

Brand South Africa
ANNUAL REPORT
2016/2017

“A spirit of resilience”



Inspiring new ways



“A spirit of resilience”

Myriad political, economic and social factors influence the reputation of South Africa in the eyes of the world, and the country has had to endure its fair share of difficulties during the 2016/17 financial year. But endure them it did, thanks to the resilience and resolve of the South African people, a spirit that is well documented in the pages of recent history.

Brand South Africa is privileged to have so many proud and committed ambassadors on its team as it seeks to shape and manage perceptions of our Nation Brand and ensure that South Africa is increasingly regarded as a destination of choice for international investment and global partnerships.

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General Information



About Brand South Africa

The Brand South Africa Trust (Brand South Africa) was established in 2002 in terms of the Trust Property Control Act No 57 of 1988, as amended. Brand South Africa is further listed as a Schedule 3A Public Entity in terms of the Public Finance Management Act No 1 of 1999 (PFMA).

Brand South Africa reports to the Department of Communications (DoC) as its Executive Authority, and from which it receives its annual budget. It aims to support the national priorities and outcomes detailed in the National Development Plan (NDP), Vision 2030 and the aligned Medium Term Strategic Framework (MTSF), specifically in support of South Africa's national objectives of inclusive economic growth, job creation, poverty alleviation and social cohesion.

Brand South Africa was established in terms of a Trust Deed (as amended), with the ultimate aim to:

Make an indirect contribution to economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa.

This aim will be achieved as Brand South Africa fulfils its mandate:

To manage South Africa's Nation Brand reputation in order to improve the country's global attractiveness and competitiveness.

In discharging its mandate, Brand South Africa is entrusted with developing and implementing proactive and coordinated marketing, communication and reputation management strategies for country. The organisation works with, and through, stakeholders to develop a common approach in the marketing and promotion of the Nation Brand domestically and internationally.

Brand South Africa's mandate is delivered through two strategic programmes, namely:

- Brand Marketing and Reputation Management, and
- Stakeholder Relations



VISION

"A Nation Brand that inspires its people and is admired globally."



VALUES

Brand South Africa has six values:

DETERMINATION

ability to refuse to give up despite the challenges

INTEGRITY

honest and strong moral principles

DIVERSITY

acceptance and respect of our diversity

INNOVATION

constantly challenging the status quo

CO-OPERATION

working together towards a common goal

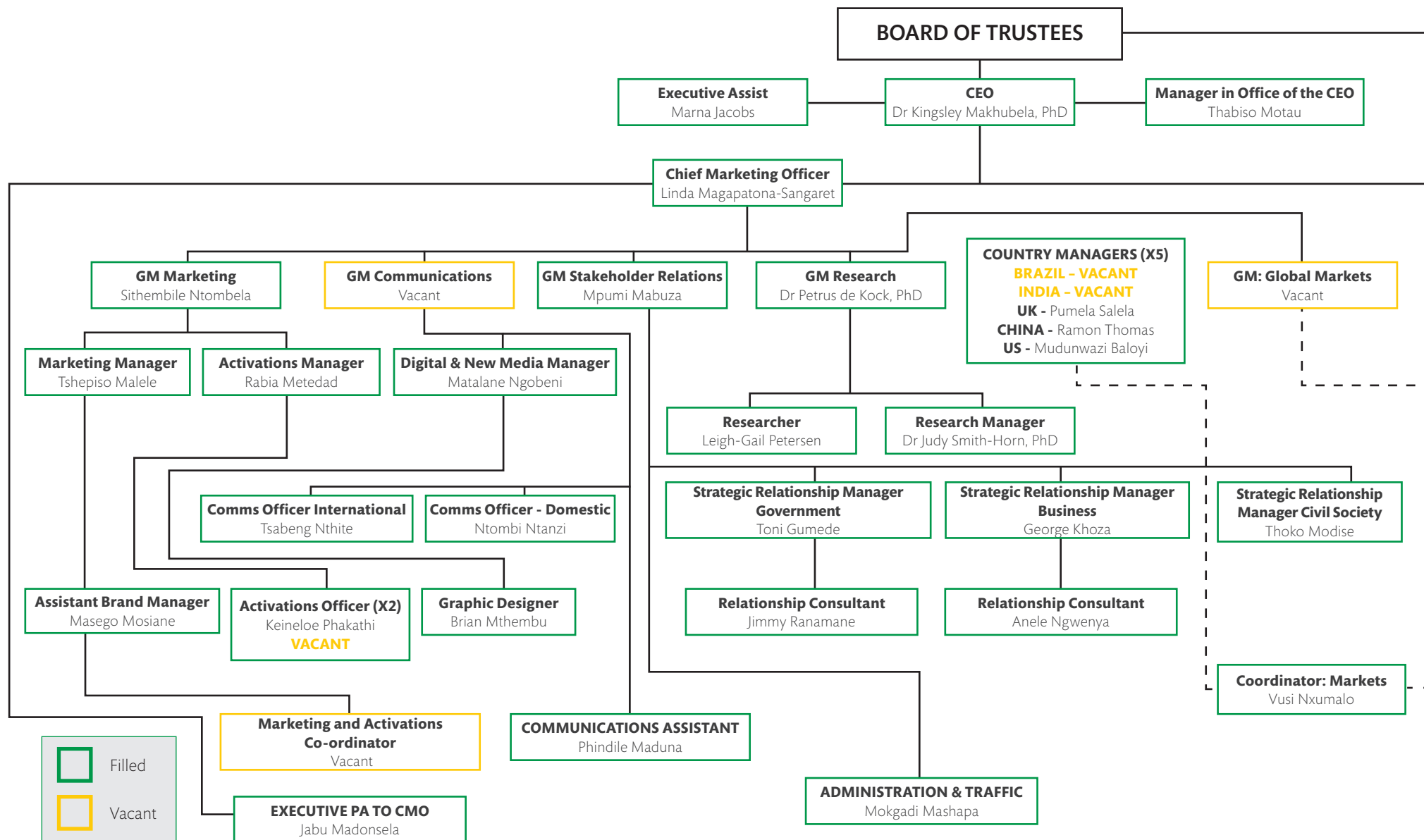
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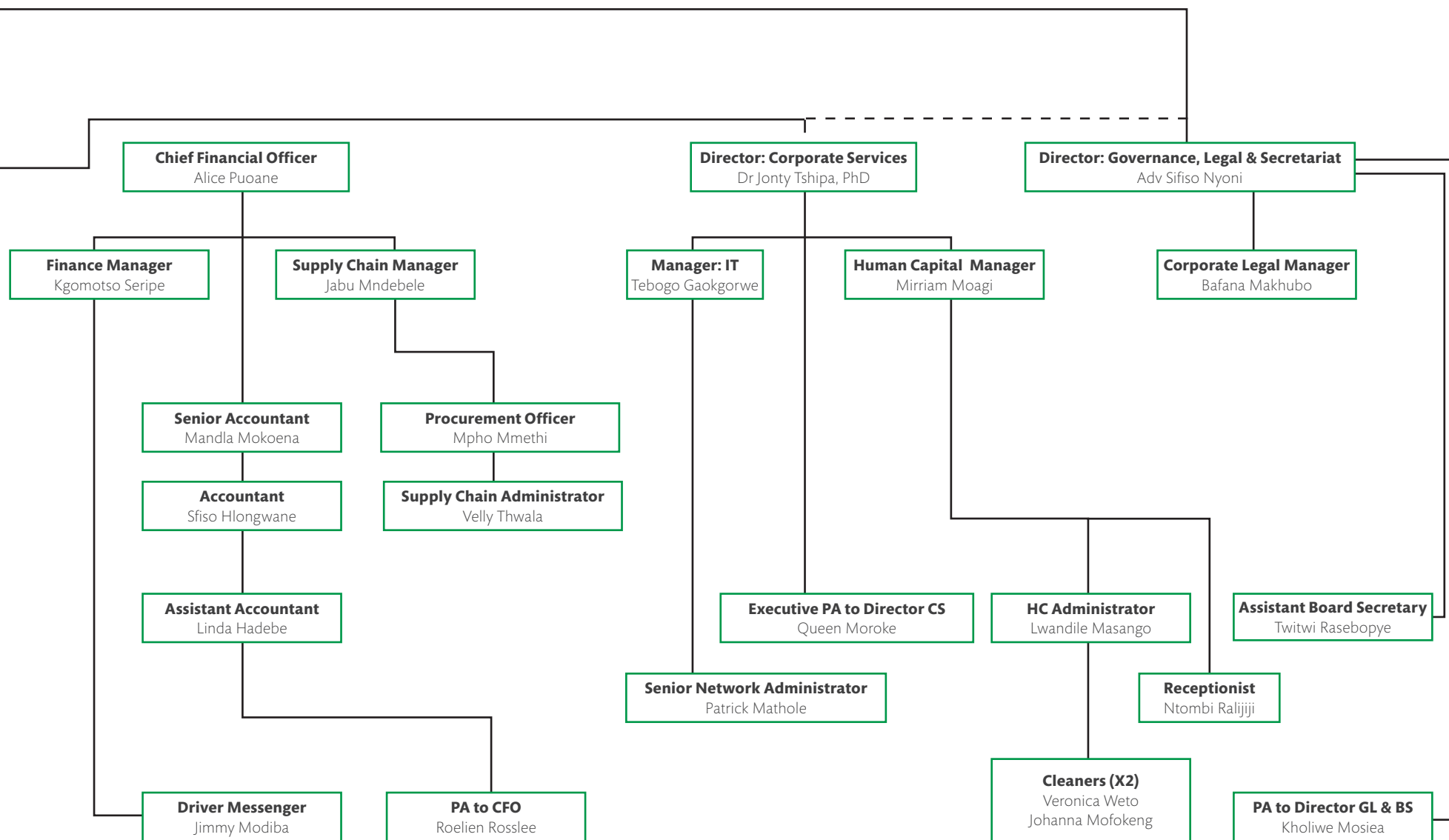
respect, compassion and humanity.

DID - I - C - U

Brand South Africa Structure

BRAND SOUTH AFRICA ORGANISATIONAL STRUCTURE AS AT END MARCH 2017





Minister's Foreword



Ms Ayanda Dlodlo
MINISTER OF COMMUNICATIONS

It gives me great pleasure to present the Annual Report for Brand South Africa, detailing programmes and activities during the period 1 April 2016 to 31 March 2017. It is fitting that this report is presented as we commemorate OR Tambo, a great leader whose efforts helped to shape South Africa into the country it is today, possessing all the qualities needed of a global leader and a true Nation Brand.

The 2016 Nation Brand Index (NBI) was released on 8 December 2016. South Africa has improved significantly in terms of its Nation Brand reputation standing and is now ranked 35 out of 50 nations overall, an improvement of three positions. Brand South Africa's strategy and proactive reputation management have undoubtedly played a decisive role in this achievement.

Research is essential in keeping Brand South Africa informed about how the Nation Brand is perceived. During the year, the entity received results from the first wave of the annual International Investor Perceptions research covering 16 markets. These findings provide insights into the positive and negative reputational drivers of doing business with South Africa, enabling Brand South Africa to position the Nation Brand optimally in terms of attracting investment into the country.

Brand South Africa participated in a number of strategic international and domestic platforms, which played a pivotal role in enabling the entity to positively position and showcase Nation Brand strengths. The 8th Brazil, Russia, India, China, South Africa (BRICS) Summit is particularly noteworthy. Thirty-three South African companies showcased their value proposition to businesspeople and investors from the BRICS block ahead of the annual summit.

The entity also leveraged the United Nations General Assembly (UNGA) and the US-Africa Business Forum (USABF) to showcase South Africa and ascertain Nation Brand visibility among key influencers and decision makers. The entity also focused on communicating

the value proposition of South Africa's Nation Brand to BRICS, the US, the UK, Africa, China and Australia.

Raising awareness of the Nation Brand in Africa was an important area of focus. Brand South Africa hosted in-market activations in Nigeria and Ghana, while the Africa and Middle East (AME) programme engaged with targeted stakeholders in Maputo to raise the Nation Brand profile and communicate a positive country message. The AME programme also travelled to Dakar, Senegal, to participate in a joint Heritage Day engagement between Senegal and South Africa.

Domestically, Brand South Africa established the Nation Brand Forum. The Forum facilitates additional stakeholder engagement, enabling Brand South Africa to extend its influence even further, deploying Brand South Africa's approach as the blueprint.

Commemorative days of national significance, such as the 60th anniversary Women's March and Mandela Day, were used to raise awareness of the Nation Brand locally and internationally. Activities to promote awareness of the Constitution were noteworthy, as these focused on inequality, freedom of expression, rights to practice the religion of choice and embracing diversity.

Important partnerships included Brand South Africa's collaboration with the Department of Home Affairs to position South Africa to naturalised citizens, **the dti** and Proudly South African in hosting the fourth installment of the South African Premier Business Awards.

There were a number of high-profile communications initiatives during the period, including WEF Africa, the launch of the Industrial Policy Action Plan (IPAP 8) and the Junior Chamber International (JCI) Africa and Middle East conference. These initiatives assisted DoC to realise its vision of vibrant and sustainable communications services for an informed citizenry and positive image of South Africa.

APPRECIATION

It is important to acknowledge the contribution of former Minister of Communications, Faith Muthambi. I am very cognisant of the Minister's considerable contribution in providing Brand South Africa with guidance and leadership. My thanks, too, go to Old Mutual for its support during the past financial year and its sponsorship of many Brand South Africa initiatives.

To the Trustees of the Board, you have guided the organisation through another successful year and I am grateful for your commitment.

Additionally, I would like to congratulate Brand South Africa for its excellent performance. I commend the CEO, Executive Committee, and management and staff, both locally and in the UK, US and China, for their dedication, commitment and contribution during the past financial year.

South Africans, generally, are strong, resilient people who want only the best for their country and are prepared to work for it. With their continued support and the commendable teamwork that is already in evidence across the economy to build a great nation, we can only prosper.

With the nation's support, Brand South Africa can achieve maximum impact through its crucial work of uniting our diverse nation and positioning South Africa as a preferred trade partner, and investment and tourist destination.

I look forward to working with the team and with the nation.



Ms Ayanda Dlodlo
MINISTER OF COMMUNICATIONS

Chairperson's Report



Khanyisile Kweyama
CHAIRPERSON BOARD OF TRUSTEES, BRAND SOUTH AFRICA

South Africa experienced an unsettling year in many respects, but, as we have come to expect from our nation, it weathered the storms that lashed it with determination and a belief that adversity serves only to build strength.

Putting the country on centre stage globally, Brand South Africa plays a strategic and critical role in portraying a very positive Nation Brand and showcasing the spirit of its people. A strong Nation Brand ensures that countries globally want to do business with South Africa, invest in South Africa, partner with South Africa in a range of areas and disciplines, and also visit and enjoy the tourism delights that the country offers.

HIGHLIGHTS

The 2016/2017 financial year was a very successful year for Brand South Africa.

There were many highlights during the period, including Brand South Africa's very successful communication programme at WEF Davos, which reached 1.5 billion people globally. Brand South Africa used WEF Davos to showcase South Africa's sound financial system, highly regulated banking sector and world-class infrastructure, prudent fiscal management, monetary policies and solid economic fundamentals. These are compelling attributes for trading partners and prospective investors.

The organisation also provided media support to the Presidency during the G20 Summit and supported the Team South Africa media programme.

Brand South Africa also supported President Zuma's state visit and business programme to France in July 2016.

In addition to flying South Africa's flag high internationally, Brand South Africa also flew the flag high at home. It partnered with the Thabo Mbeki Africa Leadership Institute (TMALI), Human Sciences Research Council (HSRC) and Department of Science and Technology (DST), among others, to co-host the Africa Unity for Renaissance Conference (AURC 2016). The conference

provided a great platform to disseminate relevant information to African academics, who deliberated on the plausible alternatives to Africa's development.

Other highlights included an invitation to participate in the IV International Forum on Country Brands, in Argentina, and the fourth year's annual partnership with Brand Finance and Brand Africa to recognise and honour South Africa's Top 50 Most Valuable Brands.

Brand South Africa's flagship programme, Play Your Part, continues to drive national pride, active citizenship and the Outcome 14 deliverables of the NDP, which focus primarily on nation building and social cohesion. The introduction of the innovative, interactive Play Your Part cube served as a strong reminder of social media's ability to engage and motivate young South Africans to continue contributing in building positive social change for the benefit of communities to maintain a vibrant, strong and sustainable Nation Brand.

Noteworthy, too, were the very low staff turnover rates and low vacancy rates. These are good indicators of organisational stability. The vacancy rate has improved considerably, from 23% in 2013 to 4.5% during the period under review.

INTO THE FUTURE

I have every confidence that Brand South Africa will continue to strengthen and raise South Africa's profile in the year ahead. The impact of Brexit, the elections in Federal Germany in 2017, and the election last year of a new president in the US, Donald Trump, potentially impact on South Africa, as the US, UK and Germany are our major trading partners.

In the year ahead, Brand South Africa needs to expand, deepen and strengthen its partnerships globally, including in Africa. Fortunately, Brand South Africa has proved that it has the skills, experience and track record to do so, even during times of uncertainty.

The Board of Trustees is committed to strong corporate governance. To maintain a clean audit from the previous financial year, the Board of Trustees will ensure that management adheres to financial management prescripts (PFMA) and principles enunciated in the King Code on Good Corporate Governance. Efficient management of allocated resources will be managed through established internal control systems.

APPRECIATION

On behalf of the Brand South Africa Board, I would like to express our sincere appreciation to President Jacob Zuma for his ongoing support, and to our Executive Authority, the Minister of Communications, Minister Faith Muthambi, for her counsel and guidance during the year.

On behalf of the Board and the Brand South Africa team, I would like to welcome our new Minister of Communications, Honourable Minister Ayanda Dlodlo. The Brand South Africa Board, executive team and staff are committed to building a compelling and resilient Nation Brand in partnership with the DoC.

Brand South Africa's strong performance during the period is testimony to the team's dedication and willingness to always go the extra mile. On behalf of the Board, I would like to extend our sincere thanks and appreciation to the executive team, management and staff, who have made a significant difference during the period under review.



Khanyisile Kweyama

CHAIRPERSON BOARD OF TRUSTEES, BRAND SOUTH AFRICA

Chief Executive Officer's report



Dr Kingsley Makhubela, PhD
CHIEF EXECUTIVE OFFICER, BRAND SOUTH AFRICA

The year under review was an eye-opener in many respects. The entire world watched the political landscape in many developed countries change in the most extraordinary ways. There was disbelief as the Brexit vote went through in the United Kingdom and amazement in many quarters at the electoral triumph of Donald Trump in the United States.

Both events will inevitably change the dynamics of doing business with these major trading partners. The country will need to negotiate a new South Africa-UK trade agreement by 2019 to replace the existing South Africa-European Union agreements, and Brexit could affect our access to the UK market initially. Donald Trump's views on multilateralism are likely to put a strain on north-south cooperation. The performance of the Nation Brand during 2016/17 took place against this interesting backdrop.

Notwithstanding global challenges and the stormy political climate we live with inside our own country, Brand South Africa recorded another highly successful year in promoting the Nation Brand, achieving a commendable performance against targets of an average of almost 85%.

A year of highs and lows

The successful and undisputed 2016 local government election was a feather in the Nation Brand's rainbow-coloured cap during the year, as was the performance of our Olympic and Paralympic athletes who flew the flag in Rio de Janeiro, returning with 12 very well-earned medals. The sovereign credit rating confirmed early in the year also positively influenced perceptions and the reputation of our Nation Brand.

The welcome launch in August 2016 by Minister in the Presidency Jeff Radebe of the 2030 Brand Identity under the NDP banner reiterated the need for strategic partnerships with the private sector to position and market South Africa domestically and internationally. Building these relationships will continue to be a cornerstone of Brand South Africa's activities.

In terms of world rankings, the good news continued during the year, with South Africa improving its position on the World Economic Forum (WEF) Global Competitiveness Index (GCI) by two places, to 47th out of 138 countries. In doing so, it improved almost all elements of its competitiveness, which is testament to the resilience and determination of South Africa's people. We also rated higher on the Nation Brands Index, moving to 35 out of 50 countries.

Naturally, not everything can be positive and a little adversity is always to be expected. This is when Brand South Africa comes into its own, as bad news demands that public perceptions be managed so that the bright glow of our Nation Brand does not fade.

So it was, early in the year, that Brand South Africa swung into action when the US, UK and Australia issued travel advisories against the country and protests erupted in Pretoria and other cities. We adopted a multi-stakeholder approach to managing our communication, rapidly sharing the messages to be disseminated with all our ambassadors in international markets.

Our biggest challenge during the year, however, unfolded in March 2017, when the country was downgraded from the sovereign credit rating it had enjoyed earlier in the year to sub-investment grade, or junk status. The development called for Brand South Africa to implement a coordinated national response underpinned by clearly articulated policy initiatives.

South Africans continue to play their part

As in previous years, the flagship Play Your Part initiative – easily our most successful campaign – continued to encourage South Africans to become involved and to create better communities. As always, it drove nation pride and social cohesion in support of Outcome 14 of the NDP.

During the year, we marketed the Nation Brand toolkit, through which Play Your Part ambassadors, the media and other stakeholders in the nine provinces were introduced to the Play Your Part cube.

The cube is a visual tool created to increase programme visibility and encourage citizens to pledge their support and commit to playing their part for positive social change. Roadshows were held in collaboration with government, business, media and civil society. Through Play Your Part, Brand South Africa has reached 20 million people to date.

Strong internal foundation

Our efforts to spread the Nation Brand message domestically and internationally require a strong organisational infrastructure, and rely heavily on the skills and dedication of the entire Brand South Africa team. As such, internal issues received constant attention throughout the year.

Our Enterprise Resource Planning solution progressed well and promises to enhance our efficiency and productivity by improving the way our information is stored, managed, processed and shared.

Our public showcase – the Brand South Africa website – enjoyed an overhaul, which enhanced its user friendliness and created an easy and pleasant browsing experience for visitors. The new site is also optimised for both mobile and desktop platforms.

We place great store in maintaining a stable workforce. During the year, as mentioned by the Chairperson, we contained the staff turnover rate. This can be attributed to recent human resource policy amendments, which addressed factors such as job security.

Our people's personal and professional development remains paramount, as little can be achieved without a workforce that is both content and productive. In 2016/17, we invested R487 365 in the training and development of our people.

Looking ahead

As we move into 2017/18, the full impact of domestic and global political developments will start to become clearer. As custodians of the Nation Brand, we will watch the US's commitment to the African Growth and Opportunity Act (AGOA) with interest and more than a little concern, and we will have to navigate the choppy waters of changing global security in view of our need for cooperation of nation brands worldwide. In addition, we will continue to craft finely focused communications campaigns to counteract negative perceptions caused by developments within our borders, whether political, criminal, economic or legislative.

We are currently part of a communications task team working on a strategy for ministerial roadshows to international markets and are developing messaging for the new Minister of Communications. In the coming year, we will also amplify through communications, marketing and reputation management the message that government is implementing programmes according to the approved budget.

During WEF Africa, we will promote government's commitment to existing policies and will take full advantage of the BRICS Summit to explore new opportunities for trade and foreign investment. Through our Nation Brand Forum, we will collaborate with business and government stakeholders to develop a Nation Brand strategy aimed at recovering South Africa's investment grade rating and sustaining it.

Appreciation

Many people dedicate their time and talents to make Brand South Africa a successful brand builder and a proudly South African corporate citizen. At the helm is our Board of Trustees, which continues to impart wise counsel and expert guidance to ensure that all our activities are focused, effective and results oriented. My sincere gratitude goes to this special group of people.

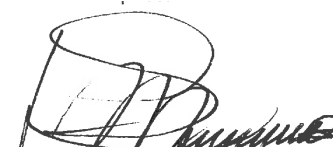
To those who keep the wheels turning daily – my management team and all Brand South Africa employees – your efforts to elevate the Nation Brand to the status it deserves are always appreciated, and your particularly hard work in the year under review is acknowledged with heartfelt thanks.

Lastly, to all South Africans, whether domestic or international ambassadors, the hopes of the Nation Brand rest with you. Go out and tell our story.

Tell it often.

Tell it to everyone you meet.

Tell it with pride.



Dr Kingsley Makhubela, PhD
CHIEF EXECUTIVE OFFICER, BRAND SOUTH AFRICA

ABOUT THE NATION BRAND



THE NATION BRAND IN CONTEXT

Simon Anholt describes the Nation Brand as the sum of people's perceptions of a country across six areas of national competence:

Nation Brand Hexagon



The Nation Brand seeks to present a coherent image and country message to domestic and international audiences. Research studies devoted to identifying the reputational standings of nations, or Nation Brands, typically measure the reputation of a nation on six elements that make up the Nation Brand Hexagon. These are investment, governance, people, culture, tourism and exports.

From this list of attributes tested through reputation studies, it is evident that the reputation of a nation depends on much more than government activity, policy or leadership. A Nation Brand encompasses all the attributes, strengths and innovations that a nation offers the world, in all its spheres of activity (business, arts, tourism, science and innovation, infrastructure, manufacturing and governance, to name but a few). The reputation of a Nation Brand is determined

by a multitude of activities driven by citizens, businesses, universities, civil society and government institutions.

Building a Nation Brand is, therefore, a collective national effort and requires that the nation understands domestic trends, perceptions and factors that impact on South Africans' pride in and commitment to the nation, and the Nation Brand.

MANAGING THE NATION BRAND

Due to its complex nature, the management of the Nation Brand requires a coordinated effort among stakeholders. Nation Brand management follows concepts grounded in the brand management literature, such as brand identity, brand image, brand positioning and brand equity. Countries compete for a share of voice in a crowded marketplace for: Inward investment, trade, exports, tourism, and skills attraction and retention.

ENVIRONMENTAL ANALYSIS: DOMESTIC AND INTERNATIONAL

The Nation Brand emerged at the financial year-end, stronger in terms of its global reputation, as seen in the Nation Brand Index (35/50), and competitiveness, as seen in WEF (47/138). These findings are significant in a period of growing negative perceptions about the government – and more broadly speaking, governance capability.

In terms of managing the Nation Brand's reputation, a major lesson was that negative public perceptions should be countered with evidence-based communication of private and public sector successes, the Nation Brand's institutions and its capabilities. Such evidence is contained in, and disseminated to, stakeholders through the Nation Brand performance presentations.

DOMESTIC ECONOMIC AND POLITICAL OUTLOOK

Key issues in the domestic environment included:

- Economic transformation dominated political discourse, especially in terms of new initiatives aimed at land reform (with or without compensation);
- Challenges to social cohesion (particularly in terms of issues such as racism and xenophobia);
- Governance and government capability (eg the South African Social Security Agency – SASSA and the South African Broadcast Corporation – SABC – cases);
- Continued low growth and negative impact not only on lives and livelihoods, but also on sentiment towards the Nation Brand, both internally and externally.

