement of Financial Position and in the notes thereto are as follows:

# Class

# Trade and other receivables Cash and cash equivalents Trade and other payables

## Category

Financial asset measured at fair value Financial asset measured at fair value Financial liability measured at fair value

#### Trade receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost, if applicable, using the effective interest rate method less any impairment. Impairment is determined on a specific basis, whereby each asset is individually assessed for impairment indicators. Receivables are purely from exchange transactions whereby a service was rendered by the organisation.

## Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and deposits held at banks. Cash and cash equivalents are initially and subsequently measured at amortised cost.

# Trade payables

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

**Impairment of financial instruments** The NFVF assesses on each Statement of Financial Position date whether a financial asset of the foundation is impaired.

Impairments are made when there is objective evidence that cash flows from specific financial assets would not materialise. Cash flow values estimated not to materialise are impaired. The amount of the impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The amount of the impairment is recognised in the Statement of Financial Performance.

# **Derecognition of financial instruments**

#### Financial assets

Financial assets (or part thereof) are derecognised when the Foundation realises the rights to benefits specified in the contract, the right expires, or the NFVF surrenders or otherwise loses control of the contractual rights that comprise the financial asset.

## Financial liabilities

Financial liabilities (or part thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

# Off-setting of financial instruments

Financial assets and financial liabilities are offset, if a legally enforceable right exists to set off financial assets against financial liabilities and the financial instrument relate to the same foundation.

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 2.9 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when the NFVF has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 6.2 to the Annual Financial Statements. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Contingent assets and contingent liabilities are not recognised as provisions as they do not comply with the recognition criteria. Provisions are not recognised for future operating losses.

# 2.9.1 Contingent assets and liabilities

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

#### 2.10 Taxation

No provision has been made for income tax as the NFVF is exempted in terms of section 10 of the Income Tax Act (Act No. 58 of 1962).

## 2.11 Comparative figures

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

## 2.12 Presentation currency

Amounts in the Annual Financial Statements are presented and disclosed in South African Rand, and are rounded to the nearest rand.

## 2.13 Employee Benefits

# Short term employee benefits

Short-term employee benefits are recognised during the period in which the employee renders the related service.

## **Defined contribution plans**

The NFVF operates a defined retirement contribution plan for its employees and is not liable for any actuarial losses sustained by the fund. Accordingly, no provision has been made for any such losses and contributions paid are expensed. The organisation

recognises a liability for annual bonuses (13th cheque). A liability for 13th cheque is accrued on a proportionate basis as services are rendered.

#### 2.14 Related Parties

The NFVF is a Schedule 3(A) Public Entity that is ultimately owned and controlled by the South African government.

All related party transaction that are entered into by the NFVF are disclosed in the Annual Financial Statements.

## 2.15 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the PFMA.

Fruitless and wasteful expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

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

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

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

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

#### NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

#### 2.16 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts is recognised as an expense and the contractual payment recognised as an operating lease asset or liability. The liability is not discounted.

# 2.17 Budget Information

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury and is in line with the basis of accounting as per the GRAP Framework. The budget was approved by the Council and submitted to the executive authority in terms of section 53(1) of the PFMA, and covers the period from 1 April 2016 to 31 March 2017. The budget and accounting basis are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the Statement of Financial Performance.

#### 2.18 Segment reporting

The Entity recognises segment reporting according to its 4 basic programmes i.e training & bursaries, production & development, audience development/global positioning and research & development. The service potential generated is according to its mandate of supporting and promoting the

film industry globally and internationally. These programmes are detailed in the organisation's Annual Performance Plan and Operational Budget and 80% of its revenue is received from Department of Arts & Culture.

There are no separate financial information and the expenses are reflected in note 9. 20% of revenue received is attributed to the revenue received from partnership agreements entered into iro the SAFTAs; the MICT Seta for additional bursaries be awarded, KZN Film Commission for the SEDIBA Training Partnership, NYDA for youth programme etc. Therefore separate reconciliations are not presented as the allocation received is received to achieve its mandate. The NFVF is the central office and therefore plant and equipment is not moved to other locations and neither does Management allocate its assets and liabilities to separate segments.

# 2.19 Foreign exchange transactions

The NFVF has transactions in foreign currencies and prepares its financial statements on the accrual basis, and translates its AFS into a presentation currency. All transactions are effected on the closing rate i.e the spot rate on the date of receipt of invoice. All foreign currency transactions are be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction.

