



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Members	Adv BC Majola (Chairperson) Ms DP S Jana Adv. AH Gaum Adv MS Ameerma Ms MA Makw etla Adv. JB Malatji Mr AC Nissen Mr J Sibanyoni
Registered office	33 Hoofd Street Braampark Forum III Braamfontein 2017
Business address	33 Hoofd Street Braampark Forum III Braamfontein 2017
Postal address	Private Bag x2700 Houghton 2041
Telephone number	011 877 3600
Website	www.sahrc.org.za
Bankers	First National Bank South Africa
Auditors	Auditor General South Africa Registered Auditors 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor 0081
Executive Officer	Adv Tseliso Thipanyane
Chief Financial Officer	Nyawa Dikw ayo CA(SA) - Effective from 1 April 2021
Acting Chief Financial Officer	Lorinda Lynn - 01 April 2020 to 31 March 2021
Strategic Overview	The mandate of the Commission is to: monitor, protect and promote the human rights of south african.
Reporting framework	Generally Recognized Accounting Practice
Relevant framework	Public Finance Management Amendment Act (Act No.1 of 1999) South African Human Rights Commission Act, 40 of 2013 Constitution of SA Promotion of Access to Information Act 2 of 2000 (PAIA) Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 (PEPUDA) Promotion of Administrative Justice Act 3 of 2000 (PAJA) Employment Equity Act & Basic Conditions of Employment

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Index

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

Index	Page
Audit Committee Report	3 - 4
Report of the Auditor General	5 - 13
Chief Executive Officer Report	14 - 15
Statement of Financial Position	16
Statement of Financial Performance	17
Statement of Changes in Net Assets	18
Cash Flow Statement	19
Statement of Comparison of Budget and Actual Amounts	20
Accounting Policies	21 - 32
Notes to the Annual Financial Statements	33 - 54

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation Of The Standards Of Generally Recognition Accounting Practice
DPW	Department of Public Works
IAS	International Accounting Standards
DOJCD	Department of Justice and constitutional Development
IR	Information Regulator
IPSAS	International Public Sector Accounting Standards

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

The Audit Committee is pleased to present its report for the financial year ended 31 March 2021.

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference and makes provision for two (2) extra special audit committee meetings as might be required. During the current year four (4) quarterly meetings were held.

Name of member	Number of meetings attended
Mrs V. Menye (Chairperson) **	3
Mr B. Modise *	3
Ms. L. Vilakazi	3

** Appointed as Chairperson on the 31 October 2020

* Appointed as member on 06 November 2020

Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.

Corporate Governance

The Committee is of the opinion that the SAHRC continues to strive towards complying with sound principles of corporate governance through the implementation of its governance framework. The Committee is not aware of any issues of non-compliance with corporate governance. Notwithstanding that, the low implementation of action plans remains a concern.

Compliance

The Committee is of the opinion that the SAHRC continues to strive towards complying with sound principles of corporate governance through the implementation of its governance framework. The Committee is not aware of any issues of non-compliance with corporate governance. Notwithstanding that, the low implementation of action plans remains a concern.

Effectiveness of Internal Controls

The systems of controls are designed to provide reasonable assurance that policies, processes, tasks, behaviours and other aspects of the Commission, taken together, facilitate its effective and efficient operation, help to ensure the quality of internal and external reporting, and help to ensure compliance with applicable laws and regulations.

In line with the PFMA and King Report on Corporate Governance requirements, Internal Audit provides the Committee with reasonable assurance that the internal controls are adequate and effective. This is achieved by means of reviews and testing of the design, implementation and effectiveness of internal controls as well as the identification of corrective actions and suggested enhancement to the internal controls and processes.

In line with the PFMA and King Report on Corporate Governance requirements, Internal Audit provides the Committee with reasonable assurance that the internal controls are adequate and effective. This is achieved by means of reviews and testing of the design, implementation and effectiveness of internal controls as well as the identification of corrective actions and suggested enhancement to the internal controls and processes.

Risk Management

In fulfilling its oversight responsibilities, in relation to risk management, the Committee reviewed the risk management framework, strategy, policy, and monitored the implementation of risk mitigation strategies.

In fulfilling its oversight responsibilities, in relation to risk management, the Committee reviewed the risk management framework, strategy, policy, and monitored the implementation of risk mitigation strategies.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Performance Management

The performance management predetermined objectives received an adverse opinion from the external auditors in the prior year. Internal Auditor collaborated with Strategic Support and Governance unit in order to determine the root causes and how this situation can be improved. Management action plan will be finalised, implemented and monitored during 20/21 Financial Report.

In-Year Management and Quarterly Reports

The Audit Committee has noted and is satisfied with the content and quality of the Quarterly Reports prepared and issued by the Accounting Officer during the year under review.

Evaluation of Financial Statements

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the auditors;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

Auditor's Report

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.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Ms Vuyokazi Menye
Chairperson of the Audit Committee
South African Human Rights Commission

30 July 2021

Date: _____

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Report of the auditor-general to Parliament on South African Human Rights Commission

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Human Rights Commission set out on pages ... to ..., which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 South African Human Rights Commission as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the constitutional institution in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 figures

7. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the constitutional institution at, and for the year ended, 31 March 2021.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer 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 officer is responsible for assessing the constitutional institution's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the constitutional institution or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the constitutional institution's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the constitutional institution enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

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
15. defined in the general notice, for the following selected programme presented in the constitutional institution's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 2– Promotion of Human Rights	x – x

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 2 – Promotion of Human Rights

Indicator 2.1 Number of interventions made towards policy and legislative reform, and service delivery improvements

18. The achievement of 409 interventions was reported against target 63 interventions in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Indicator 2.6 Accessibility of the website

19. The source information and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of engaged stakeholders and developed terms of reference reported against target make website accessible to people with disabilities in the annual performance report.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Various indicators

20. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Annual Planned Target	Reported achievement	Audited value
Number of agreements of cooperation implemented	Implement 5 agreements of cooperation	1 agreement of cooperation implemented	0 agreement of cooperation implemented
Completion of quarterly media monitoring reports	Complete 4 quarterly media monitoring reports	3 quarterly media monitoring reports completed	2 quarterly media monitoring reports completed

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of three of the nine indicators relating to this programme. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

Indicator number	Indicator description	Reported achievement
2.3	Number of communities where Human Rights Champions have been established	Human Rights Champions established in 286 communities.
2.4	Number of media outputs completed	1357 media outputs completed
2.9	Hosting of SAHRC 25 Years Celebration Events	Hosted 68 celebration events (2 National; and 66 provincial).