The past three years have seen South Africa's economy contract, or grow at a slow pace. The World Bank projects that the GDP will expand by 1.2% this year as a result of pressing national/internal development needs relating to, for example, high levels of unemployment, low economic growth impacts on perceptions of, and ultimately, the reputation of the Nation Brand. In January 2017, the World Bank released its latest South Africa economic update – private investment for jobs', which indicated that the country may have turned the corner from the economic slump of 2016, but that the dramatic decline of commodity prices in 2012 may have cost the country four percentage points of GDP.

This illustrates the extent to which, structurally, the outlook of the country's economy is shaped by the commodities sector. In terms of global reputation, slow economic growth is also becoming a dominant global analysis theme. A recent BMI report argued that if global growth patterns of the most significant emerging markets are taken into consideration, a so-called 'three speed' environment exists.

South Africa falls, accordingly, in the third segment of countries classified as 'growth underperformers'. While slow growth is not necessarily a direct determinant of Nation Brand reputation, it generates negative media, which, in turn, drives negative public (domestic and international) sentiment on government capability to steer the country through rough economic seas.

Furthermore, the following issues emerged that impacted on perceptions of the Nation Brand pertaining to transformation and long-term policy:

- The debate on expropriation of land, whether with or without compensation;
- Racism and the possible criminalisation of acts of racism;
- Lack of transformation of the economy;
- Controversy surrounding SASSA grant payment services;
- Incidents of xenophobia.
- Other factors included:
- Adoption of the national minimum wage by Nedlac;
- The 235 000 new jobs created towards the end 2016, according to the Quarterly Labour Force Survey;



- Innovation and technological development play major roles not only in societal and economic development, but in perceptions of the Nation Brand and its competitiveness.

INTERNATIONAL ENVIRONMENT: GLOBAL POLITICAL AND ECONOMIC DYNAMICS

Key issues in the international environment

- Increasing internationalisation of local/regional conflicts, especially in Syria, Libya and Ukraine;
- Outlook for emerging markets and three-speed categorisation that classifies South Africa as 'growth underperformer';
- Rising right wing nationalism and protectionist sentiment in developed markets of the Eurozone and North America;
- Challenges to the reigning global governance system and the emergence of Asia, Africa and Latin America as high-growth environments with strategic implications for the positioning of the Nation Brand.

Three themes in the global environment dominated the financial year:

1. Northern hemisphere and Eurozone challenges in economic, security and political terms;
2. Ongoing and increasingly internationalised conflicts in North Africa (Libya), Middle East (Syria, Yemen, Iraq, Afghanistan), eastern/central Europe (Ukraine, increasing North Atlantic Treaty Organisation deployments on the borders of the Russian Federation); and
3. The stability of and positive outlook for Asia's economic and political, unlike the situation with

the global economy, From a Nation Brand strategy point of view, it is notable that of the three-speed emerging markets, the outperformers are all in Asia, namely China, Indonesia, the Philippines and India. All four have undergone a raft of structural reforms over recent years, helping to foster investment and growth. Recent data suggest that economic dynamics in the Association of Southeast Asian Nations (ASEAN) are firming, unruffled by an uncertain global backdrop.

The positioning of the Nation Brand in terms of patterns of global change is of utmost importance, in a period of debate on globalisation versus deglobalisation (as seen in the cases of Brexit and Donald Trump's election promises). It became apparent that policy announcements from Washington, and a rather sombre outlook for the UK, post-Brexit, necessitate a thorough review of the Nation Brand's international strategy, bearing in mind that Asia, Africa and Latin America are the only regions projected to collectively grow – between 4% and 5% a year to 2020. As with South Africa, the Eurozone and US continue to play at GDP expansion rates of just around 1%.

Global megatrends that are gaining more traction in analysis include:

- Emergence of a multi-lateral world order and significant doubts about the sustainability of the so-called post World War 2 'liberal' world order embodied in Bretton Woods institutions. South Africa is mentioned as one of the leading nations advocating (with BRICS partners) transformation of institutions of global governance. There is serious concern in Western jurisdictions about the creation of the BRICS bank and the Asian Infrastructure Development Bank. Some analysts claim these are early manifestations of what may grow to become a Sinocentric world order built around alternative institutions of global governance and finance;

- Due to increasing multi-polarity, there is also an increased risk for regional and global conflicts due to overlapping and competing zones of interest between middle- and major powers;
- Internal societal and economic pressures in developing and developed nations pose increased risk for fragmentation and social conflict. Increased urban social unrest and urban warfare due to population concentration in urban centres are pegged as megatrends;
- Globalisation may assume a less 'western' character, due to anti-globalisation and nationalist political sentiment emerging in Europe and North America. In the near future, the drivers of globalisation may hail from emerging markets, with increasing protectionism from advanced economies. These dynamics may have a direct impact on how the Nation Brand approaches specific countries and regions;
- Automation, artificial intelligence and robotics stand to have a decided impact on economies and societies in the 21st century.

From a Nation Brand reputation and positioning stance, these dynamics in global and regional environments can serve as an inspiration to seek new partnerships to establish deeper cultural and economic linkages with regions and countries that may play a much more significant political and economic role in world affairs in coming decades.

BRAND MARKETING AND REPUTATION PROGRAMME

The objective of this programme is to improve reputation, perceptions and awareness of the Nation Brand among targeted audiences and promote a cohesive and unified approach when marketing South Africa outside its borders. Another key element is to contribute towards building social cohesion and active citizenship among South Africans.

Nation Brand alignment training

In achieving this, Brand South Africa collaborated with a number of provincial partners, foreign missions and South African partners working, living and studying abroad. As an enabler, Brand South Africa developed a Nation Brand Corporate Identity Toolkit with guidelines on achieving a unified approach when marketing the country.

During this fiscal, the Stakeholder Training Programme targeted stakeholders who are carriers of the Nation Brand internationally. The training included Brand South Africa's Masterclass, Nation Brand performance and country messaging. Nine provincial representatives were trained.

Inaugural Nation Brand Forum

Brand South Africa launched its Nation Brand Forum on 24 August 2016. The Forum brought together various spheres of government, the private sector and civil society under one roof to agree on a common approach in promoting the Cabinet-approved country positioning, 'Inspiring new ways'.

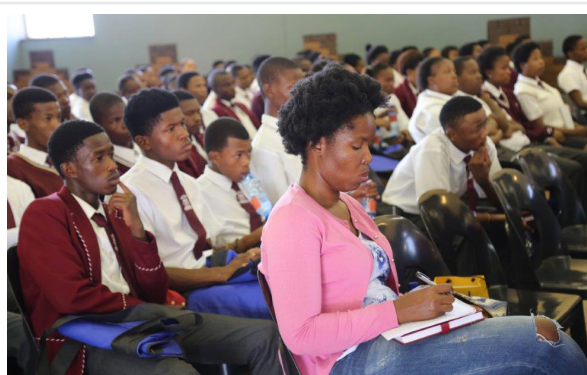
Given the challenges on the domestic front, it is imperative that Brand South Africa continue inspiring pride and patriotism among South Africans. To that end, the following activities were implemented:

Play Your Part programme

Brand South Africa's flagship programme, Play Your Part, inspires, profiles and encourages South Africans to become



Gauteng - Nation Brand Alignment Training



Learners attending the Play Your Part Activation in Potchefstroom, North West



Learners with the Play Your Part Cube, Play Your Part Activation in Potchefstroom, North West



Member of the West-Vaal Business Chamber, Play Your Part Activation in Potchefstroom, North West



active citizens and contribute positively to South Africa's future. The programme speaks to Nation Brand pride, patriotism and social cohesion.

The Play Your Part cube, a visual tool created to increase programme visibility, travelled across nine provinces. It encouraged citizens to pledge their support and commit to playing their part for positive social change. The roadshows were held in collaboration with government, business, media and civil society. Highlights included the following activities:

Play Your Part Library of Hope

Brand South Africa partnered with the Sun International CEO Sleep-Out activation, where it launched the 'Library of Hope'. There was an excellent response and Brand South Africa distributed 3 500 books to schools. The activation reached more than 30 000 motorists as it travelled the highway daily. It was covered by SABC 2's Morning Live News, which has a viewership of 504 000. There was also media coverage in The Star, Saturday Star, Jacaranda, Cliff Central and Media 24.

Play Your Part and Owami commemoration of the 60th anniversary of the Women's March

In commemoration of the 60th anniversary of the Women's March, Brand South Africa partnered with Owami Women's

Awards for the second year. The awards celebrate South African women who are exemplary in creating a legacy by actively playing their part to promote positive social change in their communities. These women are nominated by their peers and selected from all provinces in the country.

The event received excellent media coverage on SAFM, Channel Afrika, Kaya FM, Radio 2000, SABC 2's Morning Live and The New Age. Social media coverage included Twitter, Facebook and YouTube. Brand South Africa reached a combined audience of 2.8 million.

The event attracted R494 030 in media coverage. As a result of this campaign, Play Your Part gained ten new ambassadors to play an advocacy role and spread the campaign's message.

Play Your Part activations in provinces

Brand South Africa launched its innovative and interactive cube to encourage South Africa's youth to participate in active citizenship. The cube travelled to all nine provinces, driving Play Your Part visibility, engagement and promoting active citizenship nationwide. The call-to-action messages were aligned to the NDP pillars of skills development, entrepreneurship, education, youth and women empowerment. The programme reached an estimated audience of 22 million people on the ground and through multimedia platforms.

International Mandela Day

In celebrating International Mandela Day, Brand South Africa partnered with Going the Extra Mile (GEM) and delivered 22 volunteer events countrywide to promote active citizenship. GEM is a mobile platform created to reward social action in South Africa. Users earn GEMs by volunteering their time and efforts to help improve their community. Users can then spend GEMs on digital rewards including airtime, electricity, data, movie tickets and grocery vouchers. Twenty thousand people participated in the various activation platforms. Mandela Weekend Facebook post engagements reached 7 297, with an audience of 62 104.

Play Your Part Brand Ambassadors Programme

The objective of this programme is to identify and partner with provincial active citizens who want to contribute towards positive social change. There are now more than 100 ambassadors who continue to promote active citizenship in their communities.

Awareness of South Africa's Constitution

As part of its contribution to Outcome 14 of the NDP, Brand South Africa developed a stakeholder and marketing programme to build constitutional awareness among South Africans. Brand South Africa's mandate includes identifying ways to articulate Nation Brand values and promote constitutional awareness in the country. This year saw the celebration of 20 years since the Constitution was implemented in South Africa. The messaging

pillars focused on inequality, freedom of expression, rights to practice religion of choice and embracing diversity. These were disseminated through a marketing campaign that was promoted on national radio, social media and outdoor advertising platforms (billboards) and in print.

Brand South Africa's integrated marketing and communication campaign started in October 2016 with a radio campaign, which promoted tolerance and unity, human dignity and equality, and further highlighted the rights related to the free choice of religion and a non-sexist society. The radio adverts were flighted on Metro FM, Five FM, UKhozi FM, Thobela FM, UmhloboWenene, TruFM and YFM 99.2FM, reaching an audience of 39 million. The campaign was further supported by out-of-home elements in November, which included billboards and street poles, placed strategically in busy areas and in areas surrounding Institutions of higher learning.

The campaign achieved a traffic count reach of 7.1 million. An influencer strategy started in December 2016, with influential people such as Hulisani Ravele and Laduma of the amaXhosa brand. The campaign, which ran until the end of the 2016/17 financial year, was also placed on YouTube. The reach was extensive, as each influencer has a following of more than 200 000 on Facebook, Instagram and Twitter.

Brand South Africa also collaborated with the South African Institute of Chartered Accountants (SAICA) at its Thuthuka maths camps in the Eastern Cape. The project brings together learners from underprivileged areas who show academic potential. This platform was used to drive constitutional awareness among school learners. Brand South Africa invited another civil society partner, Young Free and Educated, to address the camp on constitutional rights and responsibilities. Eighty-seven schools with more than 400 learners participated in the project.



Strategic platforms

To positively position and showcase Nation Brand strengths, Brand South Africa participated in a number of strategic international and domestic platforms.

- **BRICS Summit 2016**

The eighth BRICS Summit took place in New Delhi, India, from Wednesday 12 to Sunday 16 October 2016. South African trade took centre stage at the accompanying inaugural BRICS Trade Fair.

Thirty-three South African companies showcased their value propositions to businesspeople and investors from the BRICS block ahead of the annual summit of leaders from Brazil, Russia, India, China and South Africa scheduled for 15 to 16 October 2016 in Goa. The summit was held under the theme 'Building responsive, inclusive and collective solutions'.

- **IV International Country Brand Forum**

Brand South Africa was invited to participate at the IV International Country Brand Forum in Argentina organised by Latin American Country Brands as a hub for knowledge exchange and collaboration.

The platform allowed Brand South Africa to share some key insights on its work in mobilising citizens around the Nation Brand. A Play Your Part case study was presented.

- **World Economic Forum Davos**

Brand South Africa started the fourth quarter with its participation in the WEF Davos meeting. The strategic global platform was leveraged to position South Africa competitively through means such as the coordination of the Team SA business hub, above-the-line communication and a stakeholder engagement session.

- **Investing in Africa Mining Indaba**

In fulfilling Brand South Africa's mandate of positively positioning South Africa as a competitive business destination for inward investment, Brand South Africa, in partnership with the Department of Mineral Resources (DMR) and the dti, planned and hosted a number of engagements at the 2017 Mining Indaba. These included a media briefing, an investment seminar, and a business-to-business networking session with the view of linking South African companies seeking investment with potential investors.



- **Collaboration with RapidLion Film Festival**

Using the pillar of creative arts, Brand South Africa collaborated with the 2017 RapidLion International Film Festival at the Market Theatre in March. Brand South Africa co-hosted a creative industry dialogue with industry experts to provide perspectives on and analysis of South Africa's place in the African creative industry.

Brand South Africa also hosted a panel discussion entitled 'Inspiring new ways: How should cinema reflect Africa today?' featuring a panel of leading film directors from various African countries.

- **South African Premier Business Awards**

Brand South Africa continued its collaboration with the dti and Proudly South African in hosting the fourth installment of the South African Premier Business Awards. The awards recognise business excellence domestically as a contributor to the reputation of the country. More than 800 business leaders attended. This was in partnership with Tsogo Sun, the JSE and Old Mutual.

STAKEHOLDER RELATIONSHIPS PROGRAMME

To ensure the continued involvement and cooperation of stakeholders in supporting a positive Nation Brand Image, Brand South Africa partnered with various stakeholders in the spheres of government, civil society and business.

Government collaborations

Brand South Africa worked with key government departments, locally and abroad, to position the country as a competitive destination for inward investment and to promote the NDP and active citizenship. Some of the programmes are outlined below:

- The organisation collaborated with the Department of Home Affairs to position South Africa to naturalised citizens. It also provided department officials who

issue passports and identity documents with training on the concept of the Nation Brand and their role in how the general public experience and perceive the Nation Brand through their customer service.

- A strategic partnership with the Department of Justice and Constitutional Development (DoJ&CD) and the Working Group on Constitutional and Human Rights Education culminated in a successful event celebrating the 20th anniversary of the signing of the Constitution. The programme included an event in Sharpeville, the #Constitution20 exhibition, debate and dialogue hosted in partnership with Constitution Hill, the DoJ&CD, the Constitutional Court, Kaya FM and the Nelson Mandela Foundation; and My School My Rights Programme in partnership with the DoJ&CD and the Valued Citizens Initiative. Media from the continent were hosted at Constitution Hill.
- Brand South Africa has an ongoing partnership with the Department of Mineral Resources and the dti to position South Africa as a globally competitive Nation Brand, open for business, at the Annual Mining Indaba. During the year under review, the event brought together more than 6 000 people, including leaders from the mining investment community, the world's top mining houses and African government ministries for an opportunity to share insights into how the mining sector can drive investments and capitalise on opportunities.
- In partnership with the South African National Aids Council, Brand South Africa supported the International Aids Conference in Durban. Brand South Africa enhanced the programme with a media tour and partnered with the dti and the National Research Foundation and Trade and Investment KZN to showcase the province, and position it as a competitive destination for trade, investment and tourism.
- The organisation collaborated with the National Prosecuting Authority of South Africa to deliver a successful bid to host the International Association

of Prosecutors Conference in 2018. In addition, the organisation participated in a media interview during a SADC tourism workshop hosted by South African Tourism.

Civil society collaborations

The civil society programme partners with a range of civil society stakeholders to mobilise citizens to rally behind the Nation Brand.

Civil society stakeholders include:

faith-based organisations

non-governmental organisations

labour and youth formations nationally, continentally and internationally

During the 2016/17 financial year, attempts were made to work on multisectoral projects where business stakeholders were encouraged to support civil society programmes.

- Brand South Africa through its flagship programme 'Play Your Part' partnered with Bidvest and Barefoot No More on the 'Rally to Read' programme. Rally to Read is an initiative launched by the McCarthy Motor Group and is part of improving education in rural areas of South Africa. Every year, Rally to Read travels across ten school districts in nine provinces with the aid of McCarthy Motor Group to distribute reading and educational resources to disadvantaged schools. The resources include literacy materials, school shoes, toys, books, games as well as mobile libraries. This programme contributes to national efforts to improve literacy and education in the country. The rally travelled to five schools in the Western Cape region to address challenges in literacy and poverty levels in South Africa.

- During the second quarter, Brand South Africa partnered with PlasticsSA for the launch of a Play Your Part schools competition. The objective of the competition was to encourage learners to play their part in environmental awareness and its protection for future sustainability. Some 450 schools nationally were invited to participate. The competition was concluded in the third quarter 2 300 learners having participated.
- The organisation has a standing partnership with the South Africa chapter of the Junior Chamber International (JCI). A key activity for the year was the hosting of the JCI's regional Africa Middle East conference in Johannesburg. The session was attended by 530 young leaders and entrepreneurs from 44 African and Middle East countries, Europe, Asia Pacific and America. More than 60 temporary jobs for locals were created during the conference. A partnership with the Nelson Mandela Foundation focused on the 14th Nelson Mandela Annual Lecture, delivered by Bill Gates under the theme 'Living together' and the Mandela Day event at the Mathole Motshekga Primary School in Tembisa. Brand South Africa supported both initiatives as part of the Play Your Part programme.
- Brand South Africa collaborated with the Bokamoso/Ikusasa Cross Mentorship programme in KwaZulu-Natal and Gauteng to intensify programmes with key stakeholders involved in driving the active citizenship agenda. Brand South Africa used this opportunity to promote active citizenship and social cohesion through educating the programme participant on the Play Your Part and constitutional awareness programmes.

Business collaborations

Strategic partnerships with business play an important role in assisting Brand South Africa to deliver on its mandate.

Key partnerships included:

- The organisation partnered with MyStartUp, IgniteSA, IDC, MTN Business and Renault in the execution of the 'I AM AN ENTREPRENEUR' programme. This programme is designed to promote entrepreneurship in South Africa and was implemented in six cities across the country.
- For the second successive year, Brand South Africa partnered with Nation Builder on the 'In Good Company Conference'. The conference mobilises businesses to know more and do better for maximum social impact.
- Another standing partnership is the collaboration with Business Engage, which hosts the annual Gender Mainstreaming Awards. These Awards recognise companies that have constructive policies and systems to empower women in the workplace.
- The organisation was invited to participate in ArcelorMittal's strategic planning session. The opportunity was used to highlight the importance of message alignment when positioning the Nation Brand.
- Brand South Africa once again partnered with Brand Finance and Brand Africa to celebrate South Africa Top 50 Most Valuable Brands. These corporate brands were recognised for their success and positive contribution to the Nation Brand's reputation and image.
- As part of the build-up to Team SA's participation in WEF Africa, Brand South Africa partnered with WEF and the Gordon Institute of Business Science to host a dialogue on competitiveness. It was attended by more than 60 participants, including media, and was flighted on CNBC Africa as part of an agreement between WEF and CNBC.

INTEGRATED COMMUNICATIONS PROGRAMME

Brand South Africa manages media relationships and enjoys strong and extensive relationships with the media.

Media engagements

In developing and strengthening relations with the media as a key stakeholder in positioning South Africa positively, Brand South Africa hosted media at WEF Africa, the launch of Mandela Day 2016, the launch of IPAP 2016, the pre-WEF-Africa workshop on South African competitiveness co-hosted by Brand South Africa and the WEF and Brand South Africa provincial training programme in all nine provinces, as well as the roundtable on Africa's competitiveness.

In 2016/17, Brand South Africa facilitated various interviews in domestic and international markets to articulate and disseminate Nation Brand strengths, value proposition and identity. The organisation worked with the government and business representatives to implement a communication and media programme. The content developed and interviews facilitated reached 27 media platforms (international and domestic).

Additional media engagements during the period included:

- Integrated communications programmes in support of WEF Africa 2016, WEF, the JCI conference, Freedom Month, Africa Month, Youth Month, Mandela Month and the launch of IPAP;
- Brand South Africa's provincial training programme;
- An integrated programme in response to the announcement of 2016 Global RepTrak results, the 2016 Institute of Management Development results, the 2016 World Bank Logistics Performance Index and the WEF Human Capital Index;

- A multipronged communication strategy in response to protests in Pretoria and the travel advisories issued against South Africa by the US, the UK and Australia;
- Media activities throughout the country, including Play Your Part activations, and the inaugural university dialogue;
- A communications campaign on CNN to position South Africa as a globally competitive destination, leveraging strategic relations to showcase South Africa's constitutional journey to media from the continent and engaging with community media;
- Content development following South Africa's announcement on its intention to withdraw from the ICC.

Digital and social media

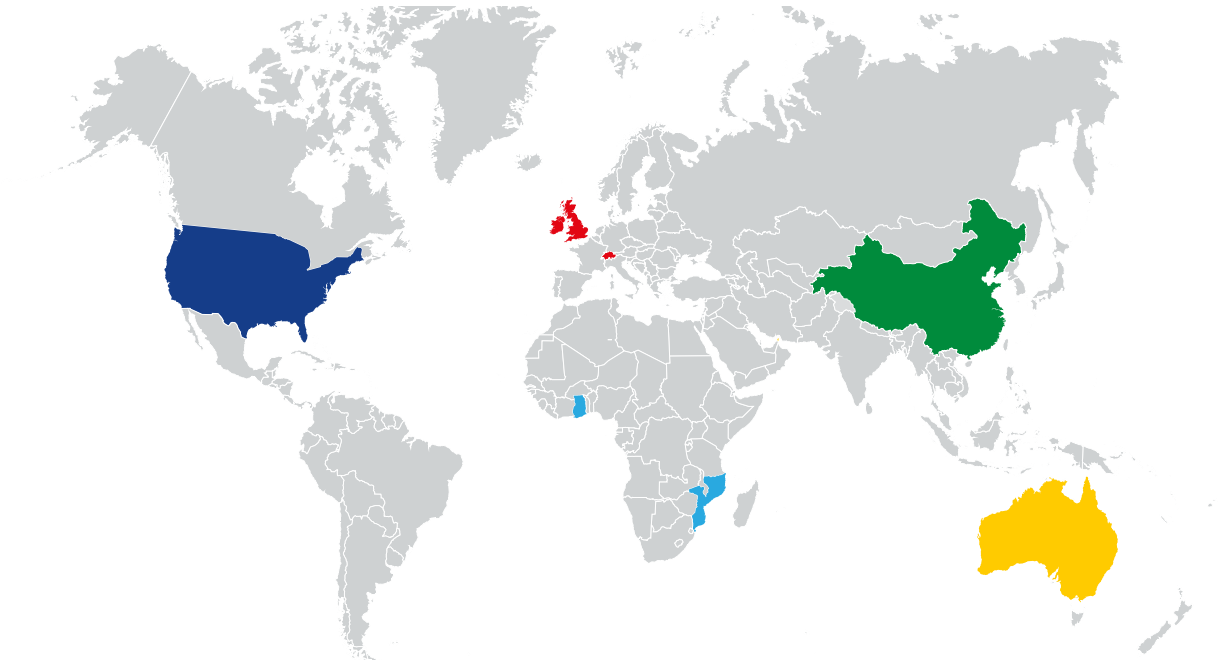
The 2016/17 period saw a much-needed consolidation of the Brand South Africa web and social media assets. During December 2016 and January 2017, four websites were consolidated into one, which resulted in a decrease in user numbers of 8% compared to the previous financial year. However, based on fiscal monthly reports, this is expected to increase markedly in the year ahead.

BRAND SOUTH AFRICA'S WEBSITE TRAFFIC

At the end of March 2017, Brand South Africa's total social media community was almost 190 000, an 8% increase year-on-year from the previous year. The consolidation of social media from four to two, namely Brand South Africa and Play Your Part, resulted in a slight attrition of Twitter and Facebook fans. However, this has not impacted on engagement levels.

Social media community size

Overall engagement with Brand South Africa social content rose sharply, by 46% year-on-year, the result of content strategy execution and improvements, coupled with the refined social media presence.



Global South Africans website

The Global South Africans website keeps diaspora South Africans informed about current affairs in South Africa. Brand South Africa's UK office updated the website.

International markets programme

The perceptions of the global community are highly pertinent to South Africa's domestic and international reputation, as these impact on trade, tourism and foreign investment. During the year under review, Brand South Africa focused on communicating the value proposition of the Nation Brand to BRIC countries, the US, the UK, Africa, China and Australia.

INTERNATIONAL MARKETS

The international markets programme entails:

Communication and reputation management:

Proactive and reactive management of issues in the media environment, which may impact on the Nation Brand marketing: Identification of relevant platforms to profile and positively position the Nation Brand

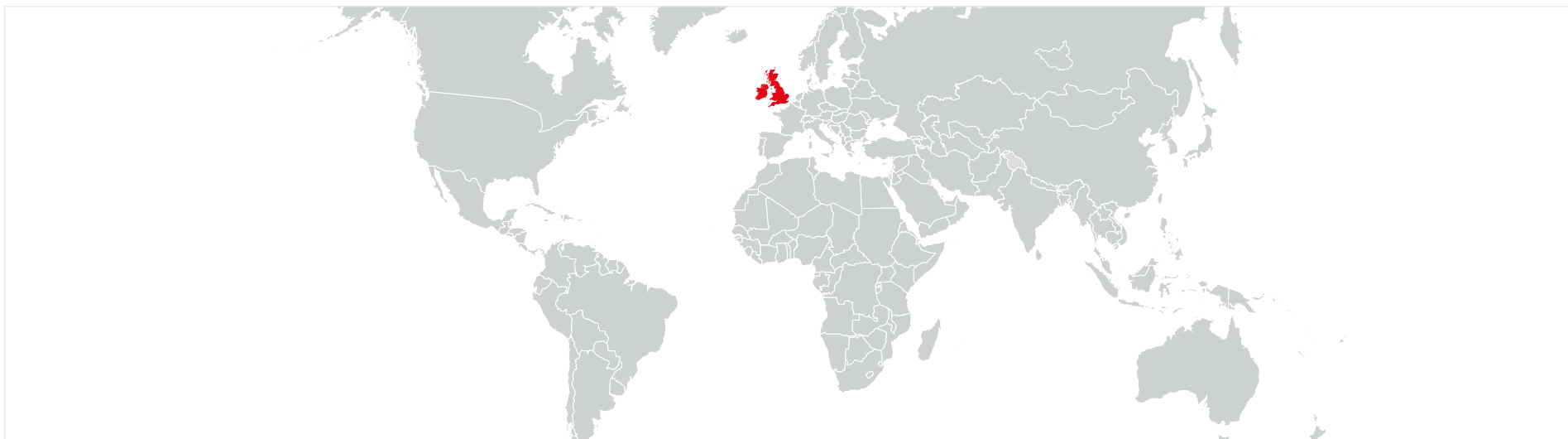
Stakeholder relations:

Working with and through stakeholders to enhance international market programmes

Global South Africans programme:

Advocacy programme with influential, well-placed South Africans living abroad to support investment, recruitment, skills identification, mentoring, skills transfer, study exchange and work experience initiatives.