## 3. Plant and Equipment

	R	R	R	R
2017	Computer hardware	Furniture & fittings	Office equipment	Total
Cost as at 31 March 2017	3,841,609	3,791,077	257,847	7,890,533
Accumulated depreciation	(1,542,030)	(1,476,388)	(87,924)	(3,106,341)
Carrying value at 31 March 2017	2,299,579	2,314,688	169,923	4,784,191

	R	R	R	R
2017	Computer hardware	Furniture & fittings	Office equipment	Total
Carrying value at 1 April 2016	2,244,656	347,621	75,365	2,667,642
Additions	961,682	2,239,518	127,717	3,328,916
Additions - Work in progress	85,540		-	85,540
Plant and equipment disposed		-	-	-
Cost	(531,752)	(617,561)	(184,014)	(1,333,327)
Accumulated depreciation	503,516	617,561	184,014	1,305,091
Disposal of plant and equipment	(28,236)	-	-	(28,236)
Depreciation	(964,062)	(272,450)	(33,159)	(1,269,672)
Carrying value at 31 March 2017	2,299,579	2,314,688	169,923	4,784,191

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	R	R	R	R
2016	Computer hardware	Furniture & fittings	Office equipment	Total
Cost as at 31 March 2016	3,326,141	2,169,120	314,144	5,809,404
Accumulated depreciation	(1,081,485)	(1,821,499)	(238,779)	(3,141,762)
Carrying value at 31 March 2016	2,244,656	347,621	75,365	2,667,643

	K	K	K	K K
Reconciliation - 2016	Computer hardware	Furniture & fittings	Office equipment	Total
Carrying value at 1 April 2015	2,414,264	507,782	65,809	2,987,855
Additions	492,557	19,919	31,350	543,826
Disposal of computer equipment	(15,132)	-	-	(15,132)
Depreciation	(647,033)	(180,080)	(21,794)	(848,907)
Carrying value at 31 March 2016	2,244,656	347,621	75,365	2,667,643

The total additions, including work in progress for the year amounted to R3 414 456 (2016: R543 826) Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired in accordance with the requirement of GRAP 17. The impairment losses will be disclosed under other expenses in the Statement of Financial Performance. The estimation of the useful life of plant and equipment is based on historical performance as well as expectations about future use and therefore requires a significant degree of judgement by management. The depreciation rate represents managements current best estimate of the useful life of assets. No impairments were made to plant and equipment during the current financial year.

During the year, the NFVF carried out a review of the recoverable amount of its plant and equipment. Estimates and judgements are evaluated annually and are based on historical experience and other factors. Management has considered the impact of GRAP 17 on the Annual Financial Statements for the year ended 31 March 2017 and the assumptions made in respect to useful life on Plant and Equipment are as follows:

# **Computer Hardware**

Computer Hardware with a cost of R85 540 has been acquired but will be put in use in June 2017 and will commence depreciation on the 1st of June 2017.

Computer Hardware with an initial cost of R531 752 and a net book value of R28 237 has been disposed of and removed from the accounting records of NFVF.

# **Furniture and Fittings**

Furniture with an initial cost of R617 561 and zero book value has been disposed of and removed from the accounting records of NFVF.

# **Equipment**

Equipment with an initial cost of R184 013 and a zero book value has been disposed of and removed from the accounting records of NFVF.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 4. Intangible assets

This relates to the NFVF computer software, website and specialised software.

	R	R	R	R
2017				
2017	Website	<b>Computer Software</b>	Specialised Software	Total
Cost as at 31 March 2017	867,483	4,074,572	236,119	5,178,174
Accumulated amortisation	(391,708)	(1,667,400)	(117,422)	(2,176,530)
Carrying value at 31 March 2017	475,775	2,407,172	118,697	3,001,644
	R	R	R	R
Page dilication 2017		Computer	Specialised	
Reconciliation - 2017	Website	software	Software	Total
Carrying value at 1 April 2016	565,334	3,023,039	145,045	3,733,418
Additions	-	160,951	-	160,951
Additions - Work in progress		32,662	-	32,662
Amortisation	(89,559)	(809,480)	(26,348)	(925,386)
Carrying value at 31 March 2017	475,775	2,407,172	118,697	3,001,644
	R	R	R	R
2016		Computer	Specialised	
2016	Website	software	Software	Total
Cost as at 31 March 2016	867,483	3,880,958	236,119	4,984,561
Accumulated amortisation	(302,149)	(857,920)	(91,074)	(1,251,143)
Carrying value at 31 March 2016	565,334	3,023,039	145,045	3,733,418
	R	R	R	R
Reconciliation - 2016		Computer	Specialised	
Reconciliation - 2016	Website	software	Software	Total
Carrying value at 1 April 2015	655,008	2,363,281	168,623	3,186,912
Additions	-	1,282,514	-	1,282,514
Amortisation	(89,674)	(622,756)	(23,578)	(736,008)
Carrying value at 31 March 2016	565,334	3,023,039	145,045	3,733,418

The total additions, including work in progress for the year amounted to R193 613 (2016: R1 282 514)

Computer software is amortised over its useful life using the straight-line method (finite useful life). The amortisation expense has been included under the line "depreciation and amortisation expense" in the notes to the Statement of Financial Performance. Management has reviewed the useful life of computer software and believe that the straight-line method of 2 - 5 years is still deemed to be a true reflection of the write-off period. The estimation of the useful life of computer software is based on historical performance as well as expectations about future use. The amortisation rate represents managements current best estimate of the useful life of the assets.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Trade and other receivables	2017	2016
	R	R
5.1 Trade receivables		
5.1.1 Receivables from exchange transactions		
South African Broadcasting Corporation	630,604	520,200
M-Net	1,235,960	1,166,000
MICT - SETA	9,417,096	3,500,000
Other	22,750	-
KZN Film Commission	151,600	-
Ster Kinekor	300,000	-
Flight Centre	134,564	-
GE Media	2,358,954	-
National Youth Development Agency	500,000	-
	14,751,528	5,186,200
5.1.2 Other receivables		
Recoverable amount from staff member	593,583	593,583
Trade and other Receivables	15,345,111	5,779,783

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less any impairment.