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 to 18 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2 - Promotion of human rights. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the constitutional institution's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

27. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R2 391 000, as disclosed in note 31 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non compliance with SCM laws and regulations.

Procurement and contract management

28. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007/08. Similar non-compliance was also reported in the prior year.
29. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/2010. Similar non-compliance was also reported in the prior year.
30. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1(d).

Consequence management

31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
33. 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 on it.
34. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
37. The constitutional institution did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, implementation and reporting.
38. Although the commission developed a plan to address internal and external audit findings, the appropriate level of management did not monitor adherence to the plan in a timely manner. This is evidenced by the repeat of findings from prior years.
39. The constitutional institution did not have a proper records management system to maintain information that supported the reported performance in the annual performance report. This included information that related to the collection, collation, verification, storage and reporting of actual performance information.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Audit Committee Report

40. Management has not implemented a process to monitor compliance with laws and regulations on a regular basis resulting in non-compliance matters reported. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored throughout the course of the financial year.

Auditor-General

Pretoria

31 July 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Chief Executive Officer Report

The members submit their report for the year ended 31 March 2021.

1. Incorporation

The entity was incorporated on 01 April 1996 and obtained its certificate to commence business on the same day.

As the Accounting Officer I am required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), to maintain adequate accounting records and I am responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is my responsibility as the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the PFMA.

2. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 62 877 thousand and that the entity's total assets exceed its liabilities by R 62 877 thousand.

As the Accounting Officer I have reviewed the entity's cash flow forecast for the year to 31 March 2021 and in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for the next 12 months.

3. Members

Below are the commissioners during the year under review:

Name	Nationality
Adv BC Majola (Chairperson)	South Africa
Ms DP S Jana (Until October 2020)	South Africa
Adv. AH Gaum	South Africa
Adv MS Ameerma (Until February 2021)	South Africa
Ms MA Makw etla	South Africa
Adv. JB Malatji	South Africa
Mr AC Nissen	South Africa
Mr J Sibanyoni	South Africa

4. Corporate governance

General

The members is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the members supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The members have applied King IV principles and have developed a corporate governance framework to implement those principles.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Chief Executive Officer Report

Functioning of the Audit Committee

The SAHRC Audit Committee continues to function and has met four times during the period under review. The Audit Committee is responsible for improving management by providing oversight over the audit functions, internal controls and the financing process.

Internal Audit

In line with the PFMA requirements, the internal audit activity provides the Audit Committee and management assurance that the internal controls are appropriate and effective. This is achieved by means of objective appraisal and evaluation of the risk management process, internal control and governance processes. The audit plan is responsive to the Commission's risk profile. For the year under review Internal Audit executed 91% of the approved plan.

The Internal Audit activity is fully supported by management, the Commissioners and the Audit Committee, and has full unrestricted access to all organisational activities records, property and personnel.

5. Auditors

External auditors are responsible for the independent audit of the entity's Annual Financial Statements and subsequently providing an audit opinion on the entity's Annual Financial Statements.

6. Risk Management

The legislating of the implementation of risk management in the public sector institutions is part of a macro strategy of the South Africa government towards ensuring the achievement of public sector institutional goals and objectives. For the Commission, this mandate can be found in Section 77 of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999; Treasury Regulation 3.1.10 and Treasury Regulations 3.1.13) Risk management therefore forms an integral part of the Commission's plan to deliver effectively and efficiently on its mandate.

The Commission continues to recognise the importance of risk management in ensuring its objectives and therefore endeavours to comply with the requisite legislation as it pertains risk management.

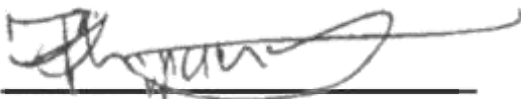
The risk management process is facilitated by the Chief Financial Officer who is also responsible for chairing the Risk Management Committee.

7. Approval of finances

The financial statements fairly represent the state of affairs of the Commission as at 31 March 2021. The statements are the responsibility of the Commission while the auditors are responsible for reporting on the fair presentation of these financial statements. The annual financial statements reflect appropriate accounting policies and adhere to applicable accounting standards.

Additional text

The annual financial statements set out on page 16 to 54, which have been prepared on the going concern basis, were approved by Commissioners on 30 July 2021 and were signed on its behalf by:



30 07 2021

Adv T Thipanyane
Chief Executive Officer
South African Human Rights Commission

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R '000	2020 R '000
Assets			
Current Assets			
Inventories	6	103	170
Operating lease asset	4	117	1 246
Receivables from exchange transactions	7	90	89
Prepayments	5	652	729
Cash and cash equivalents	8	58 800	45 131
		59 762	47 365
Non-Current Assets			
Property, plant and equipment	2	17 736	15 688
Intangible assets	3	1 728	1 866
		19 464	17 554
Total Assets		79 226	64 919
Liabilities			
Current Liabilities			
Finance lease obligation	9	217	420
Operating lease liability	4	43	3 333
Payables from exchange transactions	13	6 682	4 735
Unspent conditional grants and receipts	10	1 132	1 082
Provisions	11	680	2 070
Employee benefits	12	1 182	1 296
Provision for leave accrued	11	5 954	6 346
		15 890	19 282
Non-Current Liabilities			
Finance lease obligation	9	114	331
Operating lease liability	4	345	345
		459	676
Total Liabilities		16 349	19 958
Net Assets		62 877	44 961
Accumulated surplus		62 877	44 961

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

	Note(s)	2021 R '000	2020 R '000
Revenue			
Revenue from exchange transactions			
Administrative fees	14.1	4 336	4 990
Interest received - investment	14.2	1 333	2 317
Total revenue from exchange transactions		5 669	7 307
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	14	191 739	190 005
Donation Income	15	50	727
Total revenue from non-exchange transactions		191 789	190 732
Total revenue		197 458	198 039
Expenditure			
Employee related costs	16	(127 549)	(125 763)
Depreciation and amortisation		(2 056)	(1 850)
Finance costs	17	(69)	(152)
Lease rentals on operating lease		(18 572)	(18 449)
General Expenses	18	(31 025)	(33 156)
Total expenditure		(179 271)	(179 370)
Surplus for the year from continuing operations		18 187	18 669
Loss on disposed of asset	2	(271)	(442)
Surplus for the year		17 916	18 227