UNITED KINGDOM



The UK office engaged in several high-level political, business and civil society engagements during the period. It:

- Accompanied the South African High Commissioner to the UK on a regional visit to the south east of England, to 'sell' South Africa's value proposition and also engage stakeholders.
- Was lead partner in the South African Chamber of Commerce Awards in London in April 2016. An award was conferred on an individual who gives back to South Africa, in line with the Play Your Part programme. The recipient of the award was announced as a Play Your Part Ambassador, who would be profiled and linked with the domestic Play Your Part programme.
- Participated in investor engagements with entities such as Invest Africa and Citi Group, where insights were disseminated on current growth sectors in the

South African economy and the growth potential of other African countries.

- Implemented a pre-Mandela Day campaign to showcase the legacy of Nelson Mandela and South Africa's approach to human rights.
- Collaborated with the South African Chamber of Commerce in the UK for the 60th-anniversary celebration of the Women's March.
- Was part of a roundtable discussion hosted by the Business Council Africa at Westminster (British Parliament) on the theme: 'Southern Africa – understanding today's political and economic trends'. The platform was used to discuss the status of the South African diaspora in the market and raise awareness of the Global South Africans programme.

- In 2016, Brand South Africa in the UK participated in the Global Expansion Summit, using the platform to showcase its value proposition, under the theme 'South Africa is open for business'.
- Partnered with Voices of South Africa to host A Night at the Opera, a fundraising event to raise funds for young people in South Africa to learn opera.
- Partnered with the South African High Commission to host Global South Africans in and around London to network and explore possible areas of cooperation in building a democratic and prosperous South Africa.
- Collaborated with **the dti** and PricewaterhouseCoopers to host an investment seminar addressed by Minister of Trade and Industry, Dr Rob Davies. The event showcased opportunities for investment in some of South Africa's priority sectors

UNITED STATES OF AMERICA



In 2016/17, Brand South Africa's office in the US hosted a number of strategic engagements, particularly with the business community, as part of its overall mandate to manage country reputation in the market:

- Co-hosted the inaugural Annual Meeting of the Minds event in collaboration with Ndosi Strategies – a start-up established by two young South Africans based in New York. The event brought together young South African entrepreneurs based in South Africa and the US, who were able to share stories, business skills and tools.
- Collaborated with the South African Permanent Mission to the United Nations (UN) to participate in an exhibition at the UN to raise the profiles of member states.
- Partnered with **the dti** and the Department of Public Service and Administration, in collaboration with Greenberg Traurig and TET Foundation, in

hosting a breakfast seminar to leverage America's entertainment, sports and music platforms to advance South Africa's branding, marketing and development agenda.

- Partnered with **the dti** on a roadshow to Atlanta for a business conference themed 'Doing business in South Africa', which was supported by the South African Chamber of Commerce in America (SACCA). The event promoted trade and investment between South Africa and the US.
- Hosted a business roundtable, in partnership with FP Group, where Minister Rob Davies gave a keynote address about the objectives of the NDP.
- Leveraged the attention provided by the United Nations General Assembly (UNGA) and the US-Africa Business Forum (USABF) to showcase South Africa and ascertain Nation Brand visibility among key influencers and decision makers.

- Participated in the business exhibition of the Economic Development Day event hosted by the Greater Harlem Chamber of Commerce. Brand South Africa was the only foreign exhibitor.

- Leveraged the JSE visit to New York led by Minister of Finance, Pravin Gordhan, to position South Africa as a globally competitive investment destination that is open for business.
- Partnered with the JCI's Global Partnership Summit, which attracted more than 1 000 delegates from over 120 member countries. Brand South Africa was the only Nation Brand allowed to exhibit during the official reception, and it delivered an address at the closing ceremony, taking the stage after Secretary General of the United Nations, Ban Ki Moon. Brand South Africa's messages and Play your Part programme were well received.

AFRICA AND THE MIDDLE EAST



- Hosted in-market activations in key strategic markets, namely Nigeria and Ghana, to deepen relations with stakeholders from government, business and civil society and identify further opportunities and platforms for Brand South Africa to proactively manage country reputation.
- The AME programme visited Maputo, Mozambique, to engage with targeted stakeholders, including the media, to raise the Nation Brand's profile and communicate a positive country message. In addition, research programmes were implemented, the findings of which were published as part of the SA Inc Report.
- Held feedback sessions with the National Department of Tourism (NDT) and **the dti** to ensure alignment and coherence in the promotion of South African in Mozambique. From these feedback sessions, **the dti's** Trade and Invest Africa Unit undertook a business engagement prior to the SA-Mozambique Binational Commission (BNC) held in October 2016 in Maputo.
- AME programme travelled to Dakar, Senegal, to participate in a joint Heritage Day engagement between the two countries. This was symbolically celebrated on the Island of Gorée and was hosted by the Gorée Institute and the South African Embassy. Speakers included the Mayor of Gorée, the chief executive officer of the Institute, Guiomar Alonso Cano from UNESCO, Professor Ousmane Sene, Brand South Africa's chief marketing officer and Clara Kieseewetter from the Embassy.
- To create an enabling environment for South African and Algerian business sectors to enhance trade and investment, Brand South Africa, in partnership with the Embassy of Algeria in Pretoria, hosted a stakeholder consultation session to explore opportunities for enhanced investment and trade relations between the two countries.

CHINA



In 2016/17, Brand South Africa's China office hosted a number of high-level political, business and civil society engagements, including:

- Partnering with a think tank from the Centre for International Business and Ethics (CIBE) of the University of International Business and Economics (UIBE), to host a China-Africa dialogue, which focused on responsible investment and inclusive growth.
- Leveraging the Freedom Day celebrations hosted by the South African Embassy in Beijing and the South African Consulate in Shanghai to run a media programme. The event received positive media coverage, including WeChat articles.
- Participating in South Africa Week and partnering with the South African Embassy to host a media event, and delivering an opening address to positively position the Nation Brand. Media were invited to cover all activations for the four-day

programme; they also secured media interviews for Ambassador Dolana Msimang.

- Partnering with the South African Embassy to showcase rooibos tea, a proudly South African product, in an event attended by more than 120 influential women in China.
- Participating in a briefing session with Minister of Mineral Resources, Honourable Mosebenzi Zwane, and joining the delegation in a meeting with his Chinese counterpart, Jiang Daming, Minister of Land and Resources.
- Provided Nation Brand support and visibility through branding for the South African pavilion in the China Mining Exhibition and implementing a media programme in support of this engagement. Research conducted by Brand South Africa shows that Chinese investors rely heavily on trade shows and exhibitions as sources of information about a

country when seeking investment destinations or trade partners.

- Partnering with influential accounts on the WeChat platform in the market to disseminate Nation Brand insights. WeChat is the primary social media platform used in the Chinese market and, as such, it provides a unique platform through which to engage with a broad set of stakeholders.

MOVING FORWARD

In the year ahead, Brand South Africa will continue to strengthen and deepen its relationships with business, government and civil society. It will also continually strive to establish new and mutually beneficial global relationships wherever possible. These relationships are critical in enabling South Africa to play an influential role not only in Africa, but globally. They will also ensure that Brand South Africa disseminates the key message that 'South Africa is open for business'.

RESEARCH AND NATION BRAND PERFORMANCE

During the 2016/17 financial year, Brand South Africa continued with the monitoring of the Nation Brand performance, while implementing several other projects that assess the reputation, competitiveness and broader Nation Brand profile.

The organisation tracks a wide variety of indices to monitor the Nation Brand's competitiveness and reputation standings. Indices include the IMD Competitiveness Year Book, World Bank Logistics Performance Index, WEF GCI, Anholt-GfK Roper NBI 2016 Report, World Bank Doing Business Report 2017, 2016 IIAG, Transparency International's Corruption Perception Index 2016 and the UNDP Human Development Index.

In terms of global reputation, the South African Nation Brand improved its overall global reputation ranking from 38 to 35. In competitiveness, it improved from 52 to 47 out of 138 countries in the WEF GCI. The World Bank Logistics Performance index ranked South Africa 20th out of 160

countries. Further Nation Brand performance indicators are detailed in the section below.

Insights from research projects, findings and interventions during the 2016/17 period, were used extensively in Brand South Africa internal strategic and operational planning, and shared extensively with government stakeholders at local, provincial and national levels, business and civil society through a variety of mechanisms, as well as internationally. To deliver integrated marketing, communications and reputation management interventions, Brand South Africa draws on findings, data and insights from a range of domestic and international projects, including:

1. International investor perceptions research covering 16 markets;
2. South African Competitiveness Forum platforms;
3. Research reference groups;
4. The SA Inc project;
5. Nation Brand performance monitoring;
6. Domestic perceptions research.

International investor perceptions research

Brand South Africa received results from the first wave of the annual international investor perceptions research covering 16 markets. The research is based on a new methodology that provides insight into the reputation of the Nation Brand among the global business community. A notable achievement this year was extensive analysis of findings of the research and the development of 'per market' analysis, which incorporated not only investor perceptions, but also the Nation Brand Index where applicable. These findings were shared with an array of stakeholders in business, civil society, media and academia engagements.

Purpose of the study

The purpose of the research is to understand the perceptions that current and potential multinational investors have of South Africa over time. The positive and negative reputational drivers of doing business with South Africa are also identified.



Country Brand Health funnel in comparison to competitor set: Brazil and Nigeria



Country reputation index measured over time



Driver analysis in order to identify strengths to leverage and areas of improvement



Identification of investment opportunities



Determine the best way forward to communicate with stakeholders

INTERNATIONAL INVESTOR PERCEPTIONS RESEARCH OBJECTIVES

Methodology overview

The image below outlines the target markets as well as sample sizes per market. Respondents were either directors, heads of department or senior managers with decision-making power and/or the ability to influence their company in terms of international business opportunities and decision making.



Overall findings:

Familiarity and favourability

- Overall, familiarity and favourability levels were relatively high for South Africa. This was driven by our fellow African respondents. Among the Americas and Asia, South Africa was less familiar. This was particularly the case in Asia, which calls for increased visibility and Nation Brand positioning in the region.

Trust and advocacy

- In terms of individual attributes, South Africa scored highest for 'respect' and 'speak positively about'. However, advocacy scores are relatively low across the board.

Drivers of reputation

- Among the drivers of reputation, the category 'investment and exports' scored the highest for Asia, 'people' for Americas and Europe, and 'economy' for Africa.
- When looking at the drivers' influence on trust, the category 'investment and exports' scored the highest for Africa and Americas, whereas governance was highest for Asia and Europe.

Investment opportunities

- Mining and quarrying was the industry most closely associated with South Africa.
- 36% of respondents felt that it was easy to do business in South Africa, while a further 48% felt it was neither easy nor difficult. Asia rated South Africa lowest in terms of doing business, with a top two box score of 31%.
- 'Enforcing contracts' (extremely easy/easy=40%) and 'trading across borders' (extremely easy/easy=40%) were the aspects of working in the South African business environment that scored highest, although scores for all attributes were generally low.

- Among South African policies, institutions and initiatives, **the dti** was best known. However, overall awareness levels for all South African institutions/policies were low.
- Concern for potential investors in the Americas, Asia and Europe included social and political developments.
- Xenophobia was of particular concern for investors in Africa and the Middle East.
- In terms of appeal to potential investors, a strong stable/growing economy and political stability were factors considered very attractive when considering a country to invest in – and here South Africa is not scoring well.

Investment communication

- Colleagues and business associates with experience of working in South Africa, and trade shows and exhibitions were the most common sources of information regarding investing in South Africa.

Reports, research and analysis papers were regarded as the most influential media sources when it came to investment decisions. At 41%, the method outweighed receiving information from meetings, seminars or through one-on-one meetings.

Brand South Africa created 16 research notes focused on main findings and critical improvement areas per market, while also identifying strengths to leverage in the market. Notable that the African continent has by far the most positive view of the reputation of the Nation Brand, while Asian markets occupy the opposite end of the spectrum, where low familiarity and favourability impact negatively on the overall reputational standing.

Through the study, Brand South Africa receives an improvement matrix, which outlines, per region, areas of critical improvement, long-term improvement, high leverage areas (existing strengths) and maintenance areas. These insights prove extremely helpful when planning interventions in these markets.

South African Competitiveness Forum 2016 – Nation Brand University Dialogue

Since creating the South African Competitiveness Forum (SACF) platform in 2013, Brand South Africa has used this as a flexible instrument to reach out to targeted stakeholders to gather input and perspectives on issues that impact positively or negatively on the reputation, competitiveness and profile of the Nation Brand. During the 2016/17 period, the SACF platform developed deeper analytical insight into particular issues that shape the profile of the Nation Brand.

Through a partnership with the University of Pretoria, in particular the Department of Political Science, the 2016 SACF was delivered under the theme 'Nation Brand university dialogue'. This platform attracted senior academics from disciplines including music, political science, marketing, communications, business science, international relations, and an international keynote speaker, Professor Nadia Kaneva, to share their analysis of the Nation Brand. Lessons from the dialogue had a positive impact on the organisational strategy development. The event also helped to bridge the gap between academia and the state.

Lessons

Lesson 1 – It is about a jazz democracy

Lesson 2 – Contested identities – Nation Brand experiences from Eastern Europe

Lesson 3 – State building, state capacity and strong Nation Brands

Lesson 4 – Social cohesion and an evolving national identity

Lesson 5 – The need for competitive and inclusive city brands

Lesson 6 – Universities as drivers of innovation and competitiveness

Lesson 7 – The promise of Ubuntu foreign policy and the Nation Brand image



Professor Nadia Kaneva, University of Denver, Colorado – delivering keynote address at Nation Brand university dialogue, 5 October 2016



Nation Brand university dialogue attended by government, business and civil society stakeholders

Research Reference Groups

During the year, Brand South Africa hosted three reference groups, which are stakeholder, partner and peer consultation platforms. Two broad themes informed the choice of topics, namely social cohesion and the creative industries, particularly film.

The Social Cohesion Research Reference Group was hosted at Brand South Africa's offices on 17 August 2016 to interrogate the definition of social cohesion and the need for it to be 'localised'. Social cohesion was defined as a bottom-up approach from local to national level. People belong to many groups at the local level – eg. church groups, sports teams, community organisations – and, as South Africans, they also belong at the national notion of social cohesion. The

reference group allowed Brand South Africa to explore new methodologies to explore and survey the concept of social cohesion during the next financial year.



Social Cohesion Research Reference Group

Brand South Africa, in partnership with RapidLion, hosted two research reference groups as part of the programme of the annual South African International Film Festival at the Market Theatre complex.

The RapidLion film festival screens films from the African continent, African diaspora and BRICS countries. The festival promotes South African cinema to these audiences, while showcasing and introducing South Africans to foreign films.



RapidLion Film Festival Research Reference Group



RapidLion Film Festival Research Reference Group

SA Inc project

Through the SA Inc project, Brand South Africa engages in primary fieldwork research to develop a deeper understanding of the reputation, involvement, challenges and opportunities the Nation Brand faces in international markets. As can be seen in several sources, for example the Ernst&Young (EY) Africa Attractiveness Survey, South Africa is typically one of the top five sources of FDI into the African economy. This implies that the Nation Brand is exposed to several markets through the activities of state-owned enterprises, private sector companies and a host of other engagements. During the 2016/17 period, the project focused on Ivory Coast, Mozambique, Senegal and Algeria.

The project indicated that the Nation Brand has a strong exposure and profile in peer markets. However, attention needs to be paid to cultural competence and soft factors that impact on market entry strategy. To this end, Brand South Africa maintains an updated market entry strategy analysis that is shared extensively with government, the private sector and civil society stakeholders.



Matola Raid Monument and Interpretive Centre, Mozambique



MTN sponsored Festival de Grillade – 10-11 September 2016, Abidjan, Ivory Coast



HE Ambassador Vusi Sindane, South Africa's Ambassador to Ivory Coast, meeting with Leigh-Gail Petersen and Dr Petrus de Kock, Brand South Africa Research

Brand South Africa hosted a stakeholder consultation session with the South African Embassy in Dakar, the National Arts Council, the National Department of Arts and Culture and the Department of International Relations and Cooperation (DIRCO), to plan a multi-level programme to mark 30 years since the 1987 Dakar meeting between the ANC and a delegation of the Institute of Democratic Alternatives in South Africa (IDASA)/Afrikaners.

Brand South Africa's aim was to align with the strategy and provide a platform for discussion with those who took part in the 1987 talks.



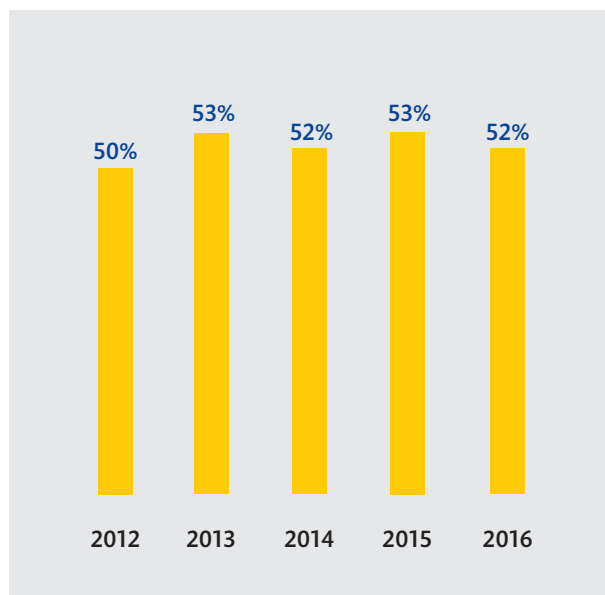
SA Inc session with Algerian Embassy

NATION BRAND PERFORMANCE MONITORING

Institute of Management Development (IMD)

According to the IMD 2016 rankings, South Africa improved one position during the period, and two positions over a five-year period.

Figure One: South Africa's rankings: IMD Index 2012-2016.



World Bank Logistics Performance Index

South Africa performed exceptionally well in the 2016 World Bank Logistics Performance Index. It was ranked 20th out of 160 countries: this is an improvement of 14 places over a two-year period.

World Bank – Logistics Performance Index

South Africa Performance – Logistics Performance Index							
	Overall rank	Customs	Infrastructure	International shipments	Logistics quality and competence	Tracking and tracing	Timelines
2014/160	34	42	38	25	24	41	33
2016/160	20	18	21	23	22	17	24

WEF Global Competitiveness Index

South Africa improved two positions in the 2016 WEF Global Competitiveness Index rankings, although two countries surveyed previously were not included in this year's rankings.

Table 1: WEF-Global Competitiveness Index

South Africa's performance on WEF GCI 2010-2016							
	2010	2011	2012	2013	2014	2015	2016
Overall	54	50	52/144	53/148	56/144	49/140 ↑	47/138 ↑
1. Institutions	47	46	43	41	36	38 ↓	40 ↓
2. Infrastructure	63	62	63	66	60	68 ↓	64 ↑
3. Macro-economic environment	43	55	69	95	89	85 ↑	79 ↑
4. Health and primary education	124	131	132	135	132	126 ↑	123 ↑
5. Higher education and training	75	73	84	89	86	83 ↑	77 ↑
6. Goods and market efficiency	40	32	32	28	32	38 ↓	28 ↑
7. Labour market efficiency	97	95	113	116	113	107 ↑	97 ↑
8. Financial market development	9	4	3	3	7	12 ↓	11 ↑
9. Technological readiness	76	76	62	62	66	50 ↑	49 ↑
10. Market size	25	25	25	25	25	29 ↓	30 ↓
11. Business sophistication	38	38	38	35	31	33 ↓	30 ↑
12. Innovation	44	41	42	39	43	38 ↑	35 ↑

- South Africa improves for the second year in a row in its global competitiveness ranking. This year it moves to position 47 of 138, up from 49 of 140 in 2015;
- As the WEF points out, the country improves on nearly all the elements of competitiveness;
- The improvements include:
 - Goods and market efficiency – improves by ten positions
 - Labour market efficiency – improves by ten positions
 - Higher education and training – improves by six positions
 - Macro-economic environment – improves by six positions
 - Innovation – improves by three positions
 - Infrastructure – improves by four positions
 - Health and primary education – improves by three positions
 - Business sophistication – improves by three positions
 - Financial market development – improves with 1 position
 - Technological readiness – improves by one position
 - Market size – improves by one position

Anholt-GfK Roper Nation Brands Index

The Anholt-GfK Roper NBI 2016 report surveys the reputation of 50 developed and developing economies. Nation Brand performance is assessed on governance, exports, tourism, people, culture, and immigration and investment.

South Africa was ranked 35th out of 50 countries, an improvement of three positions from the previous year. Perceptions of South Africa's exports, culture and tourism remain unchanged from 2015. Improvement in the country's reputation was driven by improved perceptions of governance, immigration and investment, and people.

South Africa (2012-2016)	2012		2013		2014		2015		2016	
Overall rank	36		36		37		38		35	
	Rank	Score Difference (2011-2012)	Rank	Score Difference (2012-2013)	Rank	Score Difference (2013-2014)	Rank	Score Difference (2014-2015)	Rank	Score Difference (2015-2016)
Exports	37	-1.33	37	-0.13	36	0.90	36	0.07	36	0.84
Governance	40	-1.44	40	0.08	39	0.93	39	1.83	37	0.69
Culture	28	-3.36	27	0.08	29	0.01	30	0.87	30	-0.19
People	31	-3.32	34	-0.64	37	0.45	36	0.06	33	0.11
Tourism	34	-2.32	34	-0.12	37	-0.09	36	1.14	36	0.26
Immigration and Investment	38	-3.85	38	0.01	37	0.41	39	0.22	36	0.45

World Bank Doing Business Report 2017

The World Bank Doing Business Report 2017 ranked economies on ease of doing business. The report focused on domestic small and medium-size companies and the extent to which a country's regulatory environment is conducive to starting and operating a business.



The Doing Business Index includes starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.



South Africa dropped one place in the rankings, the fifth consecutive year that its rankings have declined. South Africa was ranked 74th out of 190 economies surveyed. In 2012/13, it was ranked 39th.



The report noted that South Africa was implementing 'Doing business reform', which made it easier for local firms starting a business.

Doing Business 2017 South Africa Performance		
	DBI 2015/16	DBI 2016/17
Overall ranking	72/189	74/190
Starting a business	125	131
Registering property	100	105
Trading across borders	137	139
Dealing with construction permits	98	99
Getting credit	60	62
Enforcing contracts	110	113
Getting electricity	108	111
Paying taxes	49	51
Protecting minority investors	18	22
**Resolving insolvency	51	50

2016 Ibrahim Index of African Governance

The IIAG provides an annual measure of governance efficiency of African countries.

The 2016 IIAG was based on the analysis of 93 indicators in four broad categories: Safety and rule of law; participation and human rights; sustainable economic opportunity; and human development.

During the past financial year, the Seychelles and Namibia overtook South Africa, placing South Africa fourth overall out of 54 countries. In the category, 'safety and rule of law', South Africa remains in seventh position. In the category, 'participation and human rights', it was ranked fifth, one ranking lower than in the previous year. In the category 'sustainable economic opportunity', it was ranked second. In the category 'human development', it was

Overall Governance		
Rank / 54		Score / 100
	Africa	50.0
1	Mauritius	79.9
2	Botswana	73.7
3	Cabo Verde	73.0
4	Seychelles	72.6
5	Namibia	69.8
6	South Africa	69.4
7	Tunisia	65.4
8	Ghana	63.9
9	Rwanda	62.3
10	Senegal	60.8
11	São Tomé & Príncipe	60.5
12	Kenya	58.9
13	Zambia	58.8
14	Morocco	58.3
15	Lesotho	57.8

The image below indicates how South Africa performs in the four pillars that measure governance effectiveness in the IIAG.



Safety and
Rule of Law

2nd



Sustainable Economic
Opportunity

5th



Participation and
Human Rights

5th



Human
Development

6th

Transparency International's Corruption Perception Index 2016

The Corruption Perceptions Index is the leading global indicator of public sector corruption. The 2016 index ranked 176 countries, which were measured on a scale of 0 (highly corrupt) to 100 (very clean). South Africa's score has remained relatively unchanged over a five-year period.

Rank	Country/territory	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score
64	South Africa	45	44	44	42	43

United Nations Development Programme Human Development Index

The 2016 Human Development Index (HDI) ranked 188 countries and UN-recognised territories. South Africa was ranked 119th, three positions lower than in the previous year. Its score was above the average of 0.631 for countries in the medium human development group and above the average of 0.523 for countries in Sub-Saharan Africa.

South Africa's HDI trends based on consistent time series data and new goalposts						
	2010 (2011 HDR)	2011	2012 (2013 HDR)	2013 (2014 HDR)	2014 (2015 HDR)	2015 (2016 HDR)
Rank	123 (/187)	123 (/187)	121 (/186)	118 (/187)	116 (/188)	119 (/188)
HDI value	0.643	0.651	0.659	0.663	0.666	0.666
Life expectancy	54.5	55.5	56.3	56.9	57.4	57.7
Expected years of schooling	13.5	13.5	13.6	13.6	13.6	13.0
Mean years of schooling	9.6	9.7	9.9	9.9	9.9	10.3
GNI per capita (PPP US\$)	11,833	11,977	12,041	12,134	12,122	12,087

A summary of South Africa's rankings on the various indexes

World Bank Logistics Performance Index	WEF Global Competitiveness Index	Anholt -GfK Roper Nation Brands Index	World Bank Doing Business Report 2017	Ibrahim Index of African Governance	Transparency International's Corruption Perception Index 2016	United Nations Development Programme Human Development Index
20/160	7/138	35/50	74/190	4/54	64/176	119/188

Domestic Perceptions Research Study

Brand South Africa tracks the domestic perceptions study to understand the perceptions citizens have about the country. Furthermore, it tracks pride, active citizenship and social cohesion levels among South Africans.

