NORTH WEST DEVELOPMENT CORPORATION

ANNUAL REPORT
2018/2019

NORTH WEST
DEVELOPMENT
CORPORATION

Contents

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION

PART A

GENERAL INFORMATION

General Information

Country of Incorporation and Domicile	South Africa
Legal Form of the Entity	State Owned Entity
Nature of Business and principal activities	Trade, investment, sustainable economic development and job creation
Directors North West Development Corporation SOC Ltd	Mr DG Duma (Resigned on 28 July 2019) Mr B Khumalo Ms A Tjale (Appointed as Chairperson on 31 July 2019) Adv HC Keyter (Deceased 20 August 2018) Ms KA Dikgole Mr TC Dlamini (Resigned on 28 July 2019) Mr KK Tlhoaele (Resigned on 27 July 2019) Ms NM Koloti (Resigned on 31 August 2019) Ms M Chokoe Prof Dr LTB Jackson
Registered Office	22 James Watt Crescent Industrial Sites MAHIKENG 2745
Business Address	22 James Watt Crescent Industrial Sites MAHIKENG 2745
Postal Address	PO Box 3011 MMABATHO 2735
Holding Company	North West Provincial Government
Bankers	ABSA, First National Bank and Standard Bank
Auditors	Auditor-General of South Africa

List of Abbreviations

NORTH WEST DEVELOPMENT CORPORATION

APSS	Agro Processing Support Scheme
ACT	Agriculture, Culture and Tourism
AGSA	Auditor-General South Africa
BEE	Black Economic Empowerment
CASR	Christiana All Seasons Resort
CATA	Department of Culture, Arts & Traditional Affairs
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Properties Commission
COSAFA	The Council of Southern Africa Football Association
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DFI	Development Finance Institutions
DSM	Decision Support Model
DST	Department of Science & Technology
DTI	Department of Trade and Industry
EED	Economic and Enterprise Development
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FEED	Department of Finance, Enterprise & Economic Development
GAAP	Generally Accepted Accounting Principles
GLR	Golden Leopard Resorts SOC Ltd
GRAP	Generally Recognised Accounting Practices
GTAC	Government Technical Advisory Centre
HDI	Historically Disadvantaged Individuals
IAS	International Accounting Standards
ICT	Information, Communication & Technology
IFRS	International Financial Reporting Standards
IPRP	Industrial Parks Revitalisation Programme
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
JSE	Johannesburg Stock Exchange
LTD	Limited
M&E	Monitoring & Evaluation
MTSF	Medium Term Strategic Framework
MVI	Masengviljoen Incorporated
NCR	National Credit Regulator
NDP	National Development Plan
NWAF	North West Agri Fund
NWDC	North West Development Corporation SOC Ltd
NWHC	North West Housing Corporation
NWPG	North West Provincial Government
NWU	North West University
NYDA	National Youth Development Agency
PAYE	Pay As You Earn
PEGA	People's Economic Growth Agency
PFMA	Public Finance Management Act
PMU	Project Management Unit
READ	Department of Rural, Environment and Agricultural Development
SADC	Southern African Development Community
SAPOA	South African Properties Owners Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	The Standing Committee on Public Accounts
SDL	Skills Development Levy
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMME	Small Medium Macro Enterprises
SOC	State Owned Company
SOPA	State of the Province Address
TIA	Technology Innovation Agency
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
VTSD	Villages, Townships and Small Dorpies
YEC	Youth Enterprise Combo

Foreword by the Chairperson

Empowering the individual means empowering the nation. Empowerment is best served through rapid economic growth with rapid social change.

For a corporation that is passionate about empowering its tenants, investors, exporters, clients and employees, the inspiring words of Indian politician, poet and novelist Atal Bihari Vajpayee (1924-2018) resonate deeply with the NWDC and our raison d'être.

As we reflect on our efforts and achievements of the fiscal that was 2018/2019, we intend to present a picture of our year's labour that is larger than the sum of its parts. Behind the targets, figures and statistics lie the deeply personal stories of individuals, and eventually communities, who were empowered by the NWDC - be it the SMME that had his/her business registered; the tenant who rented a workshop to manufacture and sell his/her goods from; a community who stand to benefit from job creation following an investment announcement; or the members of a Cooperative who benefitted from skills training.

In the year under review, the achievements of the NWDC contributed to bringing about economic growth to the people of the North West Province. The Small Business Development unit facilitated the registration of 462 Companies / Cooperatives with the Companies and Intellectual Property Commission (CIPC). In further lending support to the small business sector, a total of 370 SMMEs received training.

We are proud to announce that a number of significant investment projects are nearing fruition.