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2019	26 611	26 611
Changes in net assets		
Surplus for the year as per the Statement of Financial Performance	18 350	18 350
Total changes	18 350	18 350
Opening balance as previously reported	45 424	45 424
Adjustments		
Prior period error	(463)	(463)
Balance at 01 April 2020 as restated*	44 961	44 961
Changes in net assets		
Surplus for the year as per the Statement of Financial Performance	17 916	17 916
Total changes	17 916	17 916
Balance at 31 March 2021	62 877	62 877

As at year end the SAHRC has committed and earmarked a large part of its reserves and accumulated surplus towards the Commissions functions under the institutional programmes (Administration, Promotion of human rights, Protection of human rights and Monitoring observance of human rights of the organisation)

The SAHRC is constitutionally mandated to, inter alia, investigate any complaint alleging violation of human rights and to assist any person adversely affected thereby to secure appropriate redress as outlined in the South African Human Rights Commission Act, 40 of 2013 (SAHRCA) and the Section 181 of the Constitution. Hence the nature of the SAHRC is driven by the mandate of human rights and not a profit driven. The SAHRC purpose is not to accumulate large reserves for investments but utilise its funds towards human rights matters and its constitutional mandate. The SAHRC started to utilise both its annual income and accumulated reserves towards funding human rights matters and its improved performance can be clearly noted through its high level of commitments towards the execution of its mandate.

* The opening balance as at 01 April 2020 was restated through adjustments of prior period error which was identified during the reporting date. **Refer to note 26**

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Note(s)	2021 R '000	2020 R '000
Cash flows from operating activities			
Cash receipts from stakeholders and suppliers			
Non exchange revenue- Government grant		191 739	190 005
Administrative fees		4 336	4 990
Interest income		1 333	2 317
Donation Income		100	-
		197 508	197 312
Cash payments to stakeholders , suppliers and employees			
Employee costs		(127 659)	(125 575)
Suppliers		(49 921)	(49 466)
Finance cost		(132)	(124)
		(177 712)	(175 165)
Net cash flows from operating activities	20	19 796	22 147
Cash flows from investing activities			
Additions of property, plant and equipment	2	(4 500)	(3 511)
Additions of other intangible assets	3	-	(636)
Net cash flows from investing activities		(4 500)	(4 147)
Cash flows from financing activities			
Finance lease payments		(1 627)	(1 527)
Net increase/(decrease) in cash and cash equivalents		13 669	16 473
Cash and cash equivalents at the beginning of the year		45 131	28 658
Cash and cash equivalents at the end of the year	8	58 800	45 131

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved	Adjustments	Final Budget	Actual amounts	Difference	Reference
	budget			on comparable basis	between final budget and actual	
	R '000	R '000	R '000	R '000	R '000	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Administrative fees	3 976	-	3 976	4 336	360	33
Interest received - investment	500	-	500	1 333	833	33
Total revenue from exchange transactions	4 476	-	4 476	5 669	1 193	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	200 132	-	200 132	191 739	(8 393)	33
Total revenue	204 608	-	204 608	197 408	(7 200)	

Expenditure

Personnel	(143 370)	-	(143 370)	(127 659)	15 711	33
Finance lease payment	(1 831)	-	(1 831)	(1 627)	204	33
Finance costs	(318)	-	(318)	(69)	249	33
Lease rentals on operating lease	(20 125)	-	(20 125)	(20 711)	(586)	33
General expenses	(39 030)	-	(39 030)	(29 209)	9 821	33
Total expenditure	(204 674)	-	(204 674)	(179 275)	25 399	

Surplus before taxation	(66)	-	(66)	18 133	18 199	
--------------------------------	-------------	----------	-------------	---------------	---------------	--

Surplus for the year from continuing operations	(66)	-	(66)	18 133	18 199	
--	-------------	----------	-------------	---------------	---------------	--

Payment of property, plant and equipment and intangible assets	(9 045)	-	(9 045)	(4 500)	4 545	33
--	---------	---	----------------	---------	--------------	----

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(9 111)	-	(9 111)	13 633	22 744	
--	----------------	----------	----------------	---------------	---------------	--

Reconciliation

The accounting policies on pages 21 to 32 and the notes on pages 33 to 54 form an integral part of the annual financial statements.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity. The figures have been rounded off to the nearest R'000.

1.2 Going concern assumption

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

Due to the impact of Covid 19, assessment on expense, revenue, assets and liability is required to ensure that the South African Human Rights Commission will continue to operate in the foreseeable future. In assessing the going concern assumption the accounting executive has considered the impact of the grants cuts by National Treasury to the Commission.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the quarterly financial statements management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the quarterly financial statements. Judgements include decisions on property plant and equipment.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Property, plant and equipment

Management has made certain estimations and judgments with regards to the determination of estimated useful lives, residual values and impairment assessments of items of property, plant and equipment, as discussed further in note 1.5

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Property, plant and equipment

Property, 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 property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer Equipment	Straight line	
• Laptops and desktops		10-13
• Servers and Switches		17-22
Office Equipment	Straight line	
• Printers and fridges etc		17-22
• Audiovisual and equipments and conferencing		17-20
Finance Lease	Straight line	3-5
Library Materials	Straight line	20-25
Furniture and fittings	Straight line	
• Furniture and fittings		20-27
• Gazebo, Flags, Banners and Accessories		17-20
Motor vehicles	Straight line	12-17
Leasehold improvements	Straight line	5-10

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

1.6 Intangible assets

An asset is identified as an intangible asset when it:

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

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

An intangible asset is recognised when:

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

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. If the acquired item's fair value was not determinable, its deemed cost is carrying amount of the asset(s) given up.

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period of the intangible assets are reviewed at each reporting date.

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

Item	Depreciation method	Average useful life
Computer Software	Straight line	13-17

Intangible assets are derecognised:

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

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

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

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

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

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

A financial asset is:

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

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

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

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

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

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

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement consideration

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence, the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.7 Financial instruments (continued)

Impairment and gains and losses from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, again or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the SAHRC realises the contractual rights to the benefits specified in the contract, the rights expire, the SAHRC surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in capital and reserves is included in net surplus or deficit for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date. Risks and exposure are disclosed as follows:

Credit risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

Liquidity risk:

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 27 to the annual financial statements.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.8 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Employee benefits

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.10 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

The Commission recognises the expected cost of bonus and leave pay, when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.11 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.13 Revenue from exchange transactions

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest and administrative fees

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

Administrative fee is recognised as a revenue over the period during which the service is performed.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.14 Revenue from non-exchange transactions

Revenue from non-exchange transaction constitutes transfer payments from the Department of Justice and Constitutional Development

Recognition

An inflow of government grant payments from a non-exchange transaction recognised is recognised as revenue

Donor funds received are managed by the Commission in order to enable facilitation of projects. The funds are recognised as a liability or income based on the nature of donation agreement.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.18 Budget information

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

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

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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

1.19 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by South African Government. As consequences of the constitutional independence of the three spheres of Government in South Africa, only entities within the national spheres of government are considered to be related parties.