Research objectives:

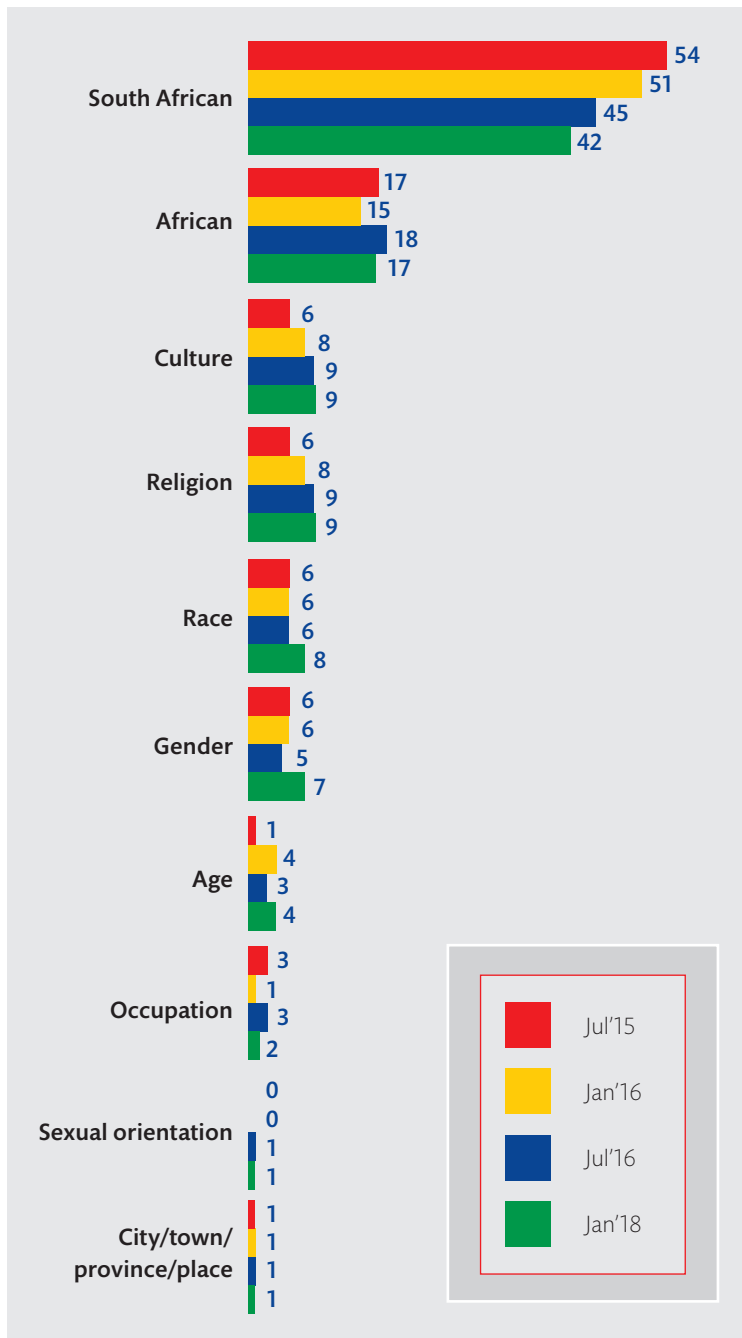
The key objectives of this study are to identify the trends that are shaping South African society and to predict how they are likely to play out in the future, in assisting Brand South Africa to:

1. Identify the key features and advantages to be leveraged;
2. Articulate and align key messages about the nation for the use and benefit of all stakeholders.

METHODOLOGY

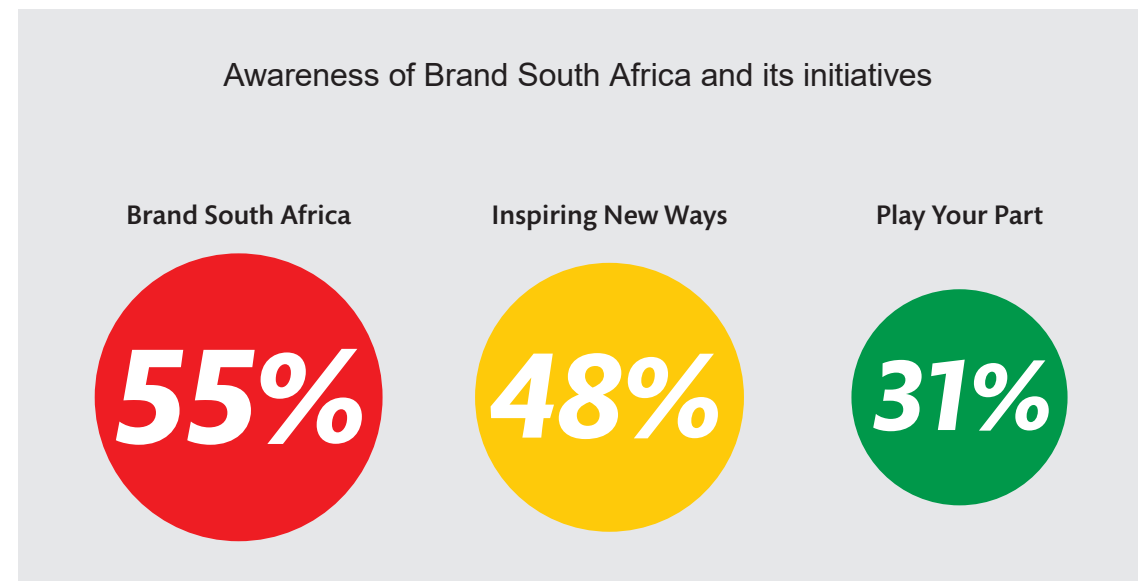
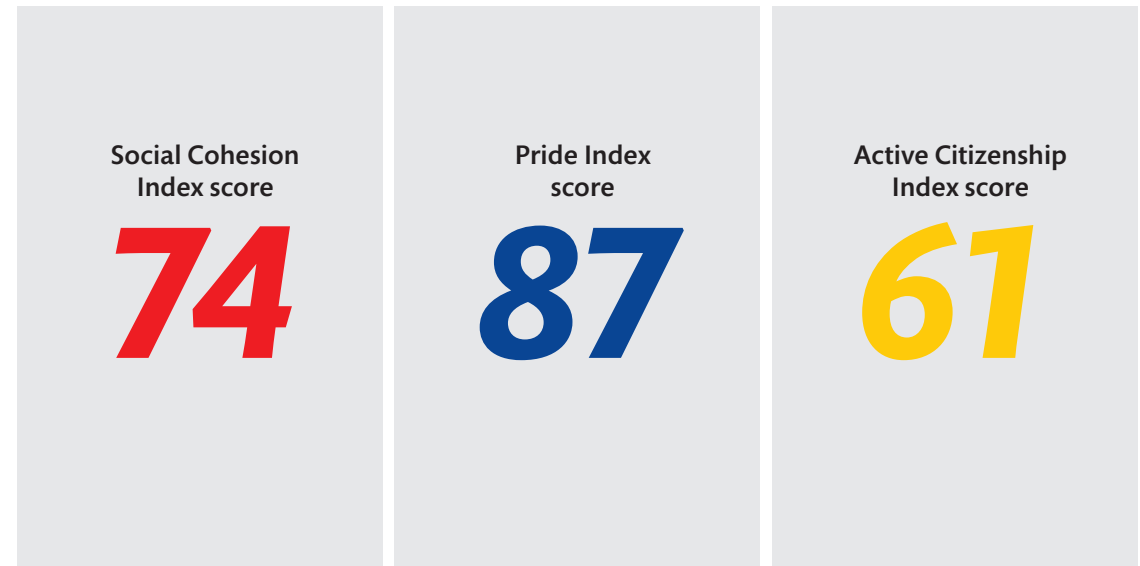
How is the study conducted?

During the year, two waves of fieldwork were conducted, each with 1 288 face-to-face, door-to-door interviews using a structured computer-aided personal interviewing (CAPI) questionnaire. The sample included male and female adults aged 15+, nationally representative across age, race, gender, income, community size and region.



Notable findings

While South Africans tend to describe themselves as South Africans first, the past year saw an increase in the number of respondents who described themselves as African, or by culture or religion.



ORGANISATIONAL SUSTAINABILITY



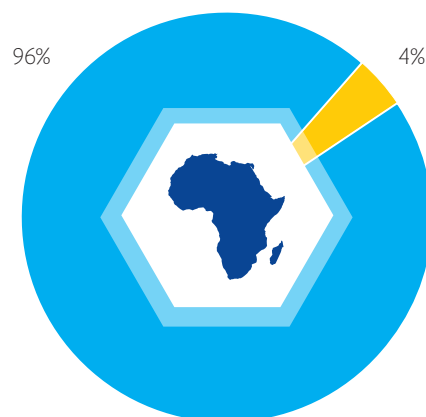
ADMINISTRATION

Brand South Africa recognises that attracting and retaining talented, skilled, energised and passionate employees is critical to meet its strategic goals and fulfil its mandate.

The organisation focuses on building enduring, healthy and rewarding relationships with all employees.

Notwithstanding challenges such as limited resources, Brand South Africa delivered at a very high level on its strategic goals, meeting 85% of the targets set. This would not have been possible without a motivated and dedicated workforce.

The entity employs 59 permanent staff, both locally and in its offices in China, US and UK. The total salary bill is around 30% of the allocated grant.



Some 96% of employees are based in South Africa, and 4% are based outside South Africa.

The staff vacancy rate has decreased significantly over a five-year period. The staff turnover rate during the year under review was very low in all cohorts: there were five voluntary resignations during the period. Low staff turnover could be attributed to recent HR policy amendments, which addressed factors such as job security.

Overall staff turnover rate is depicted below:



Brand South Africa continues to build organisational competencies and leadership capacity for longer-term growth through talent management and development, leadership development, a high-performance and engaging culture, and skills development.

The Human Capital Strategic plan strives to strike a balance between supply and demand, and between the number of people and the particular skills that Brand South Africa needs to fulfil its strategic goals.

TALENT ACQUISITION

There is a war for talent worldwide; high-quality candidates are in high demand. Brand South Africa's employee value proposition is designed to attract and inspire diverse leadership and talent. Key talent is retained through attractive career opportunities, market-related remuneration, and an inclusive and enabling culture, with zero tolerance for discriminatory behaviour.

The entity recognises that skilled, engaged and responsible employees are a prerequisite for achieving business growth. To ensure that it has the right skills, at the right time, and in line with strategy, the entity has partnered with selected recruitment agencies to recruit the relevant talent at competitive prices. The candidates are then taken through an interview process, psychometric assessments (where required), reference checks and a probationary period to assess their suitability for the roles.

TALENT MANAGEMENT

Talent management plays a key role in developing leadership talent across the entity and allows Brand South Africa to acknowledge high-achievers, build a strong leadership pipeline and offer opportunities for people to grow within the organisation. Several very exciting initiatives were rolled out during the year under review, including a talent mobility programme, which provides talented and high-performing employees with the opportunity to be based in various foreign markets where there is representation.

The organisation 'grows its own timber' through nurturing the talent pipeline. Testimony to this is the absorption rate of interns.

APPOINTMENTS

through Brand South Africa Internship programme



Leigh-Gail Petersen
RESEARCHER

One of her favourites quotes is: "I AM... two of the most powerful words. For what you put after them, shapes your reality."

Leigh-Gail joined Brand South Africa in April 2013 as an intern in the Research Department; following the completion of her course work towards a Master of Arts degree in Psychology (specialisation in Research Consultation) in 2011. On completion of the internship programme, she was offered a 12-month contract. However, five months into the latter, the Researcher position became vacant and when Brand South Africa advertised for it, Leigh - Gail applied and she was successful through the recruitment processes and was appointed in a permanent position as a Researcher in September 2014.

The internship programme built confidence in her ability to engage with an array of stakeholders, which to date, has allowed her to travel to peer African markets to engage with academic, civil society, business and governmental institutions to provide research insights on the Nation Brand. "The journey in the evolution of my research career continues," says Leigh-Gail.



Patrick Mathole
SENIOR NETWORK ADMINISTRATOR

One of Patrick's favourite sayings is: "The struggle you are in today is developing the strength you need for tomorrow."

Patrick is a Microsoft Certified Systems Engineer with a National Diploma in Financial Information Systems. He joined Brand South Africa in January 2012 as an intern in the Information Technology Department for a period of 12 months. After the 12 month internship programme, Patrick was appointed as IT Technician at Praxis Computing company, which was providing services to Brand South Africa.

The experience he gained over the years prepared him to develop his network, build confidence and improve his time management skills. So in 2014, when Brand South Africa advertised for the position of Senior Network Administrator within the IT department, Patrick applied and was successful in the recruitment process. He was appointed in September 2014 and still holds his position today.



Masego Mosiane
ASSISTANT BRAND MANAGER

One of Masego's favourite sayings is: "Patience brings blessings."

Following the completion of a Bachelor of Arts degree in marketing and Communications in 2013, Masego joined Brand South Africa as an intern in the Marketing Department in July 2014 on a nine-month contract. During her internship programme Masego was exposed to all aspects of the work that takes place at Brand South Africa in the Marketing Department. She wanted to make sure that her experience was valuable so that she would be prepared should the opportunity come about in the future.

As fate would have it, the Assistant Brand Manager position became vacant and when Brand South Africa advertised it, Masego applied, and made sure she was well-prepared for the interview. She was interviewed, shortlisted and was told end of August 2015 that she had been appointed as Assistant Brand Manager. By the time she was appointed as Assistant Brand Manager, she had already been doing the job requirements for this position and ensured that she polished her skills and knowledge so as to handle the increased responsibilities. She currently holds this position.

APPOINTMENTS

through Brand South Africa Internship programme



Sfiso Hlongwane
ACCOUNTANT

One of his favourite quotes is "The time is always right to do what is right." - Martin Luther King.

Sfiso completed a Bachelor of Commerce in Internal Auditing in 2013 and joined Brand South Africa in July 2014 as an intern in the Finance Department on a 12-month contract. However, seven months into the internship programme, Sfiso was offered an opportunity at another organisation. Following some deliberations with Brand South Africa and careful consideration of his career path, Sfiso decided to stay at Brand South Africa as a Finance Administrator. Sfiso welcomed this opportunity and was determined to learn as much as he could so as to be prepared for the next stage of his career. Fortunately for him, an Accountant position was later advertised and he applied for it and he was successful. In March 2016 he was appointed as Accountant in the Finance Department – a position he still holds today.

Sfiso is currently studying towards a Postgraduate Diploma in Business Administration and, on a part-time basis (since 2015), is studying towards attaining a membership with the Association of Chartered Certified Accountants.



Velly Thwala
SUPPLY CHAIN ADMINISTRATOR

One of Velly's favourite quotes is "I think everyone should experience defeat at least once during their career. You learn a lot from it." - Lou Holtz

Velly joined Brand South Africa in September 2014 as an intern in the Supply Chain Department for a period of nine months. Velly holds a National Diploma in Supply Chain Management. On completion of the internship programme, Velly was offered a 12-month contract as an administrator in the Supply Chain Department. During this period, a position for a Supply Chain Administrator was advertised and Velly applied for it and he was successful through the recruitment process. He started working as a Supply Chain Administrator in June 2016. He is currently studying with Chartered Institute of Procurement and Supply, doing his Diploma in Procurement and Supply.

INTELLECTUAL CAPITAL

Performance management

Performance management systems are in place to monitor and measure performance. These enable managers and employees to work together to plan, manage, monitor and review employee performance for the achievement of strategic goals and objectives.

Performance agreements define key outputs and success measures, and potential inhibitors to performance. Developed in April each year, individual performance agreements form the basis for performance management.

Where deemed necessary by the line manager, a personal development plan (PDP) is developed to determine current development needs and build future capability for career advancement. Formal performance reviews are conducted every quarter.

Learning and development

Learning and training are key components of Brand South Africa's employee value proposition. Building skills and behaviours that promote a culture of continuous learning, leadership and diversity is key to achieving the entity's strategic goals and objectives, including its employment equity (EE) targets. During 2016/17, the following training courses were undertaken to build and strengthen the capacity of employees.

Bursaries

Qualification	Department	Position
MBA	Finance	CFO
Master of Management	Marketing and Communication	Stakeholder Relationship Manager - Business
Postgraduate Diploma in Marketing	Marketing and Communication	GM Marketing
B Com (Hons) Information Science	Corporate Services	Information Technology (IT) Manager
CIPS Professional Diploma in Procurement and Supply Chain	Finance	Supply Chain Administrator
Postgraduate Diploma in Business Administration	Finance	Accountant
CIMA Operational and Management Level	Finance	Finance Manager
Postgraduate Diploma in Business Administration	Marketing and Communication	Activations Manager
Office Administration	Corporate Services	Office Assistant
BA (Hons) Applied Psychology	Corporate Services	Executive PA
PhD Financial Management Science	Corporate Services	Director Corporate Services
Master of Business Leadership	Corporate Services	Human Capital Manager
BPhil (Hons) in Marketing Management	Marketing and Communications	Relationship Consultant

Short-term courses are also part of the PDPs and provide immediate impact. The following short-term courses were undertaken by staff during the year under review:

Short-term courses

Course	Employee Position
Alternative Dispute Resolution	Legal Manager
Developing Effective and Compliant Bid Invitation	Supply Chain Officer
Digital Marketing	Manager: Marketing
Digital Copywriting for PRR/Marketing professions	Manager: Digital and New Media
Digital Copywriting for PRR/Marketing professions	Graphic Designer
CIS Programme Certificate	PA
Programme in Advanced Labour Law	Human Capital Administrator

ENGAGEMENT WITH EMPLOYEES

Brand South Africa engages with staff both formally and informally. Its formal approach is aligned with the prescriptions of the Labour Relations Act, while the informal approach involves internal communication channels from Corporate Services and initiatives such as team talk meetings chaired by the CEO.

Quarterly team talk meetings with the CEO play a crucial role in enhancing communication and creating an engaging culture. All departments provide an overview of projects undertaken during the quarter and discuss upcoming projects.

This platform provides individuals with an opportunity to communicate with other staff and the CEO on any work-related matters and/or concerns that require attention.



Culture and employee engagement

Leadership drives culture, which, in turn, drives performance and employee engagement, a key measure of organisational health. The entity believes that an environment in which employees are engaged and supported is one in which employees can grow and support business success. In March 2016, the organisation conducted a climate survey - the report was received in May 2016 and recommendations were implemented in the 2016/17 year. In addition, a staff engagement survey was conducted to

gauge the climate within the organisation. The survey indicated that 78% of the staff in the organisation were fully engaged, while 22% were undecided. These findings presented the opportunity for a teambuilding exercise to convert the 22% undecided staff members. Another survey will be conducted to gauge the impact of management interventions in improving the climate and the culture of the organisation.

The teambuilding also enabled staff members to develop the vision of the organisation. The exercise was a success and resulted in an improved organisational climate.

The teambuilding exercise included the following challenges:



THE GLASS WALK CHALLENGE

Staff had to walk on broken glass with the support of team members. This displayed the ability to refuse to give up despite the challenges.

This test related to the value of **DETERMINATION**.



THE MOUSE TRAP CHALLENGE

Staff were taught the ability to trust and listen as well as the ability to block out negative voices while walking blindfolded, directed by instructions from a team member.

This test related to the value of **INTERGRITY**.



THE CROSSWORD PUZZLE CHALLENGE

Participants had to find words, whose value was identified only after they were found.

This test related to the value of **DIVERSITY**.



THE TENT CHALLENGE

Team members had to work together to put up a camping tent in a specific time.

This test related to the value of **COOPERATION**.



THE EGG CHALLENGE

Teams had to come up with ideas of how to throw an egg roof high using only a balloon, paper and string, and ensure that it did not break when it landed on the ground.

This test related to the value of **INNOVATION**.



THE MAGIC CARPET CHALLENGE

Team members had to work together to turn over the magic carpet and identify the value without any member leaving the carpet. Underneath the carpet were magic words pointing to the value.

This test related to the value of **UBUNTU**.

The teambuilding was used to create a new vision and to refresh the company's values and the commitment to behaviours that demonstrate that these values are lived.

The activities sought to enhance team integration in the workplace – a key element in social cohesion, which, in turn, is a key driver in building a strong Nation Brand.

The values that emanated from the teambuilding exercise are depicted below:

DETERMINATION



DETERMINATION IS:

- Refusing to give up, despite the challenges
- Staying focused
- Perseverance
- Keeping our eye on the objective

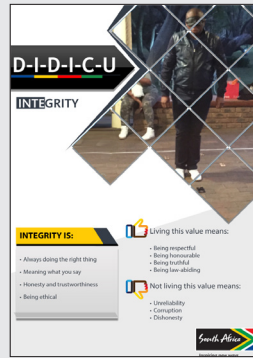
Living this value means:

- Being motivated
- Being persistent
- Being hard working

Not living this value means:

- Blame-shifting
- Being easily discouraged
- Laziness

INTEGRITY



INTEGRITY IS:

- Always doing the right thing
- Meaning what you say
- Honesty and trustworthiness
- Being ethical

Living this value means:

- Being respectful
- Being honourable
- Being truthful
- Being law-abiding

Not living this value means:

- Unreliability
- Corruption
- Dishonesty

DIVERSITY



DIVERSITY IS:

- Accepting, understanding and embracing the range of our cultures, experiences, viewpoints and backgrounds

Living this value means:

- Being open minded
- Welcoming differences
- Being accommodating and tolerant

Not living this value means:

- Prejudice
- Discrimination
- Intolerance
- Stereotyping

INNOVATION



INNOVATION IS:

- A unique idea that is well implemented
- Finding new ways of attaining goals
- Being proactive and pre-emptive

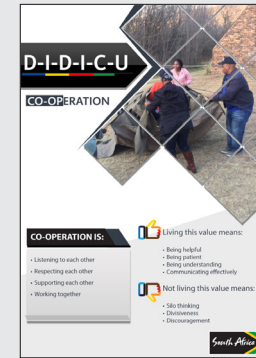
Living this value means:

- Looking for new ways of improvement
- Being an original thinker
- Challenging the status quo

Not living this value means:

- Obstructiveness
- Stagnation
- Complacency
- Resistance to change

CO-OPERATION



CO-OPERATION IS:

- Listening to each other
- Respecting each other
- Supporting each other
- Working together

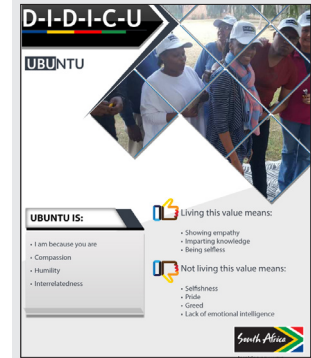
Living this value means:

- Being helpful
- Being patient
- Being understanding
- Communicating effectively

Not living this value means:

- Silo thinking
- Divisiveness
- Discouragement

UBUNTU



UBUNTU IS:

- I am because you are
- Compassion
- Humility
- Interrelatedness

Living this value means:

- Showing empathy
- Imparting knowledge
- Being selfless

Not living this value means:

- Selfishness
- Pride
- Greed
- Lack of emotional intelligence

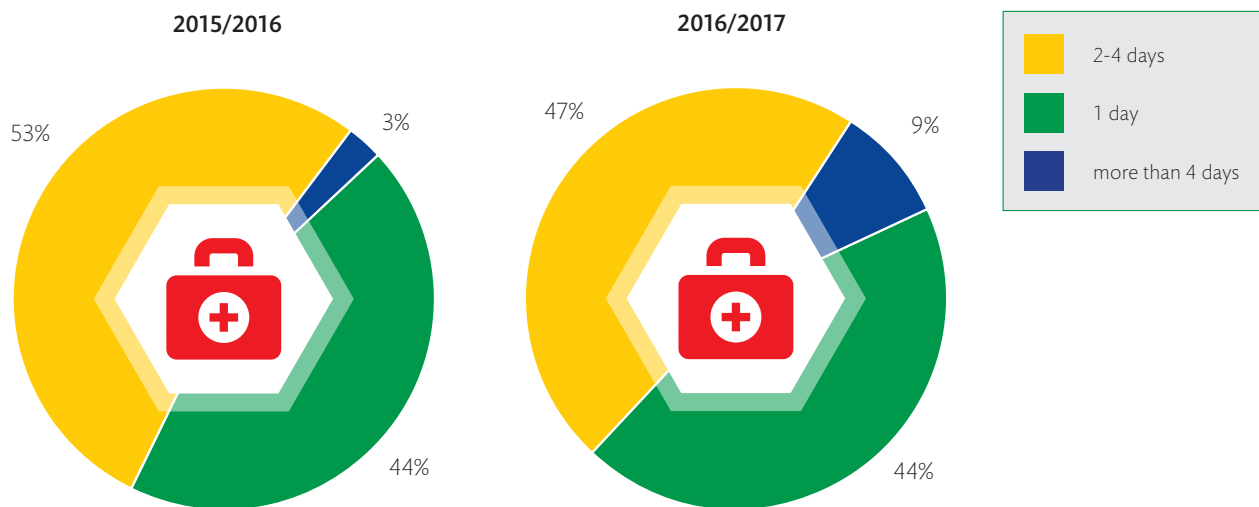
EMPLOYEE WELLNESS PROGRAMME

A safe and healthy workplace is a fundamental right. Adherence to its Health and Safety Policy ensures that Brand South Africa assumes responsibility for maintaining a productive workplace by minimising the risk of accidents, injury and exposure to health hazards.

In promoting the psychosocial wellbeing of its staff members, the organisation has an outsourced employee assistance/wellness programme that also supports immediate family members. Corporate Services also facilitates annual wellness days, at which employees can participate in health assessments and HIV voluntary testing and counselling.

Our Employee Wellness Programme offers a 24-hour telephone counselling service, and access to face-to-face professional counselling, psychologists, social workers, dietitians, biokineticists and financial and legal advisers.

Sick leave duration



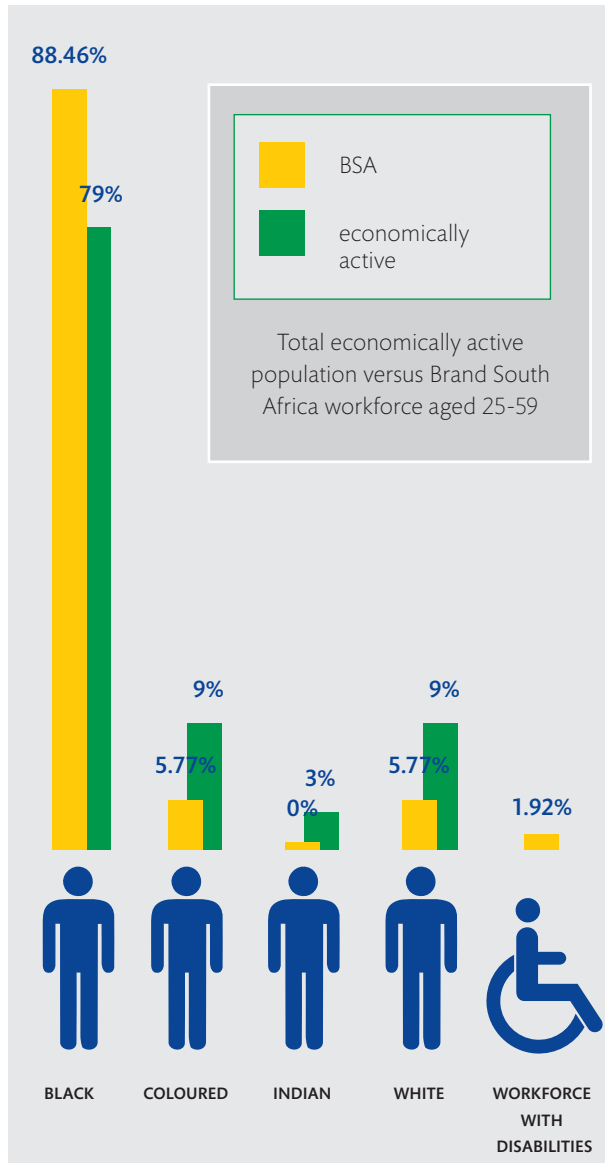
The pie charts above illustrate a slight difference, 6%, in people using two to four days of sick leave in 2016/17 compared to 2015/16. The number of people taking one day remains the same for both periods. There is a slight difference, 6%, in people taking more than four days. It is clear, then, that there was no abuse of sick leave. Brand South Africa management constantly monitors sick leave taken to avoid abuse.