No interest is charged on any outstanding balance due. Trade receivables that are past due are not impaired at year end as there is no significant change in credit quality and therefore are still considered recoverable.

None of the above trade receivables has been pledged as security or collateral for liabilities or contingent liabilities nor have any terms of any receivables been renegotiated. The carrying amount approximates fair value because of the short period to maturity.

Other receivables is the amount due by a former employee who committed fraudulent activity in the prior financial year.

Management has appointed a legal team to facilitate the repayment terms and anticipate that this will be concluded in the next 12 months.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 5. Trade receivables (continued)

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2017						
Gross trade receivables	15,345,111	-	-	-	-	15,345,111
Impairment of trade receivables	-	-	-	-		
Net trade receivables	15,345,111	-	-	-	-	15,345,111

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2016						
Gross trade receivables Impairment of trade receivables	2,279,783	-	-	-	3,500,000	5,779,783
Net trade receivables	2,279,783	-	-	-	3,500,000	5,779,783

5.2 Prepayments	2017	2016
	R	R
Cannes Film Festival	<del>_</del>	714,527
	-	714,527

Prepayments relate to expenses for airfares, accommodation and stand rentals for the above-mentioned film festivals.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6.1 Trade and other payables from exchange transactions	2017	2016
	R	R
Trade payables	5,565,566	1,959,432
	5,565,566	1,959,432

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2017						
Gross trade payables	5,565,566	-	-	-	-	5,565,566
Impairment of trade payables	-	-	-	-		
Net trade payables	5,565,566	-	-	-	-	5,565,566

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2016						
Gross trade payables	1,959,432	-	-	-		1,959,432
	-	-	-	-		
Net trade payables	1,959,432	-	-	-	-	1,959,432

The carrying amount approximates fair value because of the short period of settlement.

The NFVF recognises trade payables at fair value and subsequently measures payables at amortised cost using the effective interest method. There were no defaults on any amounts payable nor were there any amounts renegotiated with suppliers of the NFVF.

All trade payables are non-interest bearing and are normally settled on a 30 day term.

## NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6.2 Provisions	2017	2016
	R	R
6.2.1 Provision for Grants issued by NFVF		
Opening balance as at 01 April 2016	79,434,152	82,105,306
New Grants issued (note 9)	131,380,844	114,002,814
Payments and reversals made during the year	(138,494,717)	(116,673,968)
Closing balance as at 31 March 2017	72,320,279	79,434,152

The Foundation issues Grants in the following categories: training and bursaries; research and script development; production and distribution and marketing. The Grants have been approved by Council, but the timing of payments are dependant on milestones Management determined estimates based on calculations of current and non-current portions.

6.2.2 Provision for leave pay	2017	2016
	R	R
Opening balance as at 01 April 2016	666,028	718,874
Utilised during the year	(666,028)	(718,874)
Originated during the year	683,336	666,028
Closing balance as at 31 March 2017	683,336	666,028

A provision for leave is recognised for leave due to employees at year end and calculated using the BCEA rates. The provision is expected to be realised within the following financial year when the employees utilise the leave or resign.

# 6.2.3 Provision for 13th cheque and Performance Bonus

		Restated
	2017	2016
	R	R
Opening balance as at 01 April 2016	1,657,078	1,495,319
Utilised during the year	(1,657,078)	(1,495,319)
Originated during the year	1,456,180	1,657,078
Closing balance as at 31 March 2017	1,456,180	1,657,078

A provision for 13th cheque is recognised for the amount due to employees at year end. The provision is expected to be realised within the following financial year when payment is made.

Total Provisions	74,459,796	81,757,259
Current	39,613,697	30,336,986
Non-current	34,846,099	51,420,273

The provision for leave and 13th cheque and performance bonus are treated as current provisions as this will be utilised in the next financial year.

Provision for performance bonus has been restated and is now included for the previous years amount.

Non-current provisions relate to grant projects that have milestones which are due after the next financial year and hence are classified as non-current provisions.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
7. Income received in advance from non exchange transactions	R	R
Department of Auto and Culture		
Department of Arts and Culture		
Opening balance as at 01 April 2016	3,138,059	9,381,802
Received during the year	-	-
Utilised during the year	(2,127,223)	(6,243,743)
Closing balance as at 31 March 2017	1,010,836	3,138,059

Income received in advance relates to the funds received from Department of Arts and Culture (DAC) to identify potential sites and develop a business case for the establishment of Film Hubs. A service provider is assisting in this project and to date R2 127 223 has been utilised for the 2016/17 financial year.