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

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

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

1.20 Events after reporting date

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

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

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

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.21 Effects of new standards

The following GRAP standards and interpretations have been approved but not yet effective.

The Commission evaluated the standard listed below and noted that they do not have any impact on the annual financial statements for the period under review.

- GRAP 25 Employee Benefits
- GRAP 104 Financial Instruments
- IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

South African Human Rights Commission

Annual financial statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021			2020		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	depreciation and accumulated impairment		Valuation	depreciation and accumulated impairment	
Finance Lease	3 573	(2 563)	1 010	4 254	(2 419)	1 835
Furniture and fittings	4 943	(2 447)	2 496	4 585	(2 364)	2 221
Motor vehicles	7 265	(2 123)	5 142	6 128	(2 036)	4 092
Office equipment	2 350	(757)	1 593	2 348	(655)	1 693
IT equipment	8 602	(2 279)	6 323	6 419	(1 837)	4 582
Leasehold improvements	806	(413)	393	784	(350)	434
Other property, plant and equipment	1 514	(735)	779	1 513	(682)	831
Total	29 053	(11 317)	17 736	26 031	(10 343)	15 688

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Finance lease	1 835	-	(88)	(737)	1 010
Furniture and fittings	2 221	465	(51)	(139)	2 496
Motor vehicles	4 092	1 798	(372)	(376)	5 142
Office equipment	1 693	17	(11)	(106)	1 593
Computer equipment	4 582	2 197	(12)	(444)	6 323
Leasehold improvements	434	22	-	(63)	393
Library Materials	831	1	-	(53)	779
	15 688	4 500	(534)	(1 918)	17 736

South African Human Rights Commission

Annual financial statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand thousand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Finance lease	2 485	621	(415)	(856)	1 835
Furniture and fittings	2 126	227	(10)	(122)	2 221
Motor vehicles	3 051	1 444	(127)	(276)	4 092
Office equipment	1 395	403	(10)	(95)	1 693
Computer equipment	3 633	1 257	(30)	(278)	4 582
Leasehold improvements	338	154	-	(58)	434
Library Materials	858	25	-	(52)	831
	13 886	4 131	(592)	(1 737)	15 688

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
--	----------------	----------------

3. Intangible assets

	2021			2020		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 662	(934)	1 728	2 662	(796)	1 866

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	1 866	(138)	1 728

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1 345	636	(115)	1 866

All intangible assets acquired by Commission are computerised software which consist of Sage 300 for HR Payroll, CRM Sage Software for Legal Service, Sage Evolution for accounting purpose, etc

4. Operating lease

Current assets	117	1 246
Non-current liabilities	(345)	(345)
Current liabilities	(43)	(3 333)
	(271)	(2 432)

Operating lease expense consist of:

Head office	15 952	14 770
Provincial offices	3 353	3 820
	19 305	18 590

Terms and conditions

- (i) All the leases are operating for an agreed period. i.e 12, 36, 60 months, within an option of renew.
- (ii) All operating leases excluding Telkom (VPN) are subjected to an escalation ranging between 7% pa and 10% pa

At the reporting date the Commission had outstanding commitments under the operating leases relating to head office and provincial office building which fall due as follows.

Due within one year	1 412	19 305
Due within two year to five years	1 200	2 613
	2 612	21 918

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

		2021 R '000	2020 R '000
5. Prepayments			
Pro-forma invoices	5.1	57	349
Subscriptions and annual licenses	5.2	595	380
		652	729

5.1 The pro-forma invoices as part of the prepayment emanates from suppliers that require payment in advance and during the reporting date, the Commission had not yet received the service or goods.

5.2 Subscription and annual licenses, the increase year on year is due to the acquisition of additional software thus improving the ability of the Commission to work remotely, such as FortiClient VPN and Microsoft Teams

6. Inventories

Consumable stores		103	170
-------------------	--	-----	-----

7. Receivables from exchange transactions

Trade and other receivables		90	89
-----------------------------	--	----	----

Trade and other receivables

As of 31 March 2021, trade and other receivables of R 90 380 (2020: R 89 489) were provided for.

The ageing of these loans is as follows:

3 to 6 months		90	89
---------------	--	----	----

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8.1	54	55
Bank balances	8.2	825	867
Short-term deposits- call account	8.3	57 921	44 209
		58 800	45 131

8.1 Cash on hand relates to petty cash balance as presented and at year end the aggregated head office and provincial petty cash bank account retained a balance of R 54,115.90 (2020 R 54,620.84)

8.2 The Commission's daily activities are financed through the main bank account which retained a balance of R 824,722.15 (2020 R 867,354.47)

8.3 Short term deposit as disclosed relates to the call account which the Commission deposits the short term investment to attract variable interest income that is linked to the repo rate as reported by Reserve Bank. **Refer to 14.1**

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
9. Finance lease obligation		
Minimum lease payments due		
- within one year	240	467
- in second to fifth year inclusive	119	358
	359	825
less: future finance charges	(28)	(74)
Present value of minimum lease payments	331	751
Present value of minimum lease payments due		
- within one year	217	420
- in second to fifth year inclusive	114	331
	331	751
Non-current liabilities	114	331
Current liabilities	217	420
	331	751

It is entity policy to lease certain equipment under finance leases.

The average lease term is 3 years and the average effective borrowing rate was 10% (2020: 10%).

Interest rates are linked to prime rate at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

Terms and conditions

- (i) all the leases are for agreed period i.e. 12, 24, or 36 months with an option to renew
- (ii) the unit is installed (and the installation fees paid) and then the contract will continue on a monthly basis until SAHRC decides to terminate the contract with one months written notice.
- (iii) The contract will be renewed for a period of one year if the SAHRC does not give written notice of cancellation of the contract.