Employment equity

Employment equity (EE) is a central pillar of Brand South Africa's business and talent management strategies. The entity is non-discriminatory and is committed to the code of good practice on EE. To monitor progress, Corporate Services provides quarterly updates to the Board, management and staff on implementation of the EE plan.

Brand South Africa fosters a culture of respect with zero tolerance for discriminatory behaviour. To this end, disciplinary code policy and all related policies are communicated to all employees.

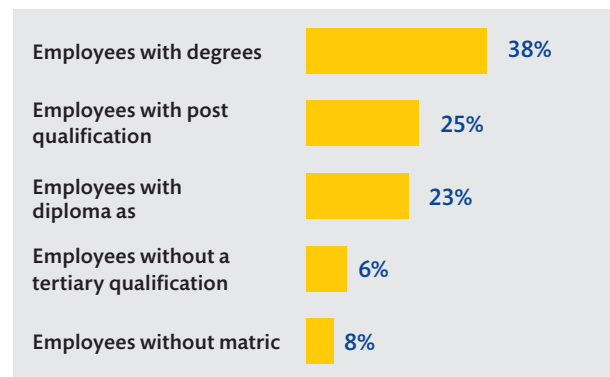
The graph on page 47 indicates how the organisation fared in terms of alignment to national demographics. Various strategies are currently being explored to source candidates from under-represented constituencies.



Qualification percentages at end-March 2017

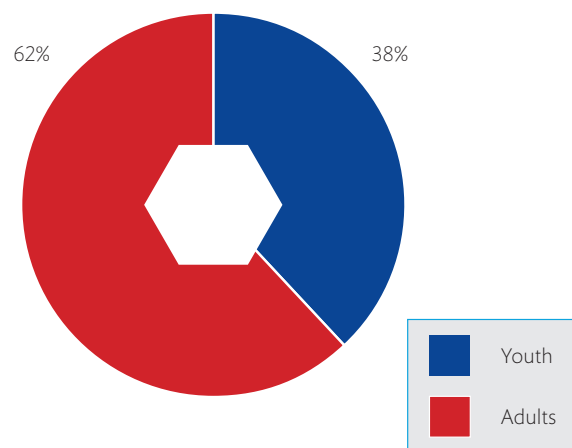
During the year under review, Brand South Africa commissioned an independent service provider to conduct a skills audit, the results of which appear on this page of the report under 'Skills development'. The survey corroborated that the organisation has a highly qualified workforce, of which 8% of them have Doctoral degrees (PhDs).

Brand South Africa Qualification Status



Age analysis as at end March 2017

The organisation supports the reduction of unemployment, especially of youth. Youth constitutes 38% of the workforce.



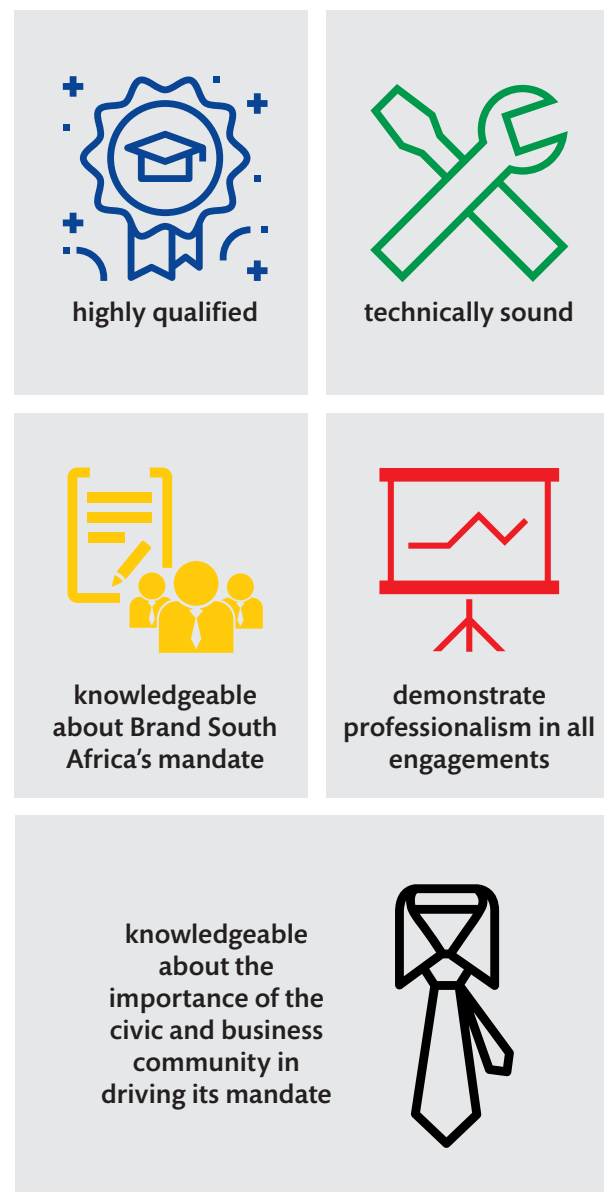
SKILLS DEVELOPMENT

Training and development of all employees are prerequisites for creating a competitive advantage and a high-performance organisation. Brand South Africa is committed to enabling its employees to achieve their full potential. Employees have the opportunity to continually develop themselves through workplace qualifications and shorter, function-specific programmes. Documented objectives and targets are submitted to the Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA) in the Workplace Skills Plan (WSP) and Annual Training Report (ATR).

The skills audit process conducted during the year involved individual interviews with employees to assess their skills levels and their aspirations for development within the organisation. A 360-degree assessment was also conducted to provide more inclusive and comprehensive insights regarding skills gaps. The primary purpose was to identify the skills and knowledge that Brand South Africa requires, while auditing the current skills and knowledge. The outcome was a skills gap analysis, which will enable the organisation to improve performance by providing the appropriate training and development to bridge identified skill gaps. In the main, however, the audit revealed that staff are highly skilled, competent and qualified.

Key findings of the skills audit

Brand South Africa staff are:



INTERNSHIPS

In line with the national effort to broaden skills development as prescribed in the Skills Development Act of 1998, Brand South Africa has a very successful internship programme that assists young South Africans with a passion for the country to make a practical contribution to the advancement of the organisation. While the experiences, insights and ambitions of these young people enrich the entity's work, the internship enhances their employability.

During the period under review, five young individuals were enrolled on the internship programme (more information is provided on page 40 of this report).

POLICY DEVELOPMENT

The Human Capital Department reviewed and updated the HR policies to ensure that they are aligned with the current labour legislation. The Board approved the following policies:

- HIV/Aids Policy
- Termination of Employment Policy
- Use of Company Assets Policy
- Disciplinary Policy
- Leave Management Policy
- Recruitment and Selection Policy
- Remuneration Policy
- Training and Development Policy

Employee relations

Nature of the case	Division	Progress/Action taken	Position
Alleged presentation of a falsified matric certificate	Marketing and Communications	Disciplinary process was cancelled, employee resigned with immediate effect on 31 January 2017	Marketing and Activation Coordinator

Reasons why staff left

Termination type	Number	% of total
Death	0	0
Resignation	5	9%
Expiry of contract	1	1.9%
Dismissal - organisational changes	0	0
Dismissal - misconduct	0	0
Dismissal - inefficiency	0	0
Discharge due to ill-health	0	0
Retirement	0	0
Total	6	11%

Injury on duty

Nature of injury	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	0	0





HEALTH, SAFETY AND ENVIRONMENT

As an office-based organisation, Brand South Africa has a limited impact on the environment. However, the office building incorporates many green features, particularly energy- and water-saving elements.

Recycling

Although activities are increasingly conducted electronically, the organisation handles tons of paper each year. Waste and redundant paper is securely shredded, reducing the landfill burden, saving water and reducing carbon emissions.

During the period under review, Brand South Africa participated in Shred-it's shredding and recycling programme.

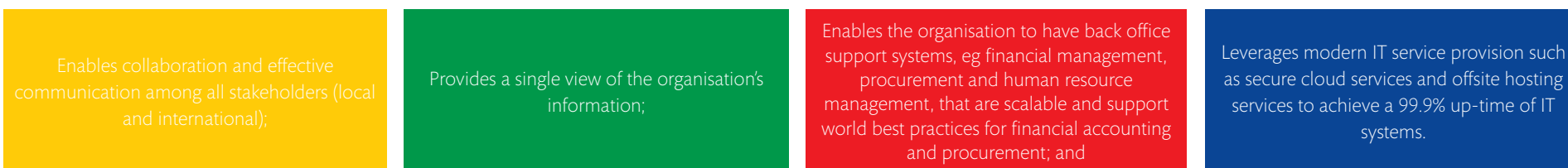
	
CERTIFICATE OF ENVIRONMENTAL ACCOMPLISHMENT	
This is to certify that BRAND SOUTH AFRICA participated in Shred-it's shredding and recycling program for	
Period Mass Shredded (kg) Trees saved L of oil - saved m3 of landfill space - freed up Kw of Energy - saved L of water - saved kg of air pollution - saved	2016 SEPTEMBER - 2017 MAY 2200 22 3226 5 9 59533 307
Comparison Trees saved How much CO2 the above trees would absorb from atmosphere How much CO2 would have been created when the paper was burnt	
1210 7517	
Shred-it congratulates staff members on the positive impact this initiative has made towards saving our environment.	
THANK YOU FOR YOUR BUSINESS.	
	

INFORMATION TECHNOLOGY

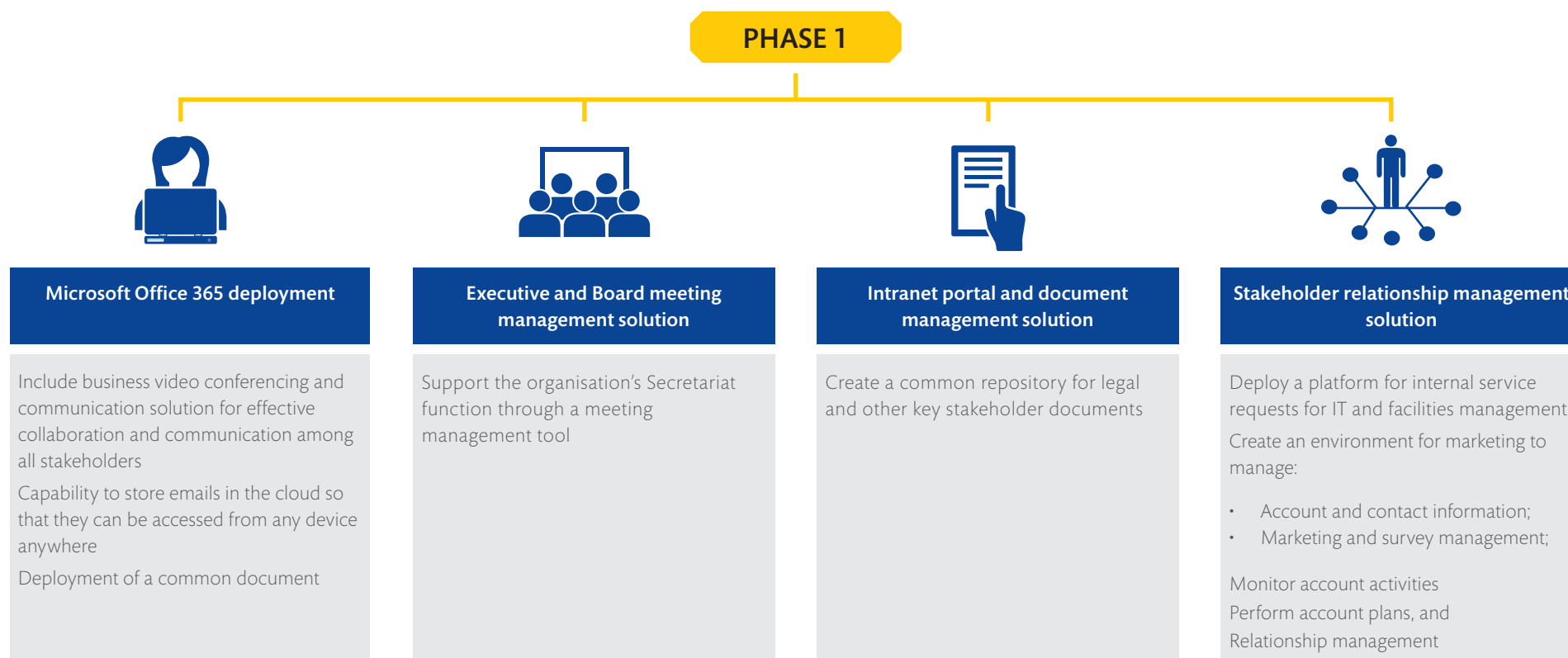
To achieve the mandate of marketing the Nation Brand, effective systems are critical to ensure agility, flexibility and quick turnaround times. Information and Communication

Technology (ICT) is a strategic partner and a need has been identified in strategic planning to modernise ICT to create a modern technology platform that:

Phase two is due to start in June 2017, with a targeted completion date of March 2018.



The first phase of the Enterprise Resource Planning (ERP) programme was completed and aligns to the organisation's strategic objectives as follows:



IT security and business continuity

The ubiquitous nature of technology has increased the threat of cyber attacks and compromised infrastructure and data security. During the period under review, no threats or intrusion attempts were reported on Brand South Africa’s physical network infrastructure. There was, however, a cyber-attack threat of Ransomware reported countrywide. Organisations needed to make sure that their information was secured and protected.

Ransomware, a type of malware that prevents or limits users from accessing their systems, forces its victims to pay ransom to restore their systems or retrieve their data. It can be downloaded by unwitting users who visit malicious or compromised websites and through emails.

The organisation ensured that all servers were updated to the latest Patch released by Microsoft to guard against Ransomware attacks. In addition, IT made sure that all computers were using the latest versions of anti-virus software. Furthermore, the internet service provider ensured that the perimeter security to the organisation’s IT environment was secured by updating the firewall services to block Ransomware attacks. Firewall reports setting out usage, bandwidth summary, blocked sites and intrusions were sent to management monthly and all services were managed and monitored through a service level agreement (SLA).

A disaster recovery performance test was conducted during the year, which included the restoration of the organisation’s IT services infrastructure. A full site simulation will be performed during the second quarter of 2017/18 at the disaster recovery site to determine that the recovery time objectives measurements of four hours is achievable in real time. All observations and recommendations will be noted and reported to executive management.

Infrastructure availability

During this period, service availability was 99.57%, meaning that all applications and services were available for use. The infrastructure is built on two clusters, each housing six virtual machines. All servers are backed up to an off-site storage service daily on weekdays. No scheduled maintenance was reported for this period.

LEGAL AND REGULATORY COMPLIANCE

Each department and individual managers are responsible for conducting Brand South Africa’s business operations according to the applicable laws, rules, codes and standards. They are supported by the following services:

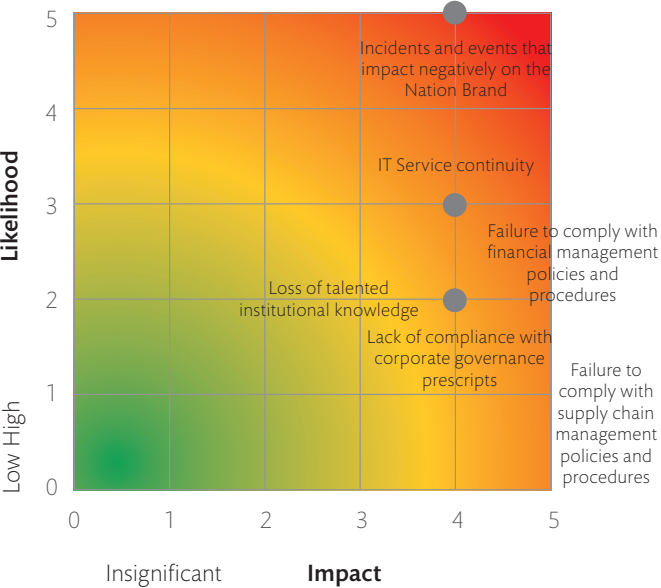
- Identifying and advising on existing, new or amended legislative and other regulatory prescripts applicable to Brand South Africa’s business;
- Facilitating legal compliance with relevant laws and regulations;
- Drafting and vetting internal policies and procedures;
- Drafting and/or vetting contractual, service level and other agreements; and
- Trademark registrations and maintenance.

FINANCIAL MANAGEMENT

Brand South Africa proudly retained its clean audit status for the second year in succession with a decreased number of findings. The audit statements are set out on page 60 to 122 There has been deliberate enforcement and adherence to strengthen internal controls environment throughout the organisation, which contributed significantly to a favourable audit outcome. The emphasis from leadership and a zero tolerance attitude to non-compliance with applicable legislation and rules, and staff’s willingness to comply have to be acknowledged and complimented.

The table below reflects the heat map of the strategic risks for the year under review:

Risk Assessment Heat Map



The incidents and events that impact negatively on the Nation Brand remains at the top right of the risk register because of their high impact and likelihood of occurrence. Brand South Africa does not have control over the public discourse that will result in an adverse impact on the Nation Brand. The best that the entity can do is to communicate good stories about the country to counter negative public narrative. The financial management system is rated moderate this year, but is envisaged to improve with the implementation of phase one of the ERP system, followed by phase two. Management is prudent in ensuring compliance to legislation due to the high risk and potential impact to the audit outcome. Operational risks registers with management action plans have been monitored through the year. These registers include financial management, supply chain management, fraud, human capital, core business, IT, governance and Board Secretariat, and legal services.

The contract with the internal auditors ends in June 2017, after a tenure of diligent service. A procurement process is underway to appoint a reputable organisation to offer these services and will be completed in the first quarter of 2017/18.

The office lease that came to an end on 31 July 2016 was extended by an additional five years ending 31 July 2021, following an appropriate procurement process. This has also contributed to uninterrupted business operations.

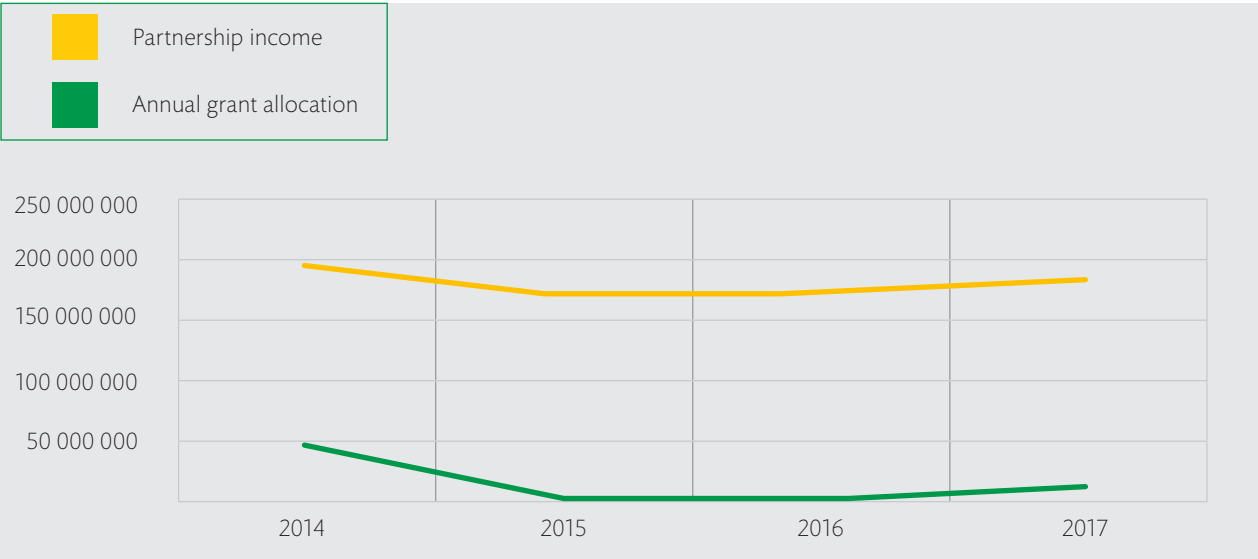
For a better understanding of the financial performance information, a reclassification from a short to long format of financial performance was adopted during the year, resulting in an additional note 22: 'Brand, communication and reputation costs' and the impacts disclosed in note 31: 'Comparative figures'.

The graph alongside shows the normalisation of the grant allocation, informed by the matured business operation needs over the years.

The reduction resulted from the hosting of the World Cup in 2010. Since the 2015 financial year, the grant has increased with annual inflation. The partnership income arises as a result of related party stakeholder engagements and events that contribute to a common national outcome.

During 2014, it was the celebration of achievement after 20 years of democracy and this financial year, it was the hosting of South African Premium Business Awards with **the dti**.

Year on year income



The current year's prepayments increased significantly during 2016/17 because of the planned proactive messaging, over six months, to quell the current challenging socio-political environment that has a potential to erode the Nation Brand equity. A different marketing strategy was adopted this year compared to previous years. An above-the-line advertising campaign was adopted because the entity wanted its messaging to reach a mass audience rather than targeted audiences. This resulted in the advertising costs disclosed in note 22.

An amount of R5.8 million is disclosed in the financial statements as work in progress under the intangible assets note 4. This pertains to the phase one ERP software that has been configured and tested, but will be deployed only in the first quarter of the new financial year. The entity is participating in two transversal contracts, namely courier services and mobile communication services.

The financial statements are set out on page 61 to 120.

CORPORATE GOVERNANCE



INTRODUCTION

Brand South Africa is a Schedule 3A public entity registered as a trust in terms of the Trust Property Control Act, Act No 57 of 1988. The Board of Trustees believes good corporate governance is key to the entity's success. It is committed to transitioning from King III and to 'applying and explaining' the relevant principles and recommended practices enunciated in the King Report on Corporate Governance in South Africa (King IV) to realise ethical culture, good performance, effective control and legitimacy.

EXECUTIVE AUTHORITY

In accordance with the Public Finance Management Act, Act No 1 of 1999 (PFMA), Minister of Communications, Ayanda Dlodlo, is the Executive Authority of Brand South Africa.

BOARD OF TRUSTEES

The Board was appointed by the Presidency, in consultation with the Executive Authority, on 12 April 2016. The Master of the High Court issued members with letters of authority on 1 June 2016 and the Board was inducted on 30 May 2016.

BOARD OF TRUSTEES



Khanyisile Kweyama,
Chairperson



Babalwa Ngonyama, Deputy
Chairperson



Thembi
Kunene-Msimang



Mpho Makwana



Kuseni Dlamini



Janine Hills



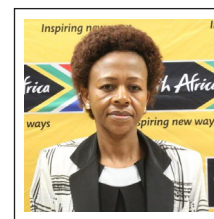
Lehlohonolo Bonoko



Muditambi Ravele



Arthur Mafokate



Given Sibiya



Rashid Lombard



Stravos Nicolaou



Geoffrey Rothschild

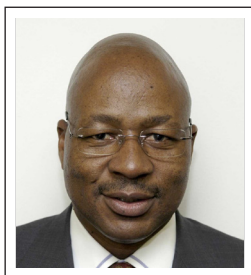


Mzimkulu Malunga



Dr Kingsley Makhubela

EXCO



Dr Kingsley Makhubela,
PhD, Chief Executive Officer



Linda Magapatona-Sangaret,
Chief Marketing Officer



Dr Jonty Tshipa,
PhD, Director: Corporate
Services



Alice Puoane,
Chief Financial Officer



Adv Sifiso S Nyoni,
Director: Governance, Legal
and Board Secretariat

In line with good corporate governance practice, all trustees are non-executive, except the CEO, who is an ex officio executive trustee. The Audit and Risk Committee (ARCO), in addition to trustees, also consists of two independent members who are not trustees.

The Board adds significant value to Brand South Africa by:

- Retaining full and effective control of the organisation;
- Determining Brand South Africa's strategy and strategic objectives;
- Determining and setting the tone for the organisation's values and principles of ethical practice;
- Bringing independent, informed and effective judgement to bear on material decisions, including policies and approval of its budget;
- Satisfying itself that Brand South Africa is governed effectively in accordance with best corporate governance practice, including risk management, internal control systems and general oversight.

BOARD CHARTER

The Board Charter provides a concise overview of:

- The segregation of the roles, functions, responsibilities and powers of the Executive Authority, Board, individual trustees, Board committees and management;
- Matters reserved for final decision-making or pre-approval by the Board; and
- The practices and procedures of the Board on matters relating to corporate governance, declarations of conflicts of interest, Board meeting documentation and procedures, as well as the induction, training and evaluation of trustees.

BOARD COMPOSITION AND APPOINTMENT OF TRUSTEES

The Board is unitary and consists of 15 trustees. The Trust Deed provides that the Board should comprise no fewer than 11 trustees, with a maximum of 15. All trustees are appointed by the President of South Africa for a three-year term.

The offices of the Chairperson and the CEO are separate and there is a clear division of responsibilities between the roles. During the year under review, Khanyisile Kweyama served as Chairperson, responsible primarily for the strategic leadership of the Board. Babalwa Ngonyama served as the Deputy Chairperson.

The CEO is supported by an Executive Committee (EXCO) consisting of the executive management team and responsible for implementing the decisions of the Board in pursuit of the organisation's mandate and objectives.

BOARD MEETINGS

The Board formally met three times during 2016/17 in accordance with its annual calendar. All Board meetings were held at Brand South Africa's head office in Houghton.

Brand South Africa Board Meetings 2016/17

Members	Meeting dates		
	20/07/ 2016	21/10/ 2016	15/02/ 2017
Khanyisile Kweyama	✓	✓	✓
Babalwa Ngonyama	✓	✓	✓
Arthur Mafokate	✓	✓	✓
Geoff Rothschild	✓	✓	✓
Given Sibiya	✓	✓	✓
Janine Hills	✓	✓	✓
Kuseni Dlamini	✓	✓	✓
Lehlohonolo Bonoko	✓	✓	✓
Mpho Makwana	✓	✓	✓
Muditambi Ravele	✓	✓	✗
Rashid Lombard	✓	✓	✓
Stavros Nicolau	✓	✓	✓
Thembi Kunene-Msimang	✓	✗	✓
Mzimkulu Malunga	✓	✓	✓

BOARD COMMITTEES

In terms of the Board Charter, the Board is mandated to form committees to help carry out its fiduciary duties.