8. Revenue	2017	2017 Approved	2016
	Actual R	Budget	Actual R
8.1 Revenue from Non Exchange Transactions	122,941,216	122,907,000	116,757,924
Department of Arts and Culture - annual allocation	122,907,000	122,907,000	116,721,000
MICT-SETA: Mandatory Grant	34,216	-	36,924

8.2 Revenue from Exchange Transactions	35,156,991	-	27,685,805
Department of Arts and Culture - UK Seasons	-	-	8,971,750
Department of Arts and Culture - Digital Screens	2,127,223	-	6,243,743
South African Broadcasting Corporation	3,030,604	-	520,200
M-Net	1,357,660	-	1,166,000
GE Media	3,845,053	-	-
MICT - SETA	20,696,896	-	2,416,400
KZN Film Commission	1,530,839	-	5,033,110
Ster Kinekor	300,000	-	-
Durban Film Office	90,000	-	150,000
National Youth Development Agency (NYDA)	500,000	-	-
British Council	-	-	1,852,608
Gauteng Film Office	129,239	-	250,000
Recoupments	1,176,865	-	1,059,494
Sales - SAFTAs	372,612	-	22,500

158,098,207 122,907,000 144,443,729

Revenue received from exchange transactions relate mainly to partnership agreements with stakeholders for projects and NFVF events The NFVF entered into partnership agreements with private sector companies eg. Sun International, McCafe' and Ster-Kinekor which contributed to the successful hosting of the SAFTA's. The MICT Seta is also one of NFVF's partners in providing additional funding for bursaries.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8.3 Other Income	2017	2017	2016
		Approved	
	Actual	Budget	Actual
	R		R
Other	272,580	-	194,918

Other income is insurance pay-outs and VAT rebates from suppliers from International countries

9. Grant expense	2017 Actual	2017 Approved	2016
		Budget	Actual
	R	R	R
Training & bursaries	29,999,460	11,800,000	12,334,436
Development and production of			
content	49,186,570	43,850,000	41,126,406
Research projects	6,365,130	3,800,000	8,082,504
Local and global positioning	45,829,684	31,750,000	53,258,618
	131,380,844	91,200,000	114,801,964

The variance between actual and budget grant expenditure was sourced from sponsorship and partnership agreements entered into with various stakeholders, as reflected in note 8. Additional projects grants were also awarded as was committed to during NFVF's application to National Treasury in 2016, to retain the surplus.

10.Operating expenses	Note	2017	2017 Approved	2016
		Actual R	Budget	Actual
Included in the operating expenses	are the followin	a.		

included in the operating expenses are the following:

Audit fees - Internal	817,145	620,000	1,127,687
- External	534,392	750,000	927,274

Consulting convices		720 420	E20 000	440.940
Consulting services		738,429	530,000	449,849
Professional services - staff recruitment		499,947	350,000	182,576
Website expenses		238,482	180,000	267,273
Councillors' services				
Honorarium - Council meetings	17.1	1,180,098	1,058,000	1,299,144
Depreciation and amortisation expense	3 & 4	2,195,058	1,740,000	1,584,915
Rent paid - Buildings		2,842,824	2,469,000	2,456,790
Salaries and wages	10.1	21,998,573	23,042,002	19,730,124
Salaries and wages - Executive				
Management	17.2	7,844,356	8,084,306	7,217,336
Salaries and wages - other staff		14,154,217	14,957,696	12,512,788
•	'			
Travel and accommodation		834,046	450,000	710,430
Printing and publication		561,831	540,000	605,812
Administration		2,134,773	1,738,998	2,136,632
Conferences and Catering		364,443	215,000	186,470.03
Advertising		121,354	300,000	200,120.48
Telephone & Fax		762,418	504,000	510,236.60
Equipment Hire		501,675	456,000	435,788.69
Computer Expenses		466,501	270,000	421,670.92
•		521,060	624,000	497,087.91
Electricity & Water		321,000	024,000	437,007.91
		26 574 624	25 207 000	22 200 022
		36,574,621	35,307,000	33,280,032

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Salary costs are lower than budget due to vacant positions being occupied later in the year than anticipated. There has been a significant increase in the number of funding applications received. This increase is due to the numerous outreach and roadshow activations that the NFVF has held in a number of provinces. This has impacted on the associated costs eg panellist fees, printing and courier costs. There has been a number of pertinent meetings in the financial year under review which includes Portfolio meetings.

meetings with MEC's, panel meetings and workshop training travel meetings. This has contributed to the cost of travel.

Computer expenses have increased due to software licence renewals , support calls and internet costs.