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts			
Open Society Initiative for West Africa	10.1	932	982
ZENEX Foundation	10.2	100	100
Allan Gray Orbis Foundation	10.3	100	-
		1 132	1 082

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
10. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year	982	300
Additions during the year	200	1 508
Income recognition during the year	(50)	(726)
	1 132	1 082

Open Society Initiative for West Africa	10.1		
Balance at the beginning of the year		982	246
Additions during the year		-	1 408
Income recognition during the year		(50)	(672)
		932	982

The South African Human Rights Commission has received conditional grants from the Open Society Initiative for West Africa (OSIWA) for the seminars on African Commission which was hosted. The conditional grant was spent on travel, accommodation, venue hire and all the expenses relating to the African seminar. The OSIWA project has ended and the unspent balance to be returned in the 2020/21 financial period.

ZANEX Foundation	10.2		
Balance at the beginning of the year		100	-
Additions during the year		-	100
Income recognition during the year		-	-
		100	100

The South African Human Rights Commission has received conditional grants from the board of trustees of ZENEX Foundation towards the right to read and write campaign. The Zenex Foundation is an independent grant-maker investing in mathematics and language education in South Africa since 1995.

Allan Gray Orbis Foundation	10.3		
Balance at the beginning of the year		-	-
Additions during the year		100	-
Income recognition during the year		-	-
		100	-

The South African Human Rights Commission has received conditional grant from the Allan Gray Orbis Foundation Endowment towards right to read and write campaign. In seeking to improve the overall context in which the Allan Gray Orbis Foundation operates, the Endowment additionally supports initiatives that address structural barriers in education which hamper employability.

Danish Institutes of Human Rights			
Balance at the beginning of the year		-	54
Additions during the year		-	-
Income recognition during the year		-	(54)
		-	-

South African Human Rights Commission has applied for, and was awarded a conditional grant through the National Human Rights Institution projects by Danish Institutes of Human Rights (DIHR). Denmark's Institutes of Human Rights has assessed that the proposed is in line with its mandate and with its international strategy. The DIHR and SAHRC has ensured that the share the same same goals to the mandated objectives.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
--	----------------	----------------

11. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	6 346	-	(401)	9	5 954
Provision for performance bonus	2 070	680	-	(2 070)	680
	8 416	680	(401)	(2 061)	6 634

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	5 136	4 703	(662)	2 831)	6 346
Provision for performance bonus	3 200	2 070	(3 200)	-	2 070
	8 336	6 773	(3 862)	(2 831)	8 416

Provision for leave is based on leave days accrued to year end for each employee as per Human Resource policy

The Commission performance management policy entail the percentage that should be allocated to the performance bonus in relation to the budgeted employee cost for that cycle.

12. Employee Benefits

13th Cheque accrua	1 182	1 296
--------------------	-------	-------

Employee benefit relates to employee's 13th cheque accrued and incurred in the current year R 1,182,030.51 (2020 R1,295,650.14)

The Commission's 13th cheque accrual cycle as part of the employee benefits runs from January to December and at year end, only three months of the 13th Cheque accrued to 31 March.

13. Payables from exchange transactions

Trade payables	13.1	5 231	2 535
Payments received in advanced	13.2	-	350
Accrued expense	13.3	1 451	1 850
		6 682	4 735

13.1 Trade payables significant increase in comparison to the previous financial period is as a results of performance bonus allocation to accrual due to the application of the GRAP 19.

13.2 Payments received in advance decreased by 100% as a result of payment received in advance from Information Regulator relating to sub lease as part of rental income, the income received in advance related to April rent which falls outside of the financial period.

13.3 Covid 19 challenges to procure and address the operational targets as per the operational plan resulted in decrease in the accrual for the current financial year as compare to previous year.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
14. Revenue		
Administrative Income	4 336	4 990
Interest received - investment	1 333	2 317
Government grants & subsidies	191 739	190 005
Donation Income	50	727
	197 458	198 039

The amount included in revenue arising from exchanges of goods or services are as follows:

Administrative Income	14.1	4 336	4 990
Interest received - investment	14.2	1 333	2 317
		5 669	7 307

14.1 Administrative income related to other income derived from the Information Regulator rental income as part of the sub leased space and the proceeds received from sales of motor vehicles.

14.2 Interest received from investment relate to the short term deposit made to call account to attract interest income at a variable interest rate linked to repo rate.

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies		191 739	190 005
Donation Income		50	727
		191 789	190 732

15. Donation Income

Danish Institute for Human Rights	-	55
Open Society Initiatives For West Africa	50	672
	50	727

The donation income emanates from the deferred liability as a result of conditional donation received by the Commission for a specific project, therefore, in application of GRAP standard, the deferred liability should be reduced through realising the revenue and writing off the expenses in the statement of financial performance in responding to the requirements of the conditional donation received.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
16. Employee related costs		
Basic Salary	91 791	88 773
Performance Bonus (Net movement)	871	792
Medical aid - company contributions	4 535	4 191
Unemployment Insurance Fund (UIF)	344	333
Pension Fund Contributions	9 316	9 627
Non pensionable contributions	9 956	10 735
Other Short term benefit	2 518	2 796
13th Cheques	4 969	5 394
Car allowance	731	644
Housing benefits and allowances	2 518	2 478
	127 549	125 763

Number of employees

Permanent employees	160	167
Contractors	50	42
Internship	1	-
	211	209

Movements during the year:

Total number of employees at the beginning of the year	209	205
Resignations/pensions/internships ended	(62)	(38)
Appointments/internships	64	42
	211	209

HR Bursaries

Bursaries	345	289
-----------	-----	-----

The employee bursaries is offered to permanent employees in application of the HR policy and employees that qualifies for the bursary offers their employment services in payment of the bursaries for a specific period as per the signed bursary agreement.

17. Finance costs

Finance leases	69	152
----------------	----	-----

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 132 326 (2020: R 123 655).