The following Board committees were in place during the period under review:

- Audit and Risk Committee (ARCO);
- Human Capital, Remuneration and Social and Ethics Committee (HC/REM&SECO); and
- Marketing Committee (MARCO).

All Board committees comprise members of the Board. EXCO members attend meetings by invitation. Committees may seek external or independent professional advice to carry out their duties if deemed necessary. They are all chaired by non-executive trustees.

Audit and Risk Committee (ARCO)

ARCO's responsibilities include:

- Ensuring the integrity, reliability and accuracy of accounting and financial reporting systems;
- Evaluating the adequacy and effectiveness of Internal Audit and risk management;
- Maintaining transparent and appropriate relationships with external auditors;
- Reviewing the scope, quality and cost of the statutory audit, and the independence and objectivity of the auditors; and
- Ensuring compliance with applicable legislation and the requirements of regulatory authorities, especially those set out in the PFMA.

During the period under review, ARCO held four meetings as per the organisation's annual calendar. Given Sibiyi served as the Chairperson.

ARCO MEETING ATTENDANCE 2016/17

Members	Meeting dates			
	14/07/2016	18/07/2016	13/10/2016	23/01/2017
Given Sibiyi	✓	✓	✓	✓
Geoff Rothschild	✓	✓	✓	✓
Janine Hills	✓	✗	✗	✓
Muditambi Ravele	✓	✓	✗	✓
Thuli Mashanda	✓	✓	✓	✓
Luyanda Mangquku	✓	✓	✓	✓
Dikeledi Thindisa	✓	✓	✓	✓

Human Capital, Remuneration and Social and Ethics Committee (HC/REM&SECO)

The HC/REM&SECO terms of reference approved by the Board address membership, structure, authority and duties. The responsibilities of this committee include making recommendations to the Board on:

- All policy matters that affect the employer-employee relationship;
- All policy matters dealing with remuneration, recruitment, selection, appointment and the remuneration of executives;
- All policy matters that affect the mental, social and physical wellbeing of staff;
- All policy matters relating to social and ethics, as contemplated in the Companies Act, Act No 71 of 2008; and
- Approving human resource strategies and the organisational structure.

HC/REM&SECO held three meetings during the reporting period and was chaired by Stavros Nicolaou.

HC/REM&SECO MEETING ATTENDANCE 2016/17

Members	Meeting dates		
	07/07/2016	06/10/2016	02/02/2017
Stavros Nicolaou	✓	✓	✓
Mzimkulu Malunga	✓	✗	✓
Mpho Makwana	✗	✓	✓
Lehlohonolo Bonoko	✓	✓	✓
Given Sibiyi	✓	✓	✗
Kuseni Dlamini	✓	✓	✓

Marketing Committee (MARCO)

MARCO is responsible for advancing the mandate of Brand South Africa by overseeing the development and implementation of effective marketing and communications strategies. Its mandate includes:

- Reviewing the marketing policy and protocols, and recommending these to the Board for approval;
- Offering expert advice and feedback on Brand South Africa's marketing and communications activities, and resources;
- Identifying areas of marketing and communications weaknesses and recommending remedial actions;
- Advising management on serious communications issues; and
- Reviewing and recommending corporate profile policies and issues relating to Brand South Africa's branding.

During the period, MARCO was chaired by Mpho Makwana and held three meetings.

MARCO MEETING ATTENDANCE 2016/17

Members	Meeting dates		
	13/07/ 2016	06/10/ 2016	02/02/ 2017
Mpho Makwana	✓	✓	✓
Thembi Kunene-Msimang	✓	✗	✓
Arthur Mafokate	✓	✓	✓
Janine Hills	✓	✓	✓
Muditambi Ravele	✓	✓	✗
Rashid Lombard	✓	✓	✓
Mzimkulu Malunga	✗	✓	✓

BOARD EVALUATIONS

As recommended by the King Report on Corporate Governance, Board committee evaluations were conducted by an independent evaluator towards the end of the financial year, with a view to improving Board performance. King IV, which comes into operation in April 2017, recommends that Board evaluations be conducted at least once in two years.

BOARD REMUNERATION

Trustees were not remunerated for their services, which has been the case since the Trust was created.

RISK MANAGEMENT

Risks relating to the business of Brand South Africa are managed in accordance with the PFMA, as amended. The Risk Management Strategy and Risk Materiality Framework ensure that all risks are kept at a manageable level.

FRAUD AND UNETHICAL CONDUCT

Brand South Africa's Whistle-blowing Policy encourages employees to report any acts of fraud, dishonesty and any other form of unethical behaviour in accordance with the Protected Disclosures Act, No 26 of 2000 and the Companies Act, Act No 71 of 2008. A 24-hour hotline is in place and employees are constantly encouraged to use the hotline and assured that they will not suffer victimisation or reprisals for having reported any matter in good faith.

AVOIDING CONFLICTS OF INTEREST

Trustees have a duty to disclose their personal interests in any of the items on the agenda at Board meetings. Declaration of conflicts of interests remained a standing agenda item throughout the year. In addition, Trustees are required to submit annual declarations of interests.

CODE OF CONDUCT

Trustees remain committed to achieving high standards of business integrity and ethics across all of the organisation's activities. The Board has a code of conduct that sets out the conduct expected of trustees, how to deal with dissent, how to manage conflicts of interests, expected disclosures and the management of external appointments.

BOARD SECRETARY

The Director: Governance, Legal and Board Secretariat serves as the Board Secretary and is responsible for ensuring the proper conduct of Board meetings. The Board Secretary provides support and guidance to the Board on governance, legislation, compliance and ethics. His function includes the preparation and circulation of Board papers and minutes of meetings, ensuring that the Board and its committees are provided with feedback. He is also responsible for making trustees aware of laws and legislation relevant to or affecting the organisation, and ensuring the proper maintenance of Brand South Africa's important records.

In addition, the Board Secretary has certain statutory duties in terms of the Companies Act, Act No 71 of 2008, and other regulations. The Chairperson and all trustees have unrestricted access to the services of the Board Secretary.

The Board Secretary also ensures that Brand South Africa's processes and practices are reviewed and benchmarked on an ongoing basis to ensure compliance with local and international governance standards.

GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The primary object of the trust is to develop and implement proactive and coordinated marketing, communications and reputation management strategies for South Africa. The ultimate aim is to make a contribution towards economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa.

Trustees

Khanyisile Kweyama
Babalwa Ngonyama
Thembi Kunene-Msimang
Mpho Makwana
Kuseni Dlamini
Janine Hills
Lehlohonolo Bonoko
Muditambi Ravele
Arthur Mafokate
Given Sibiya
Rashid Lombard
Stravos Nicolaou
Geoffrey Rothschild
Mzimkulu Malunga
Kingsley Makhubela

Registered office

103 Central Street Houghton Johannesburg 2041

Business address

103 Central Street Houghton Johannesburg 2041

Postal address

PO Box 87168 Houghton 2198

Executive Authority

Minister of Communications

Bankers

Nedbank Limited

Auditors

Auditor-General South Africa

Trust registration number

IT1986/02

ANNUAL FINANCIAL STATEMENTS



THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE FINANCIAL STATEMENTS PRESENTED TO THE PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

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Responsibilities and Approval of the Board of Trustees

for the year ended 31 March 2017

The Trustees are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Trustees to ensure that the financial statements fairly present the state of affairs of Brand South Africa 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 financial statements and will be given unrestricted access to all financial records and related data.

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

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

The Trustees acknowledge that they are ultimately responsible for the system of internal controls established by the entity and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, management sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities and authority within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing

and monitoring all known forms of risk across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Trustees have reviewed the entity's cash flow forecast for the year to 31 March 2017, through the approval of the Strategic and Annual Plan, and in the light of this review and the current financial position, they have put measures in place to ensure that the Trust can continue to operate in the foreseeable future.

Brand South Africa reports to the Department of Communications (DoC). The entity is wholly dependent on DoC for continued funding of its operations. The financial statements are prepared on the basis that Brand South Africa is a going concern and that DoC has neither the intention nor the need to liquidate or curtail materially the scale of Brand South Africa's operations.

The financial statements set out on pages 69 to 120, which have been prepared on the going concern basis, were approved by the Chairperson of the Board on 31 July 2017 and were signed by:



Khanyisile Kweyama
Chairperson of the Board

Report of the Audit and Risk Committee

for the year ended 31 March 2017

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

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The Audit and Risk 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.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by Brand South Africa over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the management of Brand South Africa during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General report;
- reviewed the Auditor-General of South Africa's management report and management's response thereto; and
- reviewed Brand South Africa's compliance with legal and regulatory provisions;

The Audit and Risk Committee concurs with and accepts the Auditor-General of South Africa's report on the financial statements, and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

INTERNAL AUDIT

The Audit and Risk Committee is satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to Brand South Africa and its audits.



Given Sibiyi
Chairperson of the Audit and Risk Committee
18 August 2017

Report of the Auditor General to Parliament on Brand South Africa Trust

for the year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Brand South Africa Trust set out on pages 64 to 120 which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Brand South Africa Trust as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

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

Emphasis of 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 31 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the entity at, and for the year ended 31 March 2017.

Responsibilities of the Accounting Authority for the financial statements

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA and for such internal control as the Accounting Authority determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the Accounting Authority is responsible for assessing the Brand South Africa Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either intends to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity.

I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2: Brand marketing and reputation management	126 – 132
Programme 3: Stakeholder relationships	133 – 134

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

OTHER MATTERS

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on page(s) 121 to 134; for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the conclusions expressed on the usefulness and reliability of the reported performance information in paragraphs 14 to 16 of this report.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

21. The Brand South Africa Trust Accounting Authority is responsible for the other information. The other information compromises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor - General

Johannesburg
31 July 2017



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 programmes and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of trustees, which constitutes the Accounting Authority.
 - conclude on the appropriateness of the board of trustees, which constitutes the Accounting Authority’s use of the going concern basis of accounting in the preparation of

the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Brand South Africa Trust’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a public entity to cease to continue as a going concern.

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

Communication with those charged with governance

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

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

Report of the Board of Trustees

for the year ended 31 March 2017

The trustees submit their report for the year ended 31 March 2017.

1. REVIEW OF ACTIVITIES

Main business and operations

The primary object of the Trust is to develop and implement proactive and co-ordinated marketing, communications and reputation management strategies for South Africa. The ultimate aim is to make a contribution towards economic growth, job creation, poverty alleviation and social cohesion by encouraging local and foreign investment, tourism and trade through the promotion of Brand South Africa.

In line with the object of the Trust, its mandate is to build South Africa's nation brand reputation in order to improve South Africa's global competitiveness. This would be achieved through the following:

- Develop and articulate a national South African brand identity that will advance South African's long-term positive reputation and global competitiveness.
- Seek to build and develop individual and institutional alignment to and support for the brand in South Africa, and pride and patriotism amongst South Africans.
- Seek to build awareness and the image of the brand in other countries.
- Seek the involvement and co-operation amongst various government departments, public entities, the private sector, the non-governmental sector and civil society in achieving this object.
- Do whatever the Board considers necessary to achieve the primary objective of the Trust.
- Brand South Africa seeks the cooperation of government departments, public entities, the private sector and the non-governmental sector.

Brand South Africa's Board of Trustees was appointed by the President with the recommendation of the Minister in the Presidency. The Minister of Communications is the Executive Authority and the Board of Trustees is the Accounting Authority of Brand South Africa. Brand South Africa is funded through the Department of communications.

The operating results and state of affairs of the entity are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. GOING CONCERN

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.

3. SUBSEQUENT EVENTS

The trustees are aware of events arising since the end of the financial year as detailed in note 35 to these financial statements.

4. GOVERNANCE AND COMPLIANCE

General

The Board of Trustees retains full control of Brand South Africa's plans and strategy and acknowledges its responsibilities to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally. The Board of Trustees is a unitary structure comprising non-executive board members, all of whom are independent except for the Chief Executive Officer.

The Board of Trustees is committed to the prevailing King Report on Corporate Governance for South Africa and complies with the Protocol on Corporate Governance for State enterprises, the Public Finance Management Act and the Treasury Regulations (2005 as amended). There are various Board sub-committees that have been established to assist the Board in effectively and efficiently executing its mandate. To assist the organisation to comply with these obligations, a Memorandum of Agreement was entered into between the Executive Authority and Brand South Africa.

The Audit and Risk Committee Charter was updated to reflect King IV principles. As part of the regulatory framework of the Memorandum of Agreement, a number of complementary and supporting documents were revised to enhance governance, namely the Delegation of Authority, Strategic and Business Plans, Auditor General's Plan, Internal Audit Strategic Plan, Quarterly Management Reports, Board Charter, Board Committee Charters, Internal Audit Charter, PFMA and Corporate Governance Checklist, and Conflict of Interest Policy. In addition, a Materiality and Significance Framework was approved in the financial year under review. Through this process stakeholders may derive assurance that Brand South Africa is being adequately managed.

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent director (as defined by King III). The Board and its committees held meetings and performed their fiduciary responsibilities in line with the PFMA. The Board of Trustees, under the ultimate responsibility of the Chairman, created sufficient space to maintain a continuous overview of organisational effectiveness, organisational efficiency, Board performance and Board conformance.

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unlimited powers of discretion. The Chief Executive Officer attends meetings of the Board, Marketing Committee, Human Resources, Remuneration and Ethics Committee and the Audit and Risk Committee of Brand South Africa and reports on the activities of Brand South Africa. The Chief Executive Officer is responsible for ensuring that strategies and decisions of the Board are implemented through the daily business activities.

Audit and Risk Committee

For the period under review, the Chairperson of the Audit and Risk Committee was Ms. Given Sibiyi. The committee met four (4) times during the financial year to review matters necessary to fulfil its role.

5. INTERNAL CONTROL SYSTEMS AND PROCEDURES

To meet its responsibility with respect to providing reliable financial information, Brand South Africa maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority and the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal. These transactions are properly authorised and recorded.

The Audit and Risk Committee and the Board held all their scheduled meetings for the year. All documents that were tabled for approval were approved and implemented by the management team. There were no material deficiencies identified in the internal controls in this financial year.

6. RISK MANAGEMENT

A risk management workshop will be held in September 2017, wherein emerging strategic risks will be identified and their inherent risk and residual risk ratings assessed. The existing

risks were the responsibility of the management, while the Board was accountable for ensuring that management had an effective risk management system in place to mitigate the risk exposure. The Risk Management Plan was used to implement the Internal Audit Plan and the Strategic Plan.

7. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

The commitments, contingencies and legal proceedings of Brand South Africa are attached in the notes 27 and 28 to the financial statements.

8. FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

There was no fruitless and wasteful and irregular expenditure incurred under the year under review. A balance brought forward from financial year 2014/2015 amounting to R79,055.00 was condoned by the Board of Trustees 28 July 2017.

9. FINANCIAL MANAGEMENT

Brand South Africa only received funds allocated in line with the Medium Term Expenditure Framework (MTEF) and nothing additional during the two years. The baseline funding from the Department of Communication was R181,186,000.00 (2016: R173,160,000.00) resulting in an increase of 4.64%.

Total partnership income increased significantly to R4,485,149.00 (2016: R149,140.00) as the entity focused on fostering collaborations with related parties with similar objectives. Another significant increase is seen in the current year's prepayments of R18,780,086.00 (2016: R1,096,230.00) as a result of an urgent need to address the challenging socio-economic environment with positive and cohesive Nation Brand messaging.

The quarterly management reports were submitted to the Department of Communication before funds were transferred to Brand South Africa as agreed. On 12 July 2017, Brand South

Africa was granted permission to retain the surplus funds for the year ending 31 March 2017.

10. CHANGES TO THE BUSINESS PLAN

During the period under review, there were no changes to the business plan.



Khanyisile Kweyama
Chairperson of the Board

Statement of Financial Position

for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 R '000
Assets			
Current Assets			
Prepayments	9	18,780,086	1,096,230
Receivables from exchange transactions	10	616,200	532,234
Cash and cash equivalents	11	22,575,021	21,113,735
Total Current Assets		41,971,307	22,742,199
Non-Current Assets			
Property, plant and equipment	3	4,652,383	3,528,584
Intangible assets	4	6,873,660	19,090
Heritage assets	5	170,556	170,556
Deposits	6	1,113,811	871,558
Operating lease asset	7	110,550	20,991
Total Non-Current Assets		12,920,960	4,610,779
Total Assets		54,892,267	27,352,978
Liabilities			
Current Liabilities			
Finance lease - obligation	12	63,000	180,003
Operating lease - liability	7	488,961	76,505
Payables from exchange transactions	14	7,263,671	6,155,086
Provisions - salary related	13	7,924,630	6,680,468
Total Current Liabilities		15,740,262	13,092,062
Non-Current Liabilities			
Finance lease - obligation	12	-	43,691
Total Liabilities		15,740,262	13,135,753
Net Assets			
Accumulated surplus		39,152,005	14,217,225

Statement of Financial Performance

for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 R '000 Restated
Revenue			
Other income	16	196,937	82,786
Partnership income	16	4,485,108	149,140
Interest received - investment	17	1,739,113	672,992
Government grants and subsidies	15	181,186,000	173,160,000
Total revenue		187,607,158	174,064,918
Expenditure			
Employee related costs	18	57,965,701	52,401,025
Brand Communication and Reputation costs	22	84,609,513	73,895,805
Depreciation and amortisation		1,312,573	1,421,766
Finance costs	19	12,456	204,683
Lease rentals on operating lease		4,787,844	4,047,287
Debt impairment	20	-	797,840
Repairs and maintenance	25	301,428	178,558
General expenses	21	13,509,431	17,160,865
Total expenditure		162,498,946	150,107,829
Operating surplus	24	25,108,212	23,957,089
Gain on sale of property, plant and equipment	24	33,669	-
Gain/(Capital loss) on Foreign Exchange	24	(133,982)	(593,231)
Loss on disposal of assets		(73,119)	(14,912)
		(173,432)	(608,143)
Surplus for the year		24,934,780	23,348,946

Statement of Changes in Net Assets

for the year ended 31 March 2017

	Accumulated surplus	Total net assets
Balance at 01 April 2015	(9,131,721)	(9,131,721)
Changes in net assets		
Surplus for the year	23,348,946	23,348,946
Total changes	23,348,946	23,348,946
Balance at 01 April 2016	14,217,225	14,217,225
Changes in net assets		
Surplus for the year	24,934,780	24,934,780
Total changes	24,934,780	24,934,780
Balance at 31 March 2017	39,152,005	39,152,005

Cash Flow Statement

for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 R '000
Cash flows from operating activities			
Receipts			
Grants		181,186,000	173,160,000
Investment income		1,629,772	672,992
Other receipts		4,629,191	1,403,860
Total receipts		187,444,963	175,236,852
Payments			
Employee costs		(57,606,334)	(47,872,355)
Suppliers		(118,523,140)	(109,710,320)
Total payments		(176,129,474)	(157,582,675)
Net cash flows from operating activities	26	11,315,489	17,654,177
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,375,125)	(1,766,766)
Purchase of other intangible assets	4	(6,989,036)	(26,950)
Purchases of heritage assets	5	-	(37,000)
Deposits paid		(281,925)	(101,848)
Net cash out flows from investing activities		(9,646,086)	(1,932,564)
Cash flows from financing activities			
Finance lease payments		(195,662)	(232,220)
Finance costs		(12,455)	(31,094)
Net cash out flows from financing activities		(208,117)	(263,314)
Net increase (decrease) in cash and cash equivalents		1,461,286	15,458,299
Cash and cash equivalents at the beginning of the year		21,113,735	5,655,436
Cash and cash equivalents at the end of year	11	22,575,021	21,113,735

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2017

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	196,937	196,937	
Partnership income	-	-	-	4,485,108	4,485,108	
Interest received - investment	-	-	-	1,739,113	1,739,113	
Total revenue from exchange transactions	-	-	-	6,421,158	6,421,158	
Revenue from non-exchange (186,000)						
Transfer revenue	181,186,000	-	181,186,000	181,186,000	-	
Government grants and subsidies						
Total revenue	181,186,000	-	181,186,000	187,607,158	6,421,158	
Expenditure						
Personnel costs	(60,920,999)	-	(60,920,999)	(57,965,701)	2,955,298	(i)
Brand Communication and Reputation costs	(98,758,000)	-	(98,758,000)	(84,609,513)	14,148,487	(ii)
Depreciation and amortisation	(1,500,000)	-	(1,500,000)	(1,312,573)	187,427	
Finance costs	(48,000)	-	(48,000)	(12,456)	35,544	
Lease rentals on operating lease	(4,500,000)	-	(4,500,000)	(4,787,844)	(287,844)	
Repairs and maintenance	(186,000)	-	(186,000)	(301,428)	(115,428)	
General expenses	(15,273,001)	-	(15,273,001)	(13,509,431)	1,763,570	(iii)
Total expenditure	(181,186,000)	-	(181,186,000)	(162,498,946)	18,687,054	
Operating surplus	-	-	-	25,108,212	25,108,212	
Gain on sale of property, plant and equipment		-	-	33,669	33,669	
Loss on foreign exchange	-	-	-	(133,982)	(133,982)	
Loss on disposal of assets	-	-	-	(73,119)	(73,119)	
	-	-	-	(173,432)	(173,432)	
Surplus	-	-	-	24,934,780	24,934,780	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	24,934,780	24,934,780	

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2017

- (i) The savings for personnel cost is due to the funded posts of Country Manager for Brazil, India being frozen in the current year subject to the completion of due diligence in the respective markets furthermore, the funded position of the Chief Internal Auditor which was subsequently cancelled.
- (ii) The current year's communication expenditure includes prior year commitments (note 27) met. The savings on personnel costs were due to the freezing of the funded posts of country managers for Brazil and India pending the completion of due diligence reports. The cancellation of the position of chief internal auditor. and excludes prepaid media partnership of R17,7m included in note 9.
- (iii) The current year's general expenses also include the paid prior year commitments as reflected in note 27.

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 and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, is disclosed below. These accounting policies are consistent with the previous period

1.1 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.

1.2 Significant Judgements and Sources of Estimation Uncertainty

In preparing these financial statements, management made estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables

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

The impairment for trade receivables is calculated on an individual basis, based on historical performance, adjusted for specific current economic conditions and other indicators present at the reporting date that correlate with defaults on the debtor.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. These are based on estimated fair values and or value in use for each asset or group of assets. This is based on estimated fair values and or value in use for each asset or group of assets

Provisions

In all provisions raised, management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 13 - Provisions.

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment as well as intangible assets. Management adjusts the depreciation charge where useful lives are different from previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, Plant and Equipment

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

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

Accounting Policies (continued)

1.3 Property, Plant and Equipment (continued)

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where

the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Members	Depreciation method	Average useful life
Leasehold improvements	Straight line	3 - 8 years
Furniture and fixtures	Straight line	10 - 17 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 - 13 years
IT equipment	Straight line	3 - 10 years
Finance leased office equipment	Straight line	3 years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from

Accounting Policies (continued)

1.3 Property, Plant and Equipment (continued)

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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.4 Intangible Assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research is recognised as an expense when it is incurred.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Useful life
Computer software	3-5 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is included in the Statement of Financial Performance.

1.5 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses. Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Accounting Policies (continued)

1.5 Heritage assets (continued)

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

The entity will separately disclose expenditure to repair and maintain heritage assets in the notes to the financial statements as they arise.

The entity will disclose relevant information relating to assets under construction or development, in the notes to the financial statements as they arise.

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

The entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The entity derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from their use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in the Statement of Finance Performance when the item is derecognised.

1.6 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.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Accounting Policies (continued)

1.6 Financial Instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability 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, Brand South Africa estimates cash flows considering all actual terms of the financial instrument but does 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, 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, Brand South Africa uses the contractual cash flows over the full contractual term of the financial instrument.

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 Brand South Africa.

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 Brand South Africa.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

- Brand South Africa designates at fair value at initial recognition; or
- are held for trading.

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

Classification

Brand South Africa has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost

Brand South Africa has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Accounting Policies (continued)

1.6 Financial Instruments (continued)

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost

Initial recognition

Brand South Africa 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.

Brand South Africa recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

Brand South Africa measures all financial assets and financial liabilities after initial recognition using the following categories:

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus

or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

Brand South Africa assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is

measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

Brand South Africa derecognises financial assets using trade date accounting. Brand South Africa derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Accounting Policies (continued)

1.6 Financial Instruments (continued)

If Brand South Africa transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because Brand South Africa has retained substantially all the risks and rewards of ownership of the transferred asset, Brand South Africa continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, Brand South Africa recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability, nor the revenue, and the associated expenses are offset.

Financial liabilities

Brand South Africa removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability can only be offset and the net amount presented in the Statement of Financial Position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Tax

Tax expenses

Brand South Africa is exempt from taxation by the South African Revenue Service (SARS) in terms of Section 10(1)(ca)(1) of the Income Tax 58 of 1962 as amended.

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.

Accounting Policies (continued)

1.8 Leases (continued)

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 Brand South Africa's incremental borrowing rate.

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

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

Operating leases - lessor

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in Statement of Financial Performance.

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 Prepayments

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

Subsequently prepayments are measured at the lower of cost and net realisable value.

Prepayments are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

The cost of prepayments of items comprises of costs of purchase, costs of conversion and other costs incurred in bringing the prepayments to their present location and condition. delete this sentence

The cost of prepayments of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of prepayments is assigned using the formula. The same cost formula is used for all prepayments having a similar nature and use to the entity.

When prepayments are sold, the carrying amounts of those prepayments 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 prepayments to net realisable value or current replacement cost and all losses of prepayments are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of prepayments, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of prepayments recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of Cash-Generating Assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Brand South Africa does not possess cash-generating assets.

Accounting Policies (continued)

1.11 Employee Benefits

Employee benefits are all forms of consideration given by Brand South Africa in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of Brand South Africa, if the proceeds of the policy can be used only to pay or fund employee benefits and are not available to Brand South Africa's own creditors (even in liquidation) and cannot be paid to Brand South Africa, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to Brand South Africa to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- Brand South Africa's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide

post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 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 absence (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 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 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to Brand South Africa during a reporting period, Brand South Africa recognises the undiscounted amount of short-term employee benefits

expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, Brand South Africa recognises that excess as an asset (prepaid expense) to the extent that the pre-payment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

Accounting Policies (continued)

1.11 Employee Benefits (continued)

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

Post-employment benefits:

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which Brand South Africa pays fixed contributions into a separate entity 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 Brand South Africa during a reporting period, Brand South Africa 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, Brand South Africa 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.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting

period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Termination benefits

Brand South Africa recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Brand South Africa is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the

time value of money are consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and Contingencies

Provisions are recognised when:

- Brand South Africa 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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the benefit.