10.1.1 Salaries and wages	21,998,573	23,042,002	19,730,124
Gross Salary	16,350,790	16,586,301	14,551,316
Cellphone Allowance	223,000	230,000	179,000
Medical Aid	1,032,545	1,214,011	914,282
Provident Fund	1,551,860	1,607,275	1,278,075
UIF	61,107	165,863	58,143
Skills Development Levy	183,330	185,000	174,691
Workman's Compensation	-	-	74,815
Bonus	2,437,607	2,953,551	2,461,343
Leave	158,335	100,000	38,458

#### 10.1.2.1 Revenue

**10.1.2 Prior Period Error** 

The NFVF has corrected its financial statements to comply with the requirement of GRAP 9 - Revenue from Exchange Transactions. For the year ended 31 March 2016, R194 918 was incorrectly recognised as Revenue from Exchange transactions. This amount has been reclassified as other income, and the comparative figure re-stated.

2017

2016

Interest income

10.1.2.2 Restatement of Performance bonus	2017	2016
Increase in employee cost	-	1,396,380
Increase in deficit/(Decrease) in net surplus	(1,396,380)	(1,259,397)
(Decrease)/Increase in provision for bonus	1,396,380	136,983

The NFVF has corrected its financial statements to comply with the requirement of GRAP 19 - Provisions. In the 2015/16 financial year, the NFVF incorrectly recognised the performance bonus. This has subsequently been corrected as a prior year error.

The performance bonus for the 2016/17 year has now been provided for.

The performance bonus for the 2016/17 year has now been provided for.			
11. Investment income	2017	2017	2016
	Actual	Approved	Actual
Interest income - Bank Deposits	5,274,102	3,600,000	5,192,863
12. Reconciliation of net cash flow from			
operating activities to (deficit)/surplus		2017	2016
		R	R
(Deficit)/Surplus for the year		(4,338,813)	1,871,364
Adjustments for non cash movements:			
Depreciation and amortisation on plant and equip-			
ment and intangible assets		2,195,058	1,584,915
Disposal of property and equipment		28,236	15,132
Increase /(Decrease) in operating lease		9,691	(47,591)
Increase/(Decrease) in employee related provisions		(183,590)	(28,069)
(Decrease) in other provisions		(7,113,873)	(2,671,154)
Items shown separately on the face of the cash flow statement			

Net cash flows from operating activities	(22,192,697)	(7,872,446)
Increase/(Decrease) in trade and other creditors	1,478,911	(6,738,439)
Decrease in prepayments	714,527	627,595

(5,274,102) (5,192,863)

#### NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Cash and cash equivalents	2,017	2,016
	R	R
	59,616,707	80,143,370
First National Bank	487,264	1,610,618
Corporation for Public Deposits	59,127,443	78,530,752

2,000

2,000

Cash and cash equivalents earn interest at floating rates based on the daily bank deposits.

## 14. Lease arrangements

Petty cash

## 14.1 Operating lease commitments

As at 31 March, the NFVF had outstanding commitments which relates to operating leases and falls due as follows:

	Up to 1	
2017	Year	2 - 5 years
Building	3,441,418	15,859,841
	Up to 1	
2016	Year	2 - 5 years
Building	(587,118)	752,830

The NFVF renewed its lease with ALW Estates for a further 5 year period (1 January 2017 to 31 December 2021). The basis on which rent is charged by the lessor is based on the existing rental market. There are no restrictions imposed by the lessor. The lease expenditure is straight-lined and charged to the Statement of Financial Performance. The lease expense for the year ended 31 March 2017 is R2 794 18.78 (2016: R2 456 790).

14.2 Operating lease liability	2017	2016
	R	R
Short term portion of Operating Lease - (Asset)/Liability	(587,118)	156,021
Long term portion of Operating Lease - Liability	752,830	-
	165,712	156,021

#### Equipment

The NFVF leases its equipment (photocopiers etc.) on a month to month basis which allows for NFVF not to incur any costs should the need for cancellation arise.

14.3 Rental Deposit	2017	2016
	R	R
Opening balance as at 01 April 2016	196,560	196,560
Additional Deposit	143,414	-
Closing balance as at 31 March 2017	339,974	196,560

During the year under review, the NFVF paid a deposit of R143 414 for the leased building with ALW Estates. The additional deposit is due to extra space being leased from 1 January 2017. The total deposit held by ALW will be refunded to the NFVF on termination of the lease if the lease is not renewed, which is also subject to terms and conditions of the contract.

15. Irregular expenditure	2017	2016
	R	R
Opening balance as at 01 April 2016	593,583	-
Irregular expenditure incurred during the year	1,890,432	593,583
Less: Condoned		-
Closing balance as at 31 March 2017	2,484,015	593,583

During the 2016/17 financial year, the NFVF embarked on a process of office renovations. The NFVF appointed a project manager to assist with this process. Whilst the NFVF did issue Request for Quotations for the various elements of the work, due to the quantum of the project the NFVF should have gone on a competitive bidding process rather than the SCM process of 3 quotations, which the NFVF followed.