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

		2021 R '000	2020 R '000
18. General expenses			
Advertising		23	1
Auditors remuneration (External)	18.1	1 793	2 630
Bank charges		97	92
Cleaning		395	163
Computer expenses		213	47
Consulting and professional fees		112	471
Lease and hire		1 444	1 221
Insurance		605	480
Conferences and seminars		30	56
Municipality service		4 583	4 519
Motor vehicle expenses		126	214
Motor vehicle expense (Fuel)		318	528
Placement fees	18.2	901	388
Postage and courier		107	65
Printing and stationery		335	507
Repairs and maintenance		73	337
Security (Guarding of municipal property)		1 611	1 340
Software expenses		182	235
Staff welfare		115	376
Subscriptions and membership fees	18.3	341	788
Telephone and fax	18.4	2 169	2 352
Transport and freight		-	59
Training	18.5	970	880
Workmen's compensation		125	103
Relocation expense	18.6	682	-
VAT penalties	18.7	-	3
Operating expense	18.8	13 675	15 301
		31 025	33 156

- 18.1 Auditor General South Africa revised the initial 2020 audit strategy on audit of predetermined objectives and less targets were selected for audit which resulted in less audit fee
- 18.2 Placement fees increased due to the filling of vacant positions during the 2021 financial year.
- 18.3 Subscriptions and membership fees decreased as a result of Covid 19 pandemic and less working from the office, therefore, no subscription of new paper for 2021 financial year.
- 18.4 Telephone and fax slightly decreased as a result of working remotely and the significant boost to the balance is due to increase in Vox fibre network.
- 18.5 Training for the current year as part of the HR target was met and the slight increase is as a result of inflation related adjustment.
- 18.6 Relocation expense relate to the guarantee issued by First National Bank as per requirement of Head Office lease agreement between the Commission and Sanlam, on the 31 March 2021, the contingent liability at the end of the lease agreement became an obligation and the Commission settled the amount due to Sanlam. **Refer to note 23.**
- 18.7 Vat on non-residents from procurement of ITC software imposed on the Commission by South African Revenue Service.
- 18.8 Operating expense lower as compared is attributed to the COVID-19 lockdown which caused a delay in activities and projects on the operational plan for 2020/21 financial year

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
19. Auditors' remuneration (External)		
Fees	1 793	2 630

Auditors remuneration to the value of R1,793,263.55 (2020: R 2,630,052.10) was incurred in the current year and the amount presented relates to the audit fee paid to Auditor General South Africa for external audit purpose.

20. Cash generated from operations

Surplus	17 916	18 350
Adjustments for:		
Depreciation and amortisation	2 056	1 850
Loss on disposal of assets	271	442
Donation income	(50)	-
Movements in operating lease assets and accruals	(641)	(975)
Changes in working capital:		
Inventories	67	(59)
Receivables from exchange transactions	(1)	60
Prepayments	77	161
Payables from exchange transactions	1 947	1 453
Unspent conditional grants and receipts	50	782
Employee benefit	(114)	3
Provision for leave accrued	(392)	1 210
Provision for performance bonus	(1 390)	(1 130)
	19 796	22 147

21. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions (Refer to note 7)	90	90
Cash and cash equivalents (Refer to note 8)	58 800	58 800
	58 890	58 890

Financial liabilities

	At fair value	Total
Payables from exchange transactions (Refer to note 13)	6 682	6 682
Employee benefits (Refer to note 11 & 12)	7 136	7 136
Finance lease liability obligation (Refer to note 11)	217	217
	14 035	14 035

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
--	----------------	----------------

21. Financial instruments disclosure (continued)

2020

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions (Refer to note 7)	89	89
Cash and cash equivalents (Refer to note 8)	45 131	45 131
	45 220	45 220

Financial liabilities

	At fair value	Total
Payables from exchange transactions (Refer to note 13)	4 735	4 735
Employee benefits (Refer to note 11 & 12)	7 642	7 642
Finance lease liability obligation (Refer to note 11)	420	420
	12 797	12 797

22. Commitments

Authorised operational and capital expenditure

Already contracted for but not provided for

• Acquisition of PPE	22.1	3 808	1 540
• Authorised operating expenditure	22.2	9 108	5 660
• Operating lease expenditure	22.3	4 422	-
		17 338	7 200

This committed expenditure relates to open purchase orders issued to suppliers for goods and services not yet received as at 31 March 2021 and will be financed by available funds. Due to the Covid-19 pandemic, certain orders were delayed in being filled by suppliers as well as projects being delayed.

- 22.1 Purchase orders relating to the acquisition of motor vehicle and IT equipment purchased but not yet received at year end.
- 22.2 Other committed purchase orders relating to operational activities at year end.
- 22.3 Operating lease agreement between Mudoto Properties Proprietary Limited and South African Human Rights Commission for Head Office building signed on the 19th March 2021, therefore, at reporting date, the Commission was committed to an amount of R 4,422,072.00 for the next financial period.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

		2021 R '000	2020 R '000
23. Contingencies			
Categories of contingent liability			
Guarantee issued by First National Bank per requirement of Head Office lease agreement	23.1	-	682
Estimated cash surplus per National Treasury Instruction No 12 of 2020/21	23.2	33 000	10 090
		33 000	10 772

23.1 The guarantee issued by First National Bank as per requirement of Sanlam Building as part of the lease agreement between Commission and Sanlam for Head office building, the lease expired on the 31 March 2021.

23.2 The SHARC will be applying for the retention of its accumulated surplus as at the financial year ending 31 March 2021 in terms of section 53(3) of the PFMA from National Treasury.

The increase in the surplus realised year on year is mainly driven by three factors:

Current liabilities have decreased by approximately R 3m as a result of the decrease in the deferred lease liability, resulting from the conclusion of the Head Office lease on 31 March 2021.

In the updated surplus calculation formula for 2020/21, the inclusion of Commitments is no longer catered for. Commitments at 31 March 2021 for the 2020/21 year show a balance of R 12.9m.

Operational spend lower than budget expectation can be attributed to the COVID-19 lockdown which caused a delay in activities and projects as well as the cancellation / different approaches to others.

Contingent assets

The Commission has no contingent assets at reporting date.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
--	----------------	----------------

24. Related parties

Department of Public Works
Information Regulator
Department of Justice and Constitutional Development
Parliament

Other entity within the Justice Portfolio

Legal Aid South
AfricaPublic
Protector Guardian's
Fund President's
Fund
Special Investigating Unit
Criminal Asset Recovery
AccountThird Party Funds
Office of the Chief Justice
National Prosecuting Authority
Rules Board for Courts of Law
South African Boards of
Sheriffs
South African Law Reform
Commission Council of Debt
Collectors

Related party transactions

Transactions with related parties

Department of public works	24.1	211	274
Department of justice and constitutional Development	24.2	191 739	190 005
Information regulator	24.3	4 514	4 666

24.1 Related party transactions to the value of R 210,847.31 (2020: R 273,552.33) was incurred in the current financial year. Related party transactions emanates from municipal services for Western Cape, Kwazulu Natal and Northern Cape Provincial offices.

24.2 The following amount was the annual allocation received from National Treasury via the Department of Justice and Constitutional Development R 191,739,000 (2020: R 190,005,000) as disclosed in note 14.

24.3 The Information Regulator and the Commission have entered into a sub lease agreement for rental of office space and the amount aggregated to R 4,513,693.88 (2020: 4,665,603.19) relates to the transaction for rental income.