Accounting Policies (continued)

1.12 Provisions and Contingencies (continued)

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. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

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

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

Brand South Africa recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by Brand South Africa for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and Brand South Africa considers that an outflow of economic resources is probable, Brand South Africa recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.13 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 are non-cancellable or only cancellable at significant cost; and
- Contracts relate to something other than the routine, steady, state business of Brand South Africa.

1.14 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 Brand South Africa receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

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

Measurement

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

Accounting Policies (continued)

1.15 Revenue from Non-Exchange Transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Brand South Africa either receives value from another entity without directly giving approximately equal value in exchange, or gives

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by Brand South Africa.

When, as a result of a non-exchange transaction, Brand South Africa recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.16 Investment Income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 Borrowing Costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies (continued)

1.18 Translation of Foreign Currencies

Foreign currency transactions

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

At each reporting date:

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

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

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

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

1.19 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.

1.20 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 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 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

1.21 Segment Information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

Accounting Policies (continued)

1.21 Segment Information (continued)

- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's Financial Statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most

consistent with those used in measuring the corresponding amounts in the entity's Financial Statements.

1.22 Budget Information

Brand South Africa is subject to budgetary limits in the form of appropriations or budget authorisation, which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Brand South Africa provides information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 April 2016 to 31 March 2017.

The Financial Statements and the budget are on the same basis of accounting—therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

The Statement of Comparative and Actual Information has been included in the Financial Statements as the recommended disclosure when the Financial Statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.23 Related Parties

Brand South Africa operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government

are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of Brand South Africa, including those charged with the governance of Brand South Africa 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 Brand South Africa.

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

1.24 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).

Brand South Africa adjusts the amount recognised in the Financial Statements to reflect adjusting events after the reporting date once the event occurred.

Brand South Africa discloses 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.

Notes to the Financial Statements

for the year ended 31 March 2017

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and Interpretations Issued, but Not Yet Effective

Brand South Africa has not applied the following standards and interpretations, which have been published and are mandatory for Brand South Africa's accounting periods beginning on or after 01 April 2017 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that Brand South Africa's Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It also requires that an entity that prepares and presents Financial Statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on

Consolidated and Separate Financial Statements. This standard also applies to individual Financial Statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's financial statements.

Notes to the Financial Statements

for the year ended 31 March 2017

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers definitions, identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the Standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the Standard will have a material impact on the entity's financial statements.

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Accounting Standards Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards. Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below: General definitions: The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The entity expects to adopt the Standard for the first time in the 2018 financial statements.

It is unlikely that the Standard will have a material impact on the entity's Financial Statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	2017 Accumulated depreciation	Carrying value	Cost	2016 Accumulated depreciation	Carrying value
Leasehold improvements	1,297,252	(518,178)	779,074	907,130	(520,604)	386,526
Furniture and fixtures	1,841,724	(808,479)	1,033,245	1,755,203	(838,007)	917,196
Motor vehicles	1,055,976	(154,043)	901,933	619,256	(233,567)	385,689
Office equipment	1,691,704	(1,082,050)	609,654	1,354,639	(979,706)	374,933
IT equipment	2,778,330	(1,514,725)	1,263,605	2,895,735	(1,630,929)	1,264,806
Finance leased office equipment	694,231	(629,359)	64,872	659,263	(459,829)	199,434
Total	9,359,217	(4,706,834)	4,652,383	8,191,226	(4,662,642)	3,528,584

Reconciliation of property, plant and equipment - March 2017

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Leasehold improvements	386,526	390,122	-	(7,217)	9,643	779,074
Furniture and fixtures	917,196	162,679	(33,297)	-	(13,333)	1,033,245
Motor vehicles	385,689	681,720	-	-	(165,476)	901,933
Office equipment	374,933	337,064	-	-	(102,343)	609,654
IT equipment	1,264,806	768,572	(39,922)	-	(729,851)	1,263,605
Finance leased office equipment	199,434	34,968	-	7,218	(176,748)	64,872
	3,528,584	2,375,125	(73,219)	1	(1,178,108)	4,652,383

Notes to the Financial Statements

for the year ended 31 March 2017

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - March 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	626,666	50,691	-	(290,831)	386,526
Furniture and fixtures	779,680	301,565	-	(164,049)	917,196
Motor vehicles	57,167	374,255	-	(45,733)	385,689
Office equipment	552,112	50,488	-	(227,667)	374,933
IT equipment	746,152	989,767	(14,912)	(456,201)	1,264,806
Finance leased office equipment	409,390	-	-	(209,956)	199,434
	3,171,167	1,766,766	(14,912)	(1,394,437)	3,528,584

Insurance proceeds received for replacement of lost IT equipment are included in operating surplus.

	2017 R '000	2016 R '000
IT equipment	42,017	17,990
Office equipment subject to finance lease (Net carrying amount)		
Office equipment	64,872	199,434

Finance leases comprise PABX telephone system whose contract has ended on 30 September 2016 and Biometric security system with contract ending 31 August 2017 respectively. The PABX contract is currently on the month to month basis due to the application of National Treasury instruction note regarding participation in PABX transversal contract.

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

IT equipment	-	816,423
Furniture and fixtures	-	18,472
Office equipment	-	94,840
	-	929,735

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2017 R '000	2016 R '000
Property, plant and equipment fully depreciated and still in use (Number)		
IT equipment	-	146
Furniture and fixtures	-	175
Office equipment	355	34
	-	355

- (i) Fully depreciated assets under both motor vehicle and IT equipment have been disposed of through sale and scrapping.
- (ii) Unused and irreparable items of furniture, mostly with zero carrying value, have been scrapped off and earmarked for transfer to Correctional Services.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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4. INTANGIBLE ASSETS

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	3,225,935	(2,184,259)	1,041,676	2,068,883	(2,049,793)	19,090
Tangible assets - WIP	5,831,984	-	5,831,984	-	-	-
Total	9,057,919	(2,184,259)	6,873,660	2,068,883	(2,049,793)	19,090

Reconciliation of intangible assets - March 2017

	Opening balance	Additions	Amortisation	Total
Computer software	19,090	1,157,052	(134,466)	1,041,676
Intangible assets - WIP	-	5,831,984	-	5,831,984
	19,090	6,989,036	(134,466)	6,873,660

Reconciliation of intangible assets - March 2016

	Opening balance	Additions	Amortisation	Total
Computer software	19,469	26,950	(27,329)	19,090
Intangible assets in the process of being constructed or developed				
Intangible assets				
Intangible assets under development-ERP system			5,831,984	-

The intangible assets recorded as work in progress refers to the ERP system that was implemented during the year under review. The progress of the implementation is within the timelines of the project plan. The testing and configuration stage has been completed. The ERP system is expected to be launched in the beginning of the 2017/18 financial year.

	2017 R '000	2016 R '000
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4. INTANGIBLE ASSETS (CONTINUED)

Other information

Fully amortised intangible assets still in use (Gross carrying amount)

2,041,933 2,041,933

The fully amortised software currently in use has no indication of impairment because the entity continues to maintain the applications through annual licence fees. Management did not extend the useful lives as the newly developed ERP system will be replacing some of the software during the beginning of the new financial period.

Fully amortised intangible assets still in use (number)

- 40

The first phase of the ERP has been developed, tested and will be deployed in the latter part of quarter 1 of 2017/2018. As soon as the deployment is effected some of the existing software will be rendered obsolete and written off.

5. HERITAGE ASSETS

	2017			2016		
	Cost/ valuation	Accumulated impairment losses	Carrying value	Cost	Accumulated amortisation	Carrying value
Art collections	170,556	-	170,556	170,556	-	170,556

Reconciliation of heritage assets - March 2017

	Opening balance	Total
Art collections	170,556	170,556

Reconciliation of heritage assets - March 2016

	Opening balance	Additions	Total
Art collections	133,556	37,000	170,556

Notes to the Financial Statements

for the year ended 31 March 2017

	2017	2016
	R '000	R '000

6. DEPOSITS

At amortised cost

Deposits paid on leased property - opening balance	871,558	697,584
Exchange gains/losses on deposit denominated in foreign currencies	(117,902)	14,038
Interest earned	78,230	74,528
Deposit paid - current year	281,925	85,408
	1,113,811	871,558

Non-current assets

At amortised cost	1,113,811	871,558
Financial assets pledged as collateral		
Collateral		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities.	1,113,811	871,558

The deposits paid were for the following office buildings:

* Head Office situated at 103 Central Street, Houghton for an additional five-year lease ending 31 July 2021.

* China office situated at China World Tower in Beijing with a lease ending 31 March 2017. However an additional three months were added until 30 June 2017.

These contracts are carried at amortised cost and have been discounted at 10.5% (2016: 9%). There are no other significant terms and conditions associated with the use of collateral.

7. OPERATING LEASE ASSET (ACCRUAL)

Current assets	110,550	20,991
Current liabilities	(488,961)	(76,505)
	(378,411)	(55,514)

Operating lease assets and liabilities arise from straight-lining of payments under operating leases.

	2017	2016
	R '000	R '000

8. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of Brand South Africa to provide retirement benefits to all its permanent employees. Brand South Africa operates a defined contribution provident fund, which is subject to the Pensions Fund Act for this purpose. The Fund is administered by Sanlam as an Umbrella Fund because of its size. Under the current arrangements both the employee and employer contribute 7.5% of retirement funding, with the employer funding the operating costs over and above the retirement contributions.

Brand South Africa is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans

Total number of employees participating in the plan

3,302,177	2,783,755
51	47

9. PRE-PAYMENTS

Copier machines

Computer software

Media partnerships

Insurance

Subscriptions

-	15,320
657,395	342,218
17,765,138	337,774
74,561	109,471
282,992	291,447
18,780,086	1,096,230

Prepayments relate to goods and/or services that have been paid for in advance, as per contract terms, at the end of the reporting period which will be delivered during 2017/2018. During the year under review Brand South Africa focused on an advertising campaign in order to promote the country positively both domestically and internationally. In addition to the positioning of the country's competitiveness, the entity also amplified the constitutional awareness campaign locally in order to instil pride and patriotism among South Africans.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables (i)	177,500	140,849
Income accrued	159,089	127,978
Staff debt	124,375	162,233
Other receivables (ii)	155,236	101,174
	616,200	532,234

(i) An amount of R666,531 that was raised in 2016/2017 as a provision for doubtful debts was reversed and the same amount written off as bad debts in the year under review.

(ii) Other receivables reflected above are adjusted with an impairment allowance of R175,644.

Trade and other receivables past due

Trade and other receivables which are fewer than three months overdue are not considered for impairment.

As at 31 March 2017, an amount of R666,531, which was previously provided for as impaired, was written off as irrecoverable.

The ageing of trade receivables is as follows:

Total carrying amounts of trade receivables	807,380	807,380
Total carrying amounts of trade receivables		
Less: Written off	(666,531)	-
Less: Impairment	-	(666,531)
Additions	42,500	-
Less debts cleared	(5,849)	-
	177,500	140,849
Closing balance	-	-

	2017 R '000	2016 R '000
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10. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing receivables - March 2017

	Current	30 days	60 days	> 90 days	Total
Trade receivables	-	-	-	177,500	177,500

Ageing receivables - March 2016

	Current	30 days	90 days	> 90 days	Total
Trade receivables	3,454	136,857	-	667,069	807,380

Receivables impaired

The ageing of the trade receivables impaired is as follows:

Over 6 months	-	666,531
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Reconciliation of provision for impairment of trade receivables

Opening balance	666,531	-
Provision for impairment	-	666,531
Amounts written off as irrecoverable	(666,531)	-
	-	666,531

Reconciliation of provision for impairment of other receivables

Opening balance	175,644	316,678
Provision for impairment	-	10,000
Amounts written off as irrecoverable	-	(151,034)
	175,644	175,644

The creation and release of provision for impaired receivables have been included in operating expenses note. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of receivables above. Brand South Africa does not hold any collateral as security.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances

Cash on hand

22,569,156	21,107,870
5,865	5,865
22,575,021	21,113,735

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit rating

Nedbank - BBB

22,569,156	21,107,870
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12. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year

- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

64,851	190,997
-	44,878
64,851	235,875
(1,851)	(12,181)
63,000	223,694

Present value of minimum lease payments due

- within one year

- in second to fifth year inclusive

63,000	180,003
-	43,691
63,000	223,694

Non-current liabilities

Current liabilities

-	43,691
63,000	180,003
63,000	223,694

12. FINANCE LEASE OBLIGATION (CONTINUED)

It is Brand South Africa's policy to lease certain office equipment under finance leases.

The average lease term was three years and the average effective borrowing rate was 9% (2016: 9%). The agreements do not have renewal options and Brand South Africa does not have the option of taking ownership at the end of the lease.

Interest rates were fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Brand South Africa's obligations under finance leases for the PABX telephone systems and Biometric system are secured by the lessor's charge over the leased assets. Refer note 3.

13. PROVISIONS

Reconciliation of provisions - March 2017

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Salary and related expense provision (Leave)	1,451,791	3,628,961	(3,373,287)	-	1,707,465
Salary and related expense provision (Bonus)	3,360,285	6,003,924	(3,104,244)	(42,800)	6,217,165
Notch increase provision	1,868,392	-	(1,245,525)	(622,867)	-
	6,680,468	9,632,885	(7,723,056)	(665,667)	7,924,630

The leave provision relates to employees' accumulated leave at the end of March 2017. The provision is based on assumption that employees will utilise as per leave policy

The provision for bonus and notch increase relates to the performance achievements of the employees during the previous financial year.

Reconciliation of provisions - March 2016 (Restated)

	Opening balance	Additions	Utilised during the year	Total
Salary and related expense provision (Leave)	1,021,619	2,481,948	(2,051,776)	1,451,791
Salary and related expense provision (Bonus)	-	3,360,285	-	3,360,285
Professional fees provision	2,970,000	-	(2,970,000)	-
Other provisions	-	1,868,392	-	1,868,392
	3,991,619	7,710,625	(5,021,776)	6,680,468

The leave provision relates to employees' accumulated leave at year end. The provision is based on assumption that employees will commute leave on demand and on resignation.

The bonus provision relates to Brand South Africa's best estimate for performance related bonus payment at year end. The performance bonuses have been determined using the Brand South Africa's performance bonus policy.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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14. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	5,170,047	2,452,058
Salary related payables	527,809	1,412,605
Accrued operating expenses	1,565,815	2,290,423
Total	7,263,671	6,155,086

The salary related payables reduced significantly because the SARS payment was made before 31 March 2017.

Ageing of trade payables

Current	4,785,782	2,451,908
30 Days	384,264	100
	-	50
	5,170,046	2,452,058

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Government grant	181,186,000	173,160,000
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16. OTHER INCOME

Other income	196,937	82,786
Partnership income - related parties	4,485,108	149,140
	4,682,045	231,926

Partnership income increased significantly from the previous year due to a collaboration with a related party, **the dti** to host South African Premier Business Awards.

	2017	2016
	R '000	R '000

17. INVESTMENT INCOME

Interest revenue

Cash and bank deposits	1,660,883	598,464
Financial instruments held at amortised cost	78,230	74,528
	1,739,113	672,992

The total interest income earned by Brand South Africa is from both current and call accounts at an average interest rate of 5.25% per annum (March 2016: 5.25%) as well as interest earned from financial instruments carried at amortised cost whose average interest is 9% (2016: 9%) as disclosed in note 6.

18. EMPLOYEE RELATED COSTS

Basic	41,315,482	38,130,130
Bonus	6,619,421	5,483,865
Medical aid - company contributions	621,030	611,562
Unemployed Insurance Fund - UIF	95,859	83,822
Skills development levy - SDL	439,590	346,882
Defined contribution plans	3,302,177	2,784,738
Overtime payments	116,605	54,151
Acting allowances	149,502	120,532
Travel allowance	274,000	528,000
Cost of living allowance - COLA	5,032,035	4,257,343
	57,965,701	52,401,025

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
18. EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of Chief Financial Officer (Acted as CEO from 1 April 2015 to 31 July 2015) - A Puoane		
Annual remuneration	1,877,588	1,493,490
Performance bonuses	240,409	291,404
Contributions to UIF, medical and pension funds	94,566	184,293
Cellphone allowance	40,679	40,679
Reimbursive expenses	13,235	20,683
Acting allowance	24,284	285,687
	2,290,761	2,316,236
Remuneration of Director: Governance, Legal & Secretariat - SS Nyoni		
Annual remuneration	1,451,948	1,356,045
Cellphone allowance	40,678	40,678
Performance bonuses	218,553	182,128
Contributions to UIF, medical and pension funds	133,498	167,106
Reimbursed expenses	6,048	1,590
	1,850,725	1,747,547
Remuneration of Chief Executive Officer - L Makhubela (appointed 1 August 2015)		
Annual remuneration	3,202,850	1,963,446
Cellphone allowance	40,679	27,119
Performance bonuses	356,802	-
Contributions to UIF, medical and pension funds	172,783	40,068
Reimbursed expenses	166,715	29,384
	3,939,829	2,060,017

	2017 R '000	2016 R '000
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18. EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of Chief Marketing Officer - L Sangaret (appointed 1 January 2016)

Annual remuneration	1,860,465	465,116
Contributions to UIF, medical and pension funds	141,320	50,106
Reimbursed expenses	45,079	2,602
	2,046,864	517,824

Remuneration of Director: Corporate Services - J Tshipa (appointed 1 May 2015)

Annual remuneration	1,543,157	1,115,603
Travel allowance	-	155,000
Performance bonuses	262,264	316,838
Contributions to UIF, medical and pension funds	59,632	125,204
Reimbursed expenses	2,787	3,399
Cellphone allowance	40,678	37,288
	1,908,518	1,753,332

19. FINANCE COSTS

Interest expense	12,456	204,683
Finance costs for prior year included R150 278 interest paid for late payment of suppliers.		

20. DEBT IMPAIRMENT

Debt impairment	-	797,840
Impairment relates to certain other receivables whose recoverability is unlikely.		

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
21. GENERAL EXPENSES		
Advertising	16,443	21,514
Auditors remuneration	2,139,804	2,831,547
Bank charges	142,882	130,708
Computer expenses	1,185,064	1,848,298
Consulting and professional fees - Other (i)	3,040,794	2,511,348
Consulting and professional fees - Legal fees (ii)	185,184	1,170,939
Consumables	279,314	268,690
Courier & delivery expenses	31,303	435
Insurance	116,856	204,701
Conferences and seminars	23,936	118,890
Motor vehicle expenses	60,843	96,554
Placement fees	630,554	1,362,479
Printing and stationery	337,810	450,113
Security	90,198	87,539
Staff welfare	164,344	214,365
Subscriptions and membership fees	204,695	192,391
Telephone and fax	1,188,447	1,269,464
Staff training and development	487,366	774,995
Travel and subsistence -domestic	733,147	1,497,505
Travel and subsistence -overseas (iii)	1,022,580	316,756
Assets expensed	4,892	49,738
Water and electricity	747,589	896,613
Other operating expenses	29,076	182,001
Removal and storage costs	85,258	121,408
Audit and Risk Committee remuneration	111,921	145,559
Venue expenses	449,131	396,315
	13,509,431	17,160,865

	2017	2016
	R '000	R '000

21. GENERAL EXPENSES (CONTINUED)

- (i) All the consultancy fees incurred during the year under review were meant to augment for the specialised skills and stopgap measure services required as a result of vacancies.
- (ii) In the previous year legal consultancy fees were sourced to assist the entity with the foreign markets office registration
- (iii) Travel costs as a result of the country managers attending planning session strategy at the head office.

22. BRAND, COMMUNICATION AND REPUTATION COSTS

Travel and subsistence - overseas	3,841,331	4,540,231
Research fees	4,743,058	4,713,802
Branding and collateral	2,461,599	5,777,256
Travel and subsistence - local	3,689,817	1,571,638
Media buy (i)	22,502,921	8,864,919
Agency - digital management (ii)	11,286,773	8,022,497
Agency - public relations (iii)	1,322,138	995,999
Agency - media monitoring	881,800	10,024,670
Subscription and membership fees (iv)	1,293,694	2,009,779
Activation fees - domestic and international activities (v)	32,586,382	27,375,014
	84,609,513	73,895,805

- (i) The entity changed the focus in communicating its messaging through various advertising platforms as opposed to prior year which was more focused on community engagements. Advertising is generally more expensive, thus the increase in the expenses.
- (ii) The increase in digital management cost is indicative of the increased number of users of the entity's website.
- (iii) A PR agency was procured on a retainer basis in the previous year. This was subsequently reviewed and the new supplier, contracted early in 2018/2018 will be appointed on a project basis.
- (iv) Subscriptions are mainly for World Economic Forum. In the previous year a membership fee for two officials was paid, whilst in the current year payment was made for only one official.
- (v) Activation fees include the execution of the domestic flagship programme Play Your Part, participation in international platforms (WEF, BRICS, GSA, etc) and engagements with stakeholders.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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23. AUDITORS' REMUNERATION

External audit	1,191,325	1,814,576
Internal audit	948,479	1,016,971
	2,139,804	2,831,547
External auditors' remuneration		
Current year fees	1,191,325	1,474,593
Planning for the following year	-	339,983
	1,191,325	1,814,576
Internal auditors' remuneration		
Current year fees	684,030	558,883
Prior year fees	-	112,141
Special requests	264,449	345,947
	948,479	1,016,971

24. OPERATING SURPLUS

Operating surplus for the year is stated after accounting for the following:

Operating lease charges: Premises

- Contractual amounts: Equipment
- Contractual amounts

	4,412,416	3,786,381
	375,428	260,906
	4,787,844	4,047,287
Gain on sale of property, plant and equipment	33,669	-
Loss on exchange differences	133,982	593,231
Loss on disposal of property, plant and equipment	73,119	14,912
Amortisation on intangible assets	134,466	27,329
Depreciation on property, plant and equipment	1,178,107	1,394,437
Employee costs	57,965,701	52,401,025

	2017	2016
	R '000	R '000

25. REPAIRS AND MAINTENANCE

Repairs and maintenance	301,428	178,558
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There were major electrical repairs carried out in the Houghton offices during the year under review in preparation for air conditioners maintenance. During the last quarter of the year another significant amount was incurred for website maintenance.

26. CASH GENERATED FROM OPERATIONS

Surplus	24,934,780	23,348,946
Adjustments for:		
Depreciation and amortisation	1,312,573	1,421,766
Gain on sale property, plant and equipment	(33,669)	-
Loss on disposal of assets	73,119	14,912
Finance costs - Finance leases	12,456	204,683
Impairment of receivables	-	797,840
Movements in operating lease assets and accruals	322,897	(169,179)
Movements in provisions	1,244,162	2,688,849
Other non-cash items	108,409	(245,711)
Changes in working capital:		
Prepayments	(17,683,856)	1,301,171
Receivables from exchange transactions	(83,966)	654,441
Payables from exchange transactions	1,108,584	(12,363,541)
	11,315,489	17,654,177

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
27. COMMITMENTS		
Authorised and approved expenditure		
Already contracted for and provided for		
- ERP implementation	5,891,428	5,831,983
- Property, plant and equipment	-	884,034
- Media partnership	1,597,460	637,840
- IT disaster recovery	-	465,804
- Standard operating procedures	-	481,399
- Marketing collateral	-	1,710
- Website redesign	-	1,116,060
- International investor perceptions	6,406,675	1,783,153
- Organisational culture survey	-	186,240
- Professional services	13,448	-
- Audit services	280,275	-
- Catering services	4,850	-
- Travel	33,225	-
	14,227,361	11,388,223
Total capital commitments		
Already contracted for but not provided for	14,227,361	11,388,223

	2017 R '000	2016 R '000
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27. COMMITMENTS (CONTINUED)

Operating leases - as lessee (expense)

Minimum lease payments due - Buildings

- within one year

3,654,696

1,860,907

- in second to fifth year inclusive

13,376,443

-

17,031,139

1,860,907

Minimum lease payments due - Equipment

- within one year

-

128,585

Operating lease payments represent rentals payable by Brand South Africa for its office space located at 103 Central Street Houghton and Beijing, China World Tower for buildings and three copier machines for equipment. The current lease expired on the 31 July 2016 for the Houghton office and will expire on 31 March 2017 for the Beijing office with a renewal option. The lease for the building for the Houghton office was renewed for a further five years on the 1 August 2016 to 31 August 2021. The lease for copier machines expired at the end of September 2016. No contingent rent is payable.

28. CONTINGENCIES

Management is not aware of any pending material litigation or claims made against the entity that would involve financial exposure including costs and disbursements.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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29. RELATED PARTIES

Related party

Department of Communications

South African Broadcasting Corporation

The Government Printing Works

Department of International Relations

National Treasury

Government Communication and Information System (GCIS)

The Presidency

Department of Trade and Industry

Economic Development Department

Department of Mineral Resources

CSIR

Council for GeoScience

Executive Authority - current

Entity controlled by a related party

Entity controlled by a related party

Strategic partner on trade-related activities

Strategic partner on trade-related activities

Entity controlled by a related party

Executive Authority - prior

Strategic partner on trade-related activities

Strategic partner on trade-related activities

Strategic partner on trade-related activities

Entity controlled by a related party

Entity controlled by a related party

Transactions with all the related parties are at arm's length. The amounts outstanding are unsecured, interest free and repayable within thirty days.

Related parties

Amounts included in trade receivables regarding related parties

Department of Trade and Industry - Opening balance	373,912	373,912
Debt written off	(373,912)	-
National Treasury	135,000	135,000
CSIR - Opening balance	292,618	-
Debt written off	(292,618)	292,618
SABC	20,000	-
Proudly South African	7,500	-
	162,500	801,530

	2017 R '000	2016 R '000
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29. RELATED PARTIES (CONTINUED)

Amounts included in other receivables

SABC	165,644	165,644
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Related party transactions

Payments to related parties

Department of International Relations	-	1,483,165
The Government Printing Works	8,474	906

8,474	1,484,071
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Amounts included in the partnership income regarding related parties

Department of Trade and Industry	3,685,108	-
The Presidency	-	14,140
National Treasury	-	135,000

30. INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

2017

Luyanda Mangquku
Nomagugu Mtetwa (Resigned 01 June 2016)
Thuli Mashanda

Committees fees	Total
39,000	39,000
5,000	5,000
67,921	67,921
111,921	111,921

2016

Luyanda Mangquku
Davison Dyiwa
Nomagugu Mtetwa
Thuli Mashanda

Committees fees	Total
39,000	39,000
50,050	50,050
17,100	17,100
39,409	39,409
145,559	145,559

Notes to the Financial Statements

for the year ended 31 March 2017

31. COMPARATIVE FIGURES

In the current financial year, the Statement of Financial Performance was amended from a short to long format for fairer presentation resulting in additional disclosure items and distilling the core activities expenditure from the general expenses classification. This resulted in restated prior year figures. Furthermore the movement, in the provision for leave was also restated to reflect the fairer presentation of leave utilised during the prior year financial year.