The NFVF incurred irregular expenditure during the 2015/16 financial year. This was due to fraudulent activity committed by a former NFVF employee. The amount of the irregular expenditure was determined by a forensic investigation. A forensic report was presented to Council and a criminal case has been opened with South African Police Services against the employee.

Management has appointed a legal team to facilitate the repayment terms for the recovery of the amount. The provident fund has not been paid out to the employee and will serve as part payment of the amount owing.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 16. Related parties

During the year, the NFVF entered into a related party transactions with the following

		2017	2016
Amounts received from related parties	Nature	R	R
Department of Arts and Culture South African Broadcasting Corporation	Executive authority Controlled entities	125,034,223 3,030,604	131,936,493 520,200
MICT - SETA	Controlled entities	20,731,112	2,453,324
National Youth Development Agency	Controlled entities	500,000	-
Amounts due by related parties South African Broadcasting Corporation	Controlled entities	630,604	520,200
MICT - SETA	Controlled entities	9,417,096	3,500,000
National Youth Development Agency	Controlled entities	500,000	-
Income in advance from related parties			
Department of Arts and Culture	Executive authority	1,010,836	3,138,059

The NFVF is an agency of the Department of Arts and Culture and receives its annual allocation as a Parliamentary Grant in order to fulfil its mandate in accordance with the NFVF Act. The amounts received from MICT-Seta and the SABC are in terms of partnership agreements. Council members including sub-committees i.e. Audit, HR and Exco only receive honorariums for meetings attended.

Executive Management is defined as employees who have the ability to direct and control the operations of the NFVF. The NFVF Executive Management only receive remuneration for salaries. No loans have been advanced to the Executive Management during the financial year. There are no further payments expedited to these members. Key management personnel are reflected in note 17.

17. Disclosure of remuneration	2017 R	2016 R
17.1 Non Executive Honorarium - Council services	1,180,098	1,299,144
Ms M Ramagoshi (Chairperson)	-	42,480
Mr G Leolo (Deputy Chairperson)	110,138	126,792
Adv. R Rai Dehal	38,220	53,760
Ms D Markgraaf	89,002	101,200
Ms P Mashiane	159,963	122,296
Mr TL Masudubele	198,086	171,568
Mr B Meyer	103,737	104,448
Mr L Mkhabela	30,652	64,912
Mr P Molefe	113,626	151,960
Mr A Moosa	22,894	68,896
Ms LJ Ramathesele	68,006	47,576
Mr S Swana	110,439	123,400
Mr M Vundla	15,326	21,504
Ms T Mjoli - Audit Committee Member	50,999	44,880
Mr S Vilakazi - Audit Committee Member	31,097	26,560
Mr L Seperepere - Audit Committee Member	37,913	26,912

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 17.2 Executive Management salaries - 2017

	R	R	R	R	R
		13th Cheque & Performance		Employer	
	Basic Salary	Bonus	Allowances	Contributions	Total
Chief Executive Officer - Z Mkosi	1,405,846	341,757	18,000	233,692	1,999,295
Chief Financial Officer	1,153,844	178,659	12,000	221,325	1,565,829
Head: Marketing	924,000	132,270	12,000	103,355	1,171,625
Head: Policy & Research	785,817	118,460	12,000	89,412	1,005,689
Head: Human Resources	893,453	136,858	12,000	158,822	1,201,133
Head: Production and Development	678,000	100,610	12,000	110,175	900,785
	5,840,961	1,008,613	78,000	916,782	7,844,356
Executive Management salaries - 2016	R	R	R	R	R
Executive Management salaries - 2016	R	13th Cheque &	R		R
Executive Management salaries - 2016		13th Cheque & Performance		Employer	
Executive Management salaries - 2016	R Basic Salary	13th Cheque &	R Allowances		R Total
· ·	Basic Salary	13th Cheque & Performance Bonus	Allowances	Employer Contributions	Total
Chief Executive Officer - Z Mkosi	<b>Basic Salary</b> 1,405,846	13th Cheque & Performance Bonus 432,515	Allowances	Employer Contributions 227,785	<b>Total</b> 2,084,147
Chief Executive Officer - Z Mkosi Chief Financial Officer	1,405,846 1,078,359	13th Cheque & Performance Bonus	Allowances	Employer Contributions 227,785 186,940	7otal 2,084,147 1,517,706
Chief Executive Officer - Z Mkosi Chief Financial Officer Head: Marketing	1,405,846 1,078,359 840,000	13th Cheque & Performance Bonus 432,515 240,407	18,000 12,000	Employer Contributions 227,785 186,940 5,759	2,084,147 1,517,706 845,759
Chief Executive Officer - Z Mkosi Chief Financial Officer Head: Marketing Head: Policy & Research	1,405,846 1,078,359 840,000 734,409	13th Cheque & Performance Bonus  432,515 240,407 - 158,544	18,000 12,000 - 12,000	Employer Contributions 227,785 186,940 5,759 83,262	2,084,147 1,517,706 845,759 988,215
Chief Executive Officer - Z Mkosi Chief Financial Officer Head: Marketing Head: Policy & Research Head: Human Resources	1,405,846 1,078,359 840,000 734,409 835,003	13th Cheque & Performance Bonus  432,515 240,407 - 158,544 184,227	18,000 12,000	Employer Contributions 227,785 186,940 5,759 83,262 134,015	2,084,147 1,517,706 845,759 988,215 1,165,245
Chief Executive Officer - Z Mkosi Chief Financial Officer Head: Marketing Head: Policy & Research Head: Human Resources Head: Production and Development (1 Apr 31 Oct. 2015)	1,405,846 1,078,359 840,000 734,409 835,003 523,466	13th Cheque & Performance Bonus  432,515 240,407 - 158,544 184,227 11,666	18,000 12,000 - 12,000 12,000	Employer Contributions 227,785 186,940 5,759 83,262 134,015 25,370	2,084,147 1,517,706 845,759 988,215 1,165,245 560,502
Chief Executive Officer - Z Mkosi Chief Financial Officer Head: Marketing Head: Policy & Research Head: Human Resources	1,405,846 1,078,359 840,000 734,409 835,003	13th Cheque & Performance Bonus  432,515 240,407 - 158,544 184,227	18,000 12,000 - 12,000	Employer Contributions 227,785 186,940 5,759 83,262 134,015	2,084,147 1,517,706 845,759 988,215 1,165,245