Amounts included in Trade receivable (Trade Payable) regarding related parties

Information Regulator	-	410
-----------------------	---	-----

For remuneration of Key Management positions refer to note 25 below.

Relationship:

Senior managements: List all the senior managers (CEO, COO, CFO, Head of Strategy all listed under paragraph 25)

South African Human Rights Commission

Annual financial statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand thousand

25. Members' emoluments

Executive

2021

	Salary	Bonuses and performance payments	Expenses allowance	Provident contributions	Termination leave payout and backpay	Acting allowance	3G and cellphone allowance	Total
Chief Executive Officer	1 187	99	544	149	-	-	43	2 022
Acting Chief Financial Officer (April - March 2021)	665	-	202	83	-	91	14	1 055
Head of Corporate Services	747	-	405	93	-	-	24	1 269
Head of Strategic Support and Governance	747	62	343	93	-	-	24	1 269
Chief Audit Executive	635	-	292	81	-	38	-	1 046
Provincial Manager: Kwazulu Natal	644	54	309	80	-	-	24	1 111
Provincial Manager: Mpumalanga	747	63	343	92	-	-	24	1 269
Chief Operation Officer	821	68	376	103	-	-	29	1 397
Provincial Manager: Western Cape	159	-	71	20	-	-	-	250
Provincial Manager: Limpopo	747	62	343	93	-	-	24	1 269
Provincial Manager: Northern Cape	715	60	328	88	-	-	24	1 215
Provincial Manager: Gauteng Province	683	57	313	86	-	-	24	1 163
Provincial Manager: Free State	644	-	349	80	-	-	-	1 073
Acting provincial manager: Eastern Cape	717	60	158	89	-	38	13	1 075
Operations Manager	683	-	370	86	-	-	24	1 163
Provincial Manager Eastern Cape	498	55	228	62	79	-	18	940
Provincial Manager: North West	634	-	344	79	-	-	24	1 081
Acting Head of Advocom	741	62	163	93	-	26	14	1 099
Acting Provincial Manager Western Cape	717	60	158	89	-	83	-	1 107
Acting Head Of Communication	646	-	196	80	-	26	-	948
Acting Program Manager	521	-	158	65	-	73	1	818
	14 298	762	5 993	1 784	79	375	348	23 639

South African Human Rights Commission

Annual financial statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand thousand

25. Members' emoluments (continued)

2020

	Salary	Bonuses and performance payment	Expenses allowance	Provident contributions	Termination leave payout and backpay	Acting allowance	3G and cellphone allowance	Total
Chief Executive Officer	1 172	99	537	147	24	-	43	2 022
Acting Chief Financial Officer (April - March 2020)	659	13	200	82	23	91	14	1 082
Chief Financial Officer	5	18	-	-	119	-	-	142
Head of Corporate Services	739	15	400	92	53	-	24	1 323
Head of Strategic Support and Governance	738	77	340	92	53	-	24	1 324
Acting Chief Executive Auditor	630	12	205	79	8	57	-	991
Chief Audit Executive	364	15	197	46	76	-	12	710
Provincial Manager: Kwazulu Natal	631	66	289	79	38	-	24	1 127
Provincial Manager: Mpumalanga	738	89	338	92	71	-	24	1 352
Chief Operational Officer	801	83	367	100	55	-	29	1 435
Provincial Manager: Limpopo	738	77	338	92	53	-	24	1 322
Provincial Manager: Northern Cape	700	73	321	87	42	-	24	1 247
Provincial Manager: Gauteng	669	70	307	84	41	-	24	1 195
Head Human rights Advocacy and Communications	160	26	73	20	66	-	-	345
Provincial Manager: Free State	631	66	302	79	38	-	-	1 116
Acting Head of Advocom	741	76	225	93	32	40	14	1 221
Acting Provincial Manager: Western Cape	710	74	246	89	23	111	-	1 253
Acting Head Of Communication	640	13	194	80	21	40	-	988
Operations Manager	669	13	362	84	41	-	24	1 193
Provincial Manager	650	66	298	81	40	-	24	1 159
Provincial Manager: North West	640	13	307	80	7	20	14	1 081
	13 425	1 054	5 846	1 678	924	359	342	23 628

South African Human Rights Commission

Annual financial statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

Figures in Rand thousand

25. Members' emoluments (continued)

Non-executive

2021

	Salary	Bonus and performance bonuses	Provident contributions	Other benefits	Total
Adv BC Majola	857	-	-	645	1 502
Ms DP S Jana	-	-	-	-	-
Adv. AH Gaum	666	-	-	499	1 165
Adv MS Ameerma	563	60	69	399	1 091
Ms MA Makw etla	443	55	-	305	803
Adv. JB Malatji	666	55	-	443	1 164
Mr AC Nissen	794	-	-	36	830
Mr J Sibanyoni	794	-	-	36	830
	4 783	170	69	2 363	7 385

2020

	Salary	Bonuses and performance bonuses	Provident contributions	Other benefits	Total
Adv .B.C.Majola	839	-	-	594	1 433
Adv D.P. Jana	712	59	-	444	1 215
Adv AH Gaum	653	-	-	459	1 112
Adv MS Ameerma	653	54	82	328	1 117
Ms M.A. Makw etla	653	54	-	405	1 112
BJ Malatji	653	54	-	405	1 112
Mr AC Nissen	792	-	-	14	806
Mr J Sibanyoni	792	-	-	14	806
	5 747	221	82	2 663	8 713

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
--	----------------	----------------

26. Prior period errors

As part of preparing its annual financial statements for the 2020/21 financial year, management discovered that there were activities that led to prior-period errors. Consequently, the Commission had to restate both the 2019/20 financial years to take into account the errors discovered. The nature of the prior period errors are explained below.

Vat on non-residents suppliers

In terms of the Vat Act effective from 1 June 2014, any recipient that acquires services or goods from a non-resident supplier who is not registered as a VAT Vendor in South Africa, VAT is payable by the recipient at a standard rate. The Commission was not aware of the amendments to the VAT act on non-resident supplier and SARS imposed VAT to be payable backdated to 2015 and the instruction was issued to South African Human Rights to settle the obligation.

Vaal Inquiry Report

Late submission of invoice for processing and settlement for the service outsourced to Group One Advocates for Vaal Inquiry report. The invoice was submitted to the Commission and failed to reach finance to raise the liability and settle the obligation. The invoice is dated 7th January 2020 which relate to the previous financial year.