The effects of the reclassification are as follows:

Statement of Financial Position - extract

Leave addition

Leave utilised

Total

Comparative figures previously reported	Reclassification	After reclassification
511,453	1,970,495	2,481,948
(81,281)	(1,970,495)	(2,051,776)
430,172	-	430,172

Statement of Financial Performance - extract

General expenses

Brand communication and reputation costs

Total

Comparative figures previously reported	Reclassification	After reclassification
91,056,670	(73,895,805)	17,160,865
-	73,895,805	73,895,805
91,056,670	-	91,056,670

32. RISK MANAGEMENT

Financial risk management

Brand South Africa's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Brand South Africa's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The Financial Management process identifies, evaluates and hedges financial risks in close co-operation with Brand South Africa's operating units. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Brand South Africa's risk to liquidity is a result of the funds available to cover future commitments. Brand South Africa manages liquidity risk through an ongoing review of future commitments.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. Brand South Africa deposits cash only in a major bank bank with high quality credit standing.

Trade receivables are concentrated around a few major government departments. These are assessed to be high quality as they usually pay up their accounts within thirty days of invoicing.

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

Financial instrument	2017	2016
Nedbank call account	14,066,000	15,566,000
Nedbank current account	8,503,156	5,541,870
Receivables from exchange transactions	135,000	807,380

Nedbank Limited was downgraded from BBB- to BB+ by Fitch rating agency on 11 April 2017.

Market risk

Interest rate risk

Brand South Africa's income and operating cash flows are largely independent of changes in market interest rates even though it generates investment revenue from excess cash deposited in the call account.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
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32. RISK MANAGEMENT (CONTINUED)

Foreign exchange risk

Brand South Africa operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Chinese Yuan Renminbi (CNY), Swiss Franc (CHF) and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency exposure at Statement of Financial Position date

Liabilities

Current, USD 6,723 (2016 : USD 96,936)	90,113	1,457,508
Current, GBP 6,240 (2016 : GBP 13,200)	104,436	285,655
Current, CHF 9,748 (2016:115,526)	163,154	1,799,956
Current,CNY 29,098 (2016:9,350)	56,592	21,739

Exchange rates used for conversion of foreign items were:

USD	12.9748	15,0358
GBP	16.1580	21,6406
CHF	13.0082	15,5805
CNY	1.88271	2,32504
EUR	13.9293	17,0134

Reviews its foreign currency exposure, including commitments on an ongoing basis.

33. CHANGES IN ACCOUNTING ESTIMATE

At the end of the financial year the following assets' estimated useful lives were reviewed resulting in the decrease in the current year's depreciation and an increase in the carrying amount for the remaining useful life, as follows:

Depreciation for the year less:

Office equipment - extended from 5 years to 13 years

Furniture - extended from 10 years to 17 years

Fixtures and fittings - extended from 10 years to 17 years

1,823,664

133,928

161,316

350,312

Net depreciation after review

1,178,108

34. GOING CONCERN

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.

Brand South Africa is expected to continue operating as a going concern. There are no indications from the Executive Authority that the approved grant allocation, for the financial year 2017/2018, will be stopped.

35. EVENTS AFTER THE REPORTING DATE

Since the downgrading of the country on the 31 March 2017 the strength of the Rand was adversely impacted resulting in the entity paying its foreign creditors a higher foreign exchange rate.

Subsequent to the country's downgrading the major banks were also downgraded on 11 April 2017.

Notes to the Financial Statements

for the year ended 31 March 2017

	2017 R '000	2016 R '000
36. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	-	1,857,596
Add: Fruitless and wasteful expenditure-current	-	150,278
Less: Amounts recovered	-	(2,007,874)
Less: Amounts condoned	-	-

37. FRUITLESS AND WASTEFUL EXPENDITURE DETAILS

SARS penalties and interest	-	150,278
Condoned	-	(150,278)
	-	-

Prior year fruitless expenditure interest was as a result of late payment penalties from SARS which was later condoned by the Board of Trustees in July 2015. During that period the entity was faced with cash constraint.

38. IRREGULAR EXPENDITURE

Opening balance	79,065	10,817,850
Add: Irregular expenditure - current year	-	-
Less: Amounts condoned	(79,065)	(10,738,785)
	-	79,065

During a Board meeting held on the 28 July 2017, management tabled a request to have the final installment of 2014/2015 irregular expenditure condoned. These arose as a result of non-application of quotations sourcing on four transactions amounting to R79,065.00. The Board, upon deliberations, approved the condonation.

39. SEGMENT INFORMATION GENERAL INFORMATION IDENTIFICATION OF SEGMENTS

Brand South Africa is organised and reports to management on geographic basis: South Africa, China, USA and UK. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes. Information reported about these segments is used by management as a basis for evaluating the segment performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of services by segment

All four segments perform administrative, communication, reputation and brand management services.

Segment surplus or deficit, assets and liabilities

2017

	South Africa	China	USA	UK	Total
Revenue					
Revenue from non-exchange transactions	181,186,000	-	-	-	181,186,000
Revenue from exchange transactions	4,682,045	-	-	-	4,682,045
Interest revenue	1,739,113	-	-	-	1,739,113
Gain on sale property, plant and equipment	33,669	-	-	-	33,669
Total segment revenue	187,640,827	-	-	-	187,640,827
Entity's revenue					187,640,827
Expenditure					
Salaries and wages	52,063,835	1,269,522	2,635,135	1,997,209	57,965,701
Other expenses	100,378,066	1,577,465	1,926,316	846,043	104,727,890
Total segment expenditure	152,441,901	2,846,987	4,561,451	2,843,252	162,693,591
Total segmental surplus/(deficit)					24,947,236
Interest expense					12,456
Assets					
Segment assets	54,892,267	-	-	-	54,892,267
Total assets as per Statement of Financial Position					54,892,267
Liabilities					
Segment liabilities	15,740,262	-	-	-	15,740,262
Total liabilities as per Statement of Financial Position					15,740,262
Other information					
Capital expenditure	9,364,161				

Notes to the Financial Statements

for the year ended 31 March 2017

39. SEGMENT INFORMATION GENERAL INFORMATION IDENTIFICATION OF SEGMENTS (CONTINUED)

2016

Revenue	South Africa	China	USA	UK	Total
Revenue from non-exchange transactions	173,160,000	-	-	-	173,160,000
Revenue from exchange transactions	231,926	-	-	-	231,926
Interest revenue	672,992	-	-	-	672,992
Total segment revenue	174,064,918	-	-	-	174,064,918
Entity's revenue					174,064,918
Expenditure					
Salaries and wages	46,318,183	1,825,500	2,158,504	2,098,838	52,401,025
Other expenses	89,473,656	3,456,120	1,913,716	3,266,772	98,110,264
Total segment expenditure	135,791,839	5,281,620	4,072,220	5,365,610	150,511,289
Total segmental surplus/(deficit)					23,553,629
Interest expense					39,290
Assets					
Segment assets	27,352,978	-	-	-	27,352,978
Total assets as per Statement of Financial Position					27,352,978
Liabilities					
Segment liabilities	16,059,338	-	-	-	16,059,338
Total liabilities as per Statement of Financial Position					16,059,338
Other information					
Capital expenditure	1,766,766				

Note: During the period under review, there were no changes to the business plan.

PERFORMANCE RESULTS



PROGRAMME 1: ADMINISTRATION

Strategy: to ensure a high-performance organisation boasting the capabilities needed to deliver locally and globally

Key Result Area	Performance Indicators/Outcome Measures	Baseline 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
1.1 A business case to secure funding	Diversified income streams	None	1.1.1 A business case approved by the Board	Target not met	Changes to the business plan	<p>The target was removed from the business plan during the mid-term review.</p> <p>Reason: The organisation engages in partnerships as a matter of course and does not necessarily have to diversify its revenue stream</p>	
1.2 Effective and efficient financial management	Compliance report from Internal Audit and Auditor General.	Submitted 2015/16 financial reports to Auditor General and Treasury timeously	1.2.1 Compliant and timeous submission of Board-approved quarterly financial management reports	Target met			

Key Result Area	Performance Indicators/Outcome Measures	Baseline 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review
1.3 Effective and efficient financial management	A 1% budget variance as per materiality framework	Budget variance as per materiality framework	1.3.1 A 1% budget variance as per materiality framework	Target not met	Informed by the outcome of the research perception study and country's socio-economic climate, the entity concluded a significant media partnership contract to position the country positively over a longer period. Services overlapped to 2017/18, resulting in prepayments of R17.7m. Furthermore, timelines shifted in some projects.	
	Creditors paid within 30 days of invoicing	Pay creditors within 30 days of invoicing	1.3.2 Creditors paid within 30 days of invoicing	Target met		
	GRAP compliance/ fixed asset register	100% compliant fixed asset register	1.3.3 Service maintenance and asset register document	Target met		The target was reviewed following the recommendation from the Internal Auditor to make it more SMART. Old target was 100% compliant to GRAP/ fixed asset register. The new target, approved by the Board, is: Fixed asset register to comply with GRAP standards.
	Maintain liquidity ratio of at least 1:2=0.5.	0.43.	1.3.4 Maintain liquidity ratio of at least 1:2=0.5.	Target met		
1.4 An effective supply chain management.	A compliant SCM unit.	Quarterly submission of SCM report to the Board	1.4.1 Delivery of goods and services as per approved procurement plan.	Target met		
	Discretionary Procurement spend report	None	1.4.2 Compliance with national procurement targets	Target met		
1.5 Risk management as per PFMA and King III	Implemented action plans	Quarterly review of risk register	1.5.1 Strategic risk register reviewed quarterly to mitigate risks	Target met		

Key Result Area	Performance Indicators/Outcome Measures	Baseline 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review
1.6 Compliance to statutory requirements - Five-year Strategic Plan, APP, quarterly management report and Annual Report submitted to Executive Authority as per Treasury guidelines	Tabling of the Strategic Plan, APP, Business Plan and Annual Report	A Board-approved 2016/21 five-year Strategic Plan, Annual Report and APP 2015/16 submitted to the Executive Authority as per Treasury guidelines.	1.6.1 Timely submission of statutory documents. First, second and final Strategic Plan and APP submitted timeously. 2015/16 Annual Report submitted timeously	Target met		
1.7 Implement structure, and appoint and retain right people in right jobs in accordance with the national demographics	Vacancy rate (excluding organisational design OD) phase-in positions.	12% vacancy rate (excluding OD phase-in positions).	1.7.1 10% Vacancy rate.	Target met		
1.8 Medium-Term Expenditure Framework (MTEF) Human Resource Plan implemented	MTEF Human Resource Plan approved by Board.	None.	1.8.1 Human Resource Plan approved by Board.	Target met		
1.9 Human Resource Development Strategy implemented	Human Resource Development Strategy implemented	None.	1.9.1 WSP approved and submitted to MICTSETA.	Target met		
1.10 Regularise foreign offices	Applications for establishment of foreign offices in US, UK, China, India and Brazil submitted	None	1.10.1 Submit an application for establishment of four foreign offices	Target met	Submissions for applications for China market not finalised.	Brand South Africa is currently operational in 3 markets which are USA, UK and China. The target was revised to reflect the 3 markets instead of 5. Therefore the new target as approved by the Board during mid-term review is: Submit an application for establishment of three foreign offices.

Key Result Area	Performance Indicators/Outcome Measures	Baseline 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review
1.11 An integrated resource planning system	A single view of all applications and systems	None	1.11.1 33% Implementation of ERP single-view solution	Target met		<p>The target was revised due to budgetary constraints. Implementation will be based on mission critical areas and will be staggered over 3 years, budget permitting.</p> <p>Therefore the new target as approved by the Board during mid-term review is: implement 41% of Phase 1 of the Enterprise Resource Plan (ERP) single view solution (41% in terms of budget).</p>
1.12 Business continuity	Establishment of a disaster recovery (DR) site	None	1.12.1 Identify and acquire a DR site that supports Business Continuity Plan	Target met		
1.13 Corporate governance	Quarterly Board and committee meetings	Four Board and committee meetings held per annum	1.13.1 Four quorate board meetings held per annum	Target met		
	Board and committee evaluation	Annual Board and committee evaluation	1.13.2 Training and annual assessments of Board members	Target met		
1.14 Corporate governance	Induction of all board members	All new members inducted	1.14.1 Induction of all new Board members	Target met		
1.15 Legal compliance	A fully legally compliant organisation	Regulatory compliance checklist	1.15.1 100% legal compliance	Target met		

Key Result Area	Performance Indicators/Outcome Measures	Baseline 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
1.16 Provide corporate legal services	All existing contracts vetted by legal to ensure SLAs are in place – an update report of all vetted contracts	Vetted contracts and SLA in place	1.16.1 Drafted and/or vetted and filed contracts and SLAs	Target met			
1.17 Management of trademarks and pay off line registration	Manage all Brand South Africa trademarks	Registration in 43 countries	1.17.1 Registration in 60 countries.	Target not met	<p>To date, registration of the pay-off line has taken place in 44 of the 60 jurisdictions.</p> <p>While applications for certain registrations have been lodged or declined, and appeals lodged in other cases, the overall registration process is painstakingly slow and entirely dependent on the timelines determined by the registration authorities in the various jurisdictions. Therefore, the pace of the registration process is beyond management's control.</p>		
1.18 Litigation/alternative dispute resolution management	Percentage/number of successful litigation actions brought against Brand South Africa	There has been no litigation	1.18.1 100% percent successful defence /prevention of successful litigation against Brand South Africa	Target met			

PROGRAMME 2: BRAND MARKETING AND REPUTATION MANAGEMENT

Strategy: to improve reputation, perceptions and awareness of the Nation Brand among targeted audiences

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
2.1 An integrated programme to drive domestic pride, active citizenship and social cohesion.	Pride index Social cohesion index Active citizenship index	Play Your Part activations in nine provinces.	2.1.1 Implement integrated domestic programme (Play Your Part, Constitution awareness) in nine provinces	Target met		Target was revised to make it more relevant. The word 'drive' has been replaced with the word 'contribute' Therefore, the new target approved by the Board during the mid-term review is: An integrated programme to contribute towards pride of the Nation Brand, active citizenship and social cohesion	
	Pride index Social cohesion index Active citizenship index		2.1.2 Grow and enhance Play Your Part ambassador programme provincially	Target met			
2.3 Promotion of the country's pay-off line	Awareness of 'Inspiring new ways'	Online positioning advert flighted on digital platforms	2.3.1 Flight the positioning advert ('Inspiring new ways') on digital platforms.	Target met			

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
Celebrate national days of significance	Increased website traffic and engagement rate on Brand South Africa digital platforms	Leverage days of significance through own and key stakeholder programmes	2.3.2 Implement a digital campaign to drive national pride	Target met		Programmes are carried out for national days of significance to be 'positioned' instead of being 'celebrated'. The word 'Celebrate' was replaced by the word 'Positioning'. Therefore, the key result area approved by the Board during the mid-term review is: Positioning days of national significance to contribute towards pride in and a positive reputation for the Nation Brand	
	Number of schools reached		2.3.3 Introduce the reading of the preamble of the Constitution in schools on the first Monday of each month in targeted schools in provinces	Target not met	The target was amended to incorporate the broader deliverable that is required by Outcome 14 (to promote the Constitution with schools and to the broader public). This amendment was approved by the Department of Planning, Monitoring and Evaluation (DPME) and the Executive Authority		
	Number of schools reached		2.3.4 Implement social media campaign and community radio campaign to promote the first Monday of each month as Constitution Monday to South Africans	Target not met	The target was amended to incorporate the broader deliverable required by Outcome 14 (to promote the Constitution in schools and to the broader public). This amendment was approved by the DPME and the Executive Authority		

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
2.4	Engagement with Global South Africans (GSAs). Nation Brand ambassadors identified	Develop the GSA network strategy to grow and expand the network	2.4.1 Maintain and deepen the GSA programme	Target not met	Several engagements took place with GSAs. However, appropriate Nation Brand ambassadors were not identified from the GSA network		
2.5 In-market activations in the US, UK, China, and on the continent	Number of in-market engagement.	In-market activations in the US, UK and China, and on the continent	2.5.1 In-market activations in the US, China, Canada, United Arab Emirates (UAE) and on the continent	Target not met	Environmental analysis prompted the organisation to prioritise markets with larger numbers of South Africans. Therefore, activations took place in the US, UK, China and Australia. The UAE activation was postponed by US stakeholders and was, therefore, beyond the organisation's control	<p>The target has been combined with target 2.4 above.</p> <p>The new target approved by the Board during the mid-term review was: In-market activations including GSA programme, UK, US, China, UAE and on the continent</p>	
2.6 Implement comprehensive communications programmes to manage issues impacting on the reputation of the country	<p>Implemented and regularly updated country messaging framework.</p> <p>Disseminated key messages. Media reputation score</p>	Development of content and communication programmes in response to the external communication environment (annual target)	2.6.1 Develop content and communication programmes that engage with issues strategic to the reputation of the Nation Brand	Target met			
Implement comprehensive communications programmes to manage issues impacting on the reputation of the country	<p>Implemented and regularly updated country messaging framework.</p> <p>Disseminated key messages</p>	Updating of country messaging and ongoing development of key messages to position the country positively	2.6.2 Country messaging updated and key messages developed to position the Nation Brand positively	Target met			

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
Implement comprehensive communications programmes to manage issues impacting on the reputation of the country	Published content. Interview reports	Host strategic media engagements (domestic and targeted international markets)	2.6.3 Media hosted at identified platforms	Target met			
Implement comprehensive communications programmes to manage issues impacting on the reputation of the country	Monthly in-market reports. Weekly contact report with clear actions	In-market reputation management programme	2.6.4 Identify and use ad hoc international reputation management agencies or agencies to service international markets (Russia, India, Brazil, Germany, Kenya, Nigeria, Democratic Republic of Congo - DRC, Angola)	Target not met	<p>Environmental analysis prompted Brand South Africa to change priority countries.</p> <p>There were no pressing reputational issues in Kenya, Nigeria, DRC or Angola during the financial year. Therefore, funds for public relations (PR) support were diverted to PR programmes in China, Australia, UK and US. China was prioritised due to the G20 Summit scheduled to take place in the market.</p> <p>Australia was prioritised due to the negative publicity that the country was experiencing in the market – it was important to highlight a message on the strength of the country's institutions.</p> <p>The UK and US were prioritised due to the negative publicity that the country was experiencing in the market – it was important to highlight a message on the strength of the country's institutions</p>		

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
2.7 Manage issues affecting the reputation of the country with appropriate and relevant content including key messages	Implemented a digital reputation management programme	None	2.7.1 Implement a proactive and reactive digital reputation management programme	Target met			
2.8 Alignment to the Nation Brand corporate identity (CI) and messaging by stakeholders	Increased update and use of online toolkit	On line toolkit	2.8.1 Developed and operational Brand South Africa online marketers portal	Target met			
2.9 Alignment to the Nation Brand corporate identity (CI) and messaging by stakeholders	Number of brand alignment training sessions.	Implement brand and message alignment training programme (including Masterclass and Play Your Part) for country and provincial communicators	2.9.1 Train government communicators, provincial tourism agencies and provincial trade promotion agencies in all provinces	Target met			
2.10 Leveraging of strategic international and domestic platforms to position South Africa positively	Executed Brand South Africa programme	Implemented phase 1 during FY 2015/16.	2.10.1 Implement an integrated stakeholder and communication (Brand South Africa programme for WEF Africa; WEF China; WEF Davos; Mining Indaba; SAPBA Top 50 Brands; JCI World Congress; BRICS and in market roundtables)	Target met		<p>Replaced JCI World Congress with JCI and Africa Middle East as the target focuses on specific markets.</p> <p>Therefore, the new target as approved by the Board during the mid-term review was: Implement an integrated stakeholder and communication programme for WEF Africa; WEF China; WEF Davos; Mining Indaba; SAPBA; Top 50 Brands; JCI Africa and Middle East conference; BRICS and in market roundtables</p>	

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
2.11 Implementation of online knowledge hub	Online knowledge hub (comprehensive and accessible facility to provide insights and information about South Africa and global target markets)	Implemented phase 1 of knowledge hub during FY2015/16	2.11.1 Implement phase 2 of knowledge hub	Target met			
2.12 Develop and implement integrated domestic programme to drive awareness of Brand South Africa	Implement a programme to drive awareness levels of Brand South Africa	N/A 15% awareness level	2.12.1 Develop and implement a programme to drive the awareness of Brand South Africa	Target met		2.11.1 A percentage of 20% was added on the annual target to make it measurable. The 20% was based on a baseline of 15%. Therefore, the new target approved by the Board during the mid-term review was: Develop and implement a programme to drive 20% awareness of Brand South Africa	
2.13. Nation Brand Forum	Hosted Nation Brand Forum	SACF provincial consultations on nation branding and competitiveness	2.13.1 Host a Nation Brand Forum	Target met			

Key Result Area	Performance Indicators/Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
2.14 Implement strategic 'South Africa Inc' research programme	Per market fieldwork and fieldwork reports. SA Inc project outputs: research notes, research reports	Conducted fieldwork in Kenya, Ghana, Nigeria (2014/15), and fieldwork in Angola, DRC, Senegal, Russia (2015/16)	2.14.1 SADC, Zambia, Algeria, Egypt, Ethiopia	Target met	Zambia - elections prevented research to be conducted. Egypt - continuous instability within the country. The country was replaced with Senegal. Ethiopia - target audience was not substantial enough to conduct interviews. The country was replaced with Ivory Coast		
2.15 Conduct domestic research survey	Domestic perceptions research Q2 and Q4 fieldwork	Domestic perceptions research	2.15.1 Domestic perceptions research Q2 and Q4 fieldwork	Target met			
2.16 Conduct international investor perception survey	International perceptions research	Strategic collaborations with targeted government stakeholders	2.16.1 International investor perceptions research in targeted markets	Target met			

PROGRAMME 3: STAKEHOLDER RELATIONSHIPS

Strategy: develop strategic partnerships and relationships with targeted stakeholders to leverage our reach and impact

Key Result Area	Performance Indicators/ Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
Analysis and dissemination of Nation Brand performance indicators	Strategic collaborations with targeted government stakeholders		3.1.1. International investor perceptions research of targeted markets	Target met			
	Internal analysis of indices and research products; Nation Brand performance presentation(s)	Internal analysis and Nation Brand performance presentations	3.1.2. Communicate Brand South Africa research outputs to key stakeholders (incl subscription to Business Monitor International).	Target not met	All indices and analysis delivered, except Open Budget Index due to an external dependency. Therefore, the achievement of this target was beyond management's control		
			3.1.3. (Major dependency: publication date of research reports)				
Established partnerships and relationships with targeted government stakeholders to leverage our reach and impact	Strategic collaborations with targeted stakeholders	Long-term strategic partnership with government	3.1.4. Collaborations with targeted government stakeholders: the dti, DoC, DAC, DIRCO, Sport and Recreation South Africa (SRSA), Department of Basic Education (DBE), Department of Public Enterprises (DPE), HSRC, National Youth Development Agency (NYDA), NRF AND Stats SA	Target met			
Established partnerships and relationships with targeted business stakeholders to leverage our reach and impact	Collaborations with targeted business stakeholders: Financial services, telecoms, energy, international trade agencies, provincial trade and investment agencies, state-owned entities (SOEs) and business chambers/ associates	Long-term strategic partnership with business stakeholders	3.1.5. Collaborations with targeted business stakeholders: Financial services, telecoms, energy, international trade agencies, provincial trade and investment agencies, SOEs and business chambers/associates	Target met			

Key Result Area	Performance Indicators/ Outcome Measures	Base line 2015/16	Target 2016/17	Actual 2016/17	Variance Explanation	Mid-Term Review	
Established partnerships and relationships with targeted stakeholders	Strategic collaborations with targeted stakeholders	Long-term strategic partnerships with civil society	3.1.6 Collaborations with targeted civil society stakeholders: Gift of the Givers, JCI, Young Free & Educated (YFE), NMF, Bokamoso, Lovelife, non-governmental organisations (NGOs), faith-based organisations (FBOs), labour and academia	Target met			
Analysis and dissemination of Nation Brand performance indicators	Internal analysis of indices and research products. Nation Brand performance presentations	Host research reference groups	3.1.7 Host research reference groups	Target met			
Sustain feedback loops on Brand South Africa research to key stakeholders	Executed feedback sessions with identified stakeholders	Feedback and consultations with identified stakeholders	3.1.8 Stakeholder feedback sessions	Target met			
South African Competitiveness Forum (SACF) national university dialogue.	Executed SACF national university dialogue	Host provincial SACF	3.1.9 Implement SACF national university dialogue	Target met			

List of Acronyms

AGOA	Africa Growth and Opportunities Act
AME	Africa and Middle East
APP	Annual Performance Plan
ATR	Annual Training Report
APR	Annual Performance Report
ARCO	Audit and Risk Committee
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, South Africa
CAPI	Computer Aided Personal Interviewing
CEO	Chief Executive Officer
CIBE	Centre for International Business and Ethics
CMO	Chief Marketing Officer
DIRCO	Department of International Relations and Cooperation
DoC	Department of Communications
DOJ&CD	Department of Justice and Constitutional Development
DPME	Department of Planning, Monitoring and Evaluation
DR	Disaster Recovery
DST	Department of Science and Technology
dti	Department of Trade and Industry
ERP	Enterprise Resource Planning
EXCO	Executive Committee
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GEM	Going the Extra Mile
GSA	Global South Africans
HC/REM&SECO	Human Capital, Remuneration and Social and Ethics Committee
HDI	Human Development Index
HR	Human Resources
HRIMS	Human Resources Information Management System
HSRC	Human Sciences Research Council
ICC	International Criminal Court
ICT	Information Communications Technology
IDASA	Institute for Democratic Alternatives in South Africa
IDC	Industrial Development Corporation

IESBA	International Ethical Standards Board for Accountants
IIAG	Ibrahim Index of African Governance
IMD	Institute of Management Development
IPAP	Industrial Policy Action Plan
IT	Information Technology
JCI	Junior Chamber International
MARCO	Marketing Committee
MICTSETA	Media, Information and Communications Technologies Sector Education and Training Authority
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NBI	Nation Brand Index
NDA	National Development Plan
NDT	National Department of Tourism
PAA	Public Audit Act
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PR	Public Relations
SADC	Southern African Development Community
SAICA	South African Institute of Chartered Accountants
SOE	State-owned Enterprise
SLA	Service Level Agreement
TMALI	Thabo Mbeki Africa Leadership Institute
UAE	United Arab Emirates
UIBE	University of International Business and Economics
UK	United Kingdom
UNDP	United Nations Development Programme
UNGA	United Nations General Assembly
US	United States
USABF	US-Africa Business Forum
WEF	World Economic Forum
WIPO	World Intellectual Property Organisation
WSP	Workplace Skills Plan

Notes





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RP 283/2017
ISBN: 978-0-621-45797-1



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