A R510m investment is being facilitated into the new Isago N12 corridor development which had been under consideration for some years. The project is expected to unlock additional investment as subsequent phases are rolled out. For agro-processing company Green Buds, the Trade and Investment unit facilitated access to the Agro-processing Support Scheme (APSS), while the unit is further facilitating a new fluorspar project in Zeerust for foreign investor ERG Africa, a wholly-owned subsidiary of Eurasian Resources Group, a leading diversified natural resources producer.

During the twelve months under review, the NWDC and the responsible project management unit made significant and tangible progress towards achieving the designation of the Bojanala Special Economic Zone (SEZ). At a milestone event on 29 March 2019, a presentation for the designation of the SEZ was made to the Department of Trade and Industry Advisory Board, which was favourably received. We are confident that our 2019/2020 Annual Report will announce that the Bojanala SEZ was officially designated. Once designated, the Bojanala SEZ will be established in the Bodirelo industrial park in the Moses Kotane local municipality.

Enclosed in the pages of the Annual Report is also an honest account of the challenges the organisation faced during 2018/2019. The standing of NWDC's properties, inability to effectively perform planned maintenance, cash flow challenges and the need for continued upgrades at the resorts were among the greatest challenges experienced. The narratives that complement the performance information provide further clarity, whilst also expanding on strategies to overcome areas of under-performance as we set our eyes firmly on the future.

On behalf of our Shareholder, the Board of Directors and the executive management of the NWDC, I confidently state that we are optimistic about the future. The achievements of the past year have proven that growing the economy through assisting both small and big business, is possible.

Thank you to our clients, tenants and stakeholders for allowing the NWDC to be of service to you.

I sincerely thank every employee of our corporation for your dedication towards executing our mandate – every individual you have empowered, is better positioned to, in turn, empower our province and our nation.

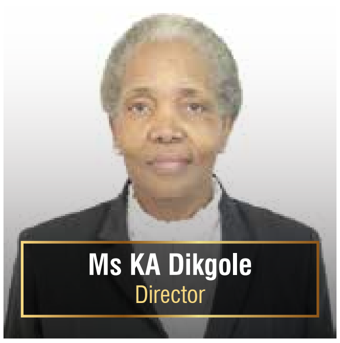
Ms A Tjale
Chairperson of the Board of Directors

Board of Directors

NORTH WEST DEVELOPMENT CORPORATION SOC LTD GROUP


Ms A Tjale
Chairperson


Mr B Khumalo
Director


Ms KA Dikgole
Director


Prof Dr LTB Jackson
Director


Ms M Chokoe
Director


Ms FN Matlala
Company Secretary

GOLDEN LEOPARD RESORTS SOC LTD


Mr TM Shai
Chairperson of the Board


Ms M Matabane
Director


Ms PS Mudramuthoo
Acting Chief Executive Officer

Report of the Chief Executive Officer

An organisation’s Annual Report begs of the reporting institution an unwavering honesty in presenting a balanced picture of its operations and circumstances for the review period. A balanced reflection of positive and satisfying developments, along with a frank admission of affairs that continue to disappoint and frustrate the organisation in rendering its mission as effectively as it should.

Financial period 2018/2019 was not without significant and varied successes and developments to highlight and celebrate. And yet, there is a sense of preoccupation and persuasion that these prefacing comments to this Annual Report should tilt towards an emphasis of the litany of constraints that continue to cast a shadow over the hard-won accomplishments of the entity. I have chosen to have this overview as laconic as possible, with the fullest understanding that an array of other issues would be reflected in the Performance Information provided in this annual report.

Economic Overview

Global Growth is set to moderate in the near term, then pick up modestly. Global growth is projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020.

South Africa's projected GDP growth rate is set to increase to 1.2% for 2019 from the 0.8% in 2018, with projected GDP expansion for 2020 at 1.5% slightly lower than what was recently published by the SA Reserve Bank at 1.3% GDP growth for 2019 and 1.8% for 2020.

The North West GDP growth is projected to increase to 2.1% in 2019 after the 0.4% of 2018 and 1.6% in 2020. The major reasons for the slower growth in the North West province during 2018 was the drought and the low commodity price of PGMs. (Source: IHS Markit; Regional eXplorer 1692 (2.6%) April 2019).

When considering the North West provincial growth in GVA-R between 2008 and 2018 it was 107% to bring the GVA-R to R258bn in 2018.

In terms of the unemployment rate, South Africa had a rate of 27.2% in 2018 and the North West 28.4%. The North West employed 872 038 people. The total growth in jobs in the North West province between 2008 and 2018 was 9.4%.

The Average Inflation Rate for 2017 was 5.3% and decreased to 4.7% in 2018.

The NW Province is one of the most concentrated economies in the Country due to the mining sector. North West mining GDP contributed approximately (R83.7bn) 32.5% to the total industries GVA-R in the province in 2018 and 17.7% to employment with 154 350 jobs.