Statement of financial position

(Increase) / decrease in Accumulated Surplus or Deficit	-	463
Increase / (decrease) in Payable from exchange transactions	-	(463)

Statement of financial performance

Increase / (decrease) in general expenditure	-	398
Increase / (decrease) in Operating expenses	-	65

27. Risk management

Financial risk management

Liquidity risk

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

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Receivable from exchange transactions	90	89
Prepayments	652	729
Cash and cash equivalents	58 800	45 131

28. Going concern and Covid-19

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021	2020
	R '000	R '000

28. Going concern and Covid 19 (continued)

The Commission's ability to continue as a going concern depends on the continued support of government through means of annual appropriation.

We have performed an assessment of the South African Human Rights Commission ability to continue as a going concern. Based on the cash flow forecast linked to the MTEF allocation for foreseeable future, there is no uncertainty that the Commission would not operate within the next 12 months. We are not aware of any new material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Commission.

The impact of COVID-19 on accounting standards that require the assessment at the end of each reporting period of whether there is either objective evidence that assets are impaired or if events or changes in circumstances indicate that the carrying amount of a non-financial asset may not be recoverable, was assessed based on information available as at 31 March 2021. COVID-19 is an unprecedented challenge for humanity and for the economy globally and at the date of this report its effects are subject to significant levels of uncertainty. The impact of COVID-19 is expected to be felt on the Commission objectives to address the operational mandate. At this stage, there is no uncertainty identified about the Commission ability to continue as a going concern.

The pandemic restriction and disruption on operations and supply chains as a result of control measures implemented to control the spread of the virus, may result in a significant increase in operational expenditure and budget cuts implemented as a result of contraction in GDP. We believe that the Commission has adequate financial resources to continue in operation for the foreseeable future and the annual financial statements have been prepared on a going concern basis. We have satisfied ourselves that the Commission is in a sound financial position and that it has government financial support to meet its foreseeable cash requirements. We are not aware of any new material changes that may adversely impact the Commission.

29. Events after the reporting date

There were no events that occurred after the reporting date for the year under review.

Covid-19 pandemic

The SAHRC has been able to maintain its operations under the lockdown restrictions and regulations announced by the South African government since the Covid19 pandemic hit the country. Furthermore, even with the revised risk adjustment for the economy and country there are no material matters after the reporting date for the SAHRC.

30. Fruitless and wasteful expenditure

Opening balance	-	-
Additions	116	-
Less amount resolved	-	-
	116	-

Fruitless and wasteful expenditure to the value of R 116,217.74 (2020: R 0.00) was incurred in the current year. The fruitless and wasteful expenditure emanated from late submission of Vat payable to SARS as a result of directive imposed on the Commission for non-residence suppliers. The late submission of Vat attracted interest and penalties which qualifies to be disclosed as a non-compliance.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 R '000	2020 R '000
31. Irregular expenditure		
Opening balance	6 310	3 671
Add: Irregular Expenditure - current year	2 391	2 639
Less: Amounts not recoverable (not condoned)	-	-
	8 701	6 310

Irregular expenditure to the value of R 2,391,133.86 (2020: R 2,639,366.30) was incurred in the current year. Irregular expenditure emanates from non-compliance with National Treasury Note 8 of 2007 and Treasury Regulation 16A 9.1 (d) and 16A 6.3 (b.)

Irregular expenditure incurred is mainly due to the non-adherence to policies and procedures and investigations by the Commission is yet to be conducted to determine the internal control weaknesses, which will then be strengthened with appropriate corrective action. Consequence management is yet to be implemented where applicable to ensure action is taken against officials who caused the irregular expenditure concerned.

The Commission has written to National Treasury requesting condonation of the irregular expenditure reflected above on the opening balance and is still awaiting a response therefore none of the expenditure had been condoned as at year end. No disciplinary proceedings had been taken, since the irregular expenditure did not warrant such action.

Analysis of expenditure awaiting condonation per age classification

Current year	2 391	2 639
Prior years	6 310	3 671
	8 701	6 310

Details of irregular expenditure not condoned	Disciplinary steps taken/criminal proceedings	
None	not condoned by Accounting Officer after the expenditure is incurred.	-

Details of irregular expenditure condoned.	Condoned by (condoning authority)	
None	Condoned by the Accounting Officer after the expenditure is incurred	-

Details of irregular expenditure recoverable (not condoned)

None	-
------	---

Details of irregular expenditure not recoverable (not condoned)

None	-
------	---

32. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the members and includes a note to the annual financial statements.

The total deviations from the above-mentioned Government Gazette amounted to R 2,141,871.11

	2021 R '000	2020 R '000

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

33. Budget differences

Budget Reconciliation per GRAP 24

A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 31 March 2021 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	22 681	-	-	22 681
Basis differences	19 797	(1 627)	(4 500)	13 670
Timing differences	-	-	-	-
Entity differences	-	-	-	-
Actual amount in the cash flow statement	42 478	(1 627)	(4 500)	36 351

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2020/04/01 to 2021/03/31. The annual financial statements differ from the budget, which is approved on the cash basis.

(i) Administrative fees

Reimbursement from Information Regulator relating to salaries for cleaners that were on the Commission Payroll, the amount received was equalant to the salaries paid.

(ii) Interest received- Investment

Due to Covid-19 lockdown, the spending was delayed which resulted in SAHRC earning a higher interest on the call accounts for the short term deposits

(iii) Government grants & subsidies

The lower receipt of grant monies was the result of the 'in-year' budget cut as implemented by National Treasury during the financial year as result of the Covid19 pandemic.

(iv) Personnel

The 'in-year' budget cut was offset by the non-implementation of payroll increases as directed by National Treasury, as well, the payment of the 2019/20 performance bonus was delayed and is to be paid out in the next financial year..

(v) Finance lease payments and finance cost

Finance lease contract option exercised at the end of finance lease term to purchase finance leased asset at less than the market value of leased assets, therefore, reason for difference on the finance lease payment and finance cost

(vi) Lease rental on operating lease

Provincial office rentals for Western Cape and North West had expired during the financial year and the rent expense after expiry was higher than expected.

(vii) General expenses

Lower general expenses due to the COVID-19 pandemic delaying many projects and planned work. Some of the delayed projects have been commenced and have purchase orders issued against them.

(viii) Payment of property, plant and equipment and intangible assets

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021	2020
	R '000	R '000

33. Budget differences (continued)

Due to delayed delivery times as a result of the COVID-19 pandemic, there are open purchase orders still to be delivered on.