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 18. Financial instruments

As at 31 March 2017, the carrying values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short term maturities of these assets and liabilities as disclosed below:

Financial assets  Cash and cash equivalents  Carrying value  Fair value  Cash and cash equivalents  Fair value  Cash and cash equivalents  Fair value  Cash and cash equivalents  59,616,707  80,143,370  59,616,707  80,143,370  Trade and other receivables  Fair value  Trade and other receivables  Financial liabilities  Trade and other payables  Carrying value  Financial liabilities  Financial liabilities  5,565,566  1,959,432  Fair value
Trade and other receivables Carrying amount Trade and other receivables 15,345,111 5,779,783 Fair value 15,345,111 5,054,088  Financial liabilities Trade and other payables Carrying value Financial liabilities 5,565,566 1,959,432
Trade and other receivables Carrying amount Fair value 15,345,111 5,779,783 15,345,111 5,054,088  Financial liabilities Trade and other payables Carrying value Financial liabilities 5,565,566 1,959,432
Fair value 15,345,111 5,054,088  Financial liabilities  Trade and other payables Carrying value Financial liabilities 5,565,566 1,959,432
Financial liabilities  Trade and other payables Carrying value Financial liabilities 5,565,566 1,959,432
Trade and other payables Carrying value Financial liabilities 5,565,566 1,959,432
Fair value 5,565,566 1,959,432
Non current provisions Carrying value Financial liabilities 34,846,099 51,420,273
Fair value 34,846,099 51,420,273
Current provisions Carrying value Financial liabilities 39,613,697 30,336,986
Fair value 39,613,697 30,336,986
Income received in advance Carrying value Financial liabilities 1,010,836 3,138,059
Fair value 1,010,836 3,138,059
Operating lease liability Carrying value Financial liabilities 165,712 156,021
Fair value 165,712 156,021

# 19. Management of risk

The Council is responsible for strategic risk-management within the NFVF and tasks the Audit Committee with ensuring effective risk management. The purpose of the NFVF risk-management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk-management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed. The NFVF risk policy sets out the minimum standards of risk management to be adopted and adhered to by all units within the NFVF. The risk-management strategy, which has been reviewed and updated in March 2016, contains processes for identifying both the impact and likelihood of such risk Risks that have been identified as having a potentially severe impact on the NFVF are regarded as unacceptable and, where possible, will be avoided.

## Managements responsibilities

Management is responsible for the identification, assessment and control of all key risks facing the NFVF, functions and processes under their control. In addition, management is required to manage all risks under their control that contribute to the NFVF risk profile. The Management Committee (MANCO) is required to monitor the status of risk within the NFVF and to report on any material changes to the risk profile and any losses incurred as a result thereof. Management is expected to put in place appropriate controls for these risks and provide assurance that such controls perform as intended.

#### Financial risk profile

Risk management relating to each of these risks is discussed under the headings below. The financial risk the NFVF primarily faces are market risk (interest rate risk), investment risk and credit risk. Management reviews and agrees on controls for managing these risks.

## 19.1 Market risk management

The NFVF activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the NFVF exposure to market risk or the manner in which it manages and measures the risk.

#### NATIONAL FILM AND VIDEO FOUNDATION

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 19.2 Interest rate risk management

Interest rate risk arises primarily from NFVF investment strategy to ensure capital preservation in line with NFVF investment policy. As a result of this exposure to interest rate risk, NFVF manages the investments according to their investment mandate. The nature of NFVF exposure to interest rate risk and its objectives, policies and procedures for managing interest rate risk have not changed significantly from the prior period.

The NFVF's exposure to the risk of changes in market interest rates relates primarily to the foundation's cash and cash and cash equivalents with floating interest rates. Cash and cash equivalents attract interest at rates that vary with prime.

The NFVF manages its interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/(deficit) of the foundation. The NFVF is not exposed to significant interest rate risk as the foundation does not have any external funding, other than cash and cash equivalents with the bank.

The following sets out the carrying amount, of the NFVF's cash and cash equivalents that are exposed to interest rate risk:

 2017
 2016

 R
 R

 Within1 year
 59,616,707
 80,143,370

 1 to 5 years

 59,616,707
 80,143,370

## Sensitivity analysis

In terms of Treasury Regulation 31.3.3, the NFVF must invest all of its surplus funds with the Corporation for Public Deposits. It is estimated that by increasing the returns by 100 basis points on the amounts invested will result in a further R 801 516 being earned in investment income in the Statement Financial Performance. As capital is applied in pursuit of NFVF mandate, the amount available will gradually diminish which will reduce the sensitivity to interest rates as the main fund diminishes over time.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates to cash and cash equivalents, with all other variables held constant, to the foundation's deficit.

	2017	2016
	R	R
Increase in interest rate of 1%	687,320	803,279
Decrease in interest rate of 0 .5 %	(50,468)	(54,898)

# 19.3 Credit risk management

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The NFVF only transacts with various Institutions who have no independent rating. Other receivables consist mainly of recovery of funds. The NFVF does not have any significant credit risk exposure to any single counterparty having similar characteristics. The credit risk on liquid funds is limited because the counterparty is the Corporation for Public Deposits.

Government Departments have no independent rating, however based on historical experience and other factors none of the amounts due to the NFVF are impaired.

#### Receivables

All trade receivables are exposed to a low credit risk and no amounts are overdue.

## Cash and cash equivalents

Cash and deposits are held with registered banking institution and are regarded as having insignificant credit risk. Cash in the current account is kept at a maximum in order to maximise interest earned. The Foundation has invested any surplus cash with the Corporation for Public Deposits. Foreign exchange rates are monitored and payments made on favourable rates.

2017	2016
R	R
59,616,707	80,143,370
15,345,111	5,779,783
	R 59,616,707

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The nature of NFVF exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Cash and cash equivalents held with reputable financial institutions are used for investing and cash handling purposes.

None of the amounts disclosed above have been pledged as security or collateral for liabilities or contingent liabilities nor have any amounts been renegotiated or have been defaulted on.

## **19.4 Liquidity risk**

The NFVF's risk to liquidity is a result of the funds available to cover future commitments. The NFVF manages liquidity risk through ongoing review of future commitments. Cash flow forecasts are prepared regularly to monitor payables. The tables below summarises the maturity profile of the NFVF's financial assets and liabilities as at 31 March 2017.

#### **Financial Assets**

Trade and other receivables		2017	2016
		Carrying	Carrying
	%	amount	amount
Current	100.0	15,345,111	5,779,783
30-60 Days	0.0	-	-
60-90 Days	0.0	-	-
Greater 90 days	0.0	-	-
	100.0	15,345,111	5,779,783

NFVF does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year.

#### **Financial Liabilities**

	R	R	R	R	R
	Less than	3 -12	91-120	1 - 5	
	3 months	months	days	years	Total
2017					
Trade and other payables	5,565,566	-	-	-	5,565,566
Operating lease liability	-	(587,118)	-	752,830	165,712
Financial liability	5,565,566	(587,118)	-	752,830	5,731,278
2016					
Trade and other payables	1,959,432				1,959,432
Operating lease liability	-	156,021	-	-	156,021
Financial liability	1,959,432	156,021	-	-	2,115,453

# 20. Contingent liabilities

2017 2016

The contingent liability amounts to R 18 566 206 (2016: R24 734 188).

The 3 year slate funding projects for fiction, animation and documentary amounting to R14 000 000 will be disbursed during 2018 - 2020 financial years upon the fulfilling of contractual obligations by the grantees During the 2016/17 financial year a service provider was appointed to design a digital film distribution platform for SA Content and maintain for 36 months. An amount of R3 613 170 is still due to the service provider.

During the 2016/17 financial year a service provider was appointed to do research on the Economic Impact of the SA Film Industry.

An amount of R226 404 is yet to be paid to the service provider.

# NATIONAL FILM AND VIDEO FOUNDATION

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

# 21. Deficit

In the previous financial year, the NFVF applied for and was granted permission to retain the surplus on condition that it will be utilised in the normal course of operations to fund more projects in the 2016/2017 financial year which is in line with the NFVF's mandate. Hence more grants were awarded for projects as per note 9, which resulted in a deficit for the year ended 31 March 2017.

# 22. Events subsequent to statement of Financial Position Date

A new Council has been appointed on the 1st of May 2017 for a three year period. Three members from the previous Council remainfor continuity purposes.









igniting your stories

RP259/2017

ISBN: 978-0-621-45741-4





www.nfvf.co.za