Total Tourist spend as % of GDP (Current prices) was 5.7% in 2018 with a definite trend in the increase in international tourists and a decrease in domestic tourists. Total increase in tourism from 2017 was 1.9%.

Of particular importance is that Exports from the North West province have increased from R24bn in 2017 to R88bn in 2018 of which R76bn was from Rustenburg representing mineral products. What contributed to the increase is that SARS have changed the recording of exports from using the postal code of the head office to using the postal code of the operation.

Unlocking SMME potential

In response to the general commentary that South Africa should ease regulatory bureaucracy for new entrants in business, particularly start-ups, the NWDC has partnered with the CIPC in establishing a self-help computer live connection for Companies and Cooperative registration. The biometric system has a turnaround of one day, and new applicants acquire their Company registration. The service extents also to amendments, annual returns as well as generation of BEE certificates. Over 418 Companies and Cooperatives has registered for the period under review.

SMME Companies and Cooperatives received further capacity building or training, to respond to a widely researched notion that 80% of SMMEs fail within the first year of existence due to lack of capacity. Despite financial constraints, R5.9m was disbursed to SMMEs and Cooperatives that required financial assistance, with over R2.4m recovered.

Research and Innovation

In fulfilling one of its objectives of providing business intelligence, and research and development towards innovative solutions and to support decision making in the NWDC, Mr Khupari Mpona from Debrak village was assisted with drilling a borehole which has now made it possible for him to increase his production of crops to supply the village and other clients with his products, this was done as part of grassroot innovations. Another innovation supported was of Mr Morebodi Kaotsane from Podimoe village who was assisted by the Road Accident Fund to manufacture a batch of his product to be able to distribute the product to rural villages.

Trade & Investments

For the period under review, the entity has managed to facilitate R510m investment into the new Isago @N12 Development which is expected to unlock additional investment as the phases are rolled out and we have no doubt that this investment would be part of the NWDC's response to the

President's call to raise at least $100bn in new investment over five years. We have embraced with humility the Presidential initiative to bolster confidence in the economy.

The North West Provincial Investment Conference was also hosted, with the NWDC playing a key role where investment opportunities were marketed in the Provincial Investment booklet produced by the entity.

NWDC have organised and participated in the Daff Market Profile Training to assist participants to gain skills that are necessary to identify global trade opportunities and have taken full advantage of sending Genesis Pharmaceuticals to participate at the Department of Small Business Development's organised mission to China International Small Enterprise Fair 2018 Show.

NWDC's participation was also evident at the Feira Agro-Pecuaria, Commercial and Industrial de Moçambique which is a multi-sectorial Trade and Investment Fair in Mozambique organized by Investment & Exports Promotion Agency where five of our identified companies took place.

NWDC's last combat for SEZ designation

The Corporation has made significant progress towards securing an SEZ license. This initiative will drive the industrial development and economic transformation agenda of the North West Province and indeed South Africa. As at 28 March 2019, an application for the designation of the SEZ has been lodged with the dti in terms of the SEZ Act of 2014. The Minister of Trade and Industry has since accepted the recommendation of the SEZ Advisory Board to approve the application; and has published his intention to designate the Bojanala SEZ in the new year subject to cabinet approval.

The NWDC would be requested to facilitate the public participation events, to solicit community views on the new SEZ which is part of the license approval. The Corporation has also been asked to initiate the process to establish a new SEZ Company to implement all the work completed by the SEZ Project Management Unit. This is a very important step, and will allow the new entity – a subsidiary of the NWDC, to access the infrastructure funds from the dti and the Corporation is excited about reaching this critical milestone.

OUTLOOK

The Board remains optimistic that, in spite of the constraints the NWDC's management and employees will proceed to make new ground in 2019/2020 with the implementation of the programme of business efficiency initiatives that would be developed and refined in the course of the entity's annual strategic management review process.

The Board will be seeking to engage with stakeholder organisations positively in a bid to unlock and unblock all matters that have been detracting from the company's programmes of service delivery.

I believe that during the 2018/2019 fiscal year we demonstrated financial and performance resilience, this due to austerity measures we have put in place. We are keenly aware of our responsibility to ensure that the NWDC's funding support is transformative and inclusive and draws in young people and women as we continue to implement our strategy.

We need to have increased SMME funding to further support entrepreneurial activity to create more jobs and improve localisation efforts, to leverage off the expected increase in economic growth.

The NWDC will continue to prioritize our project development portfolio, as well as pursue value chain opportunities in the African continent, particularly with the much-awaited designation of the Platinum Valley SEZ which would be designated by the Department of Trade & Industry in the succeeding financial year. We will look for opportunities to support this initiative.

The NWDC will also continue to differentiate ourselves from commercial financiers, deepen our transformative role while enhancing our partnerships to remain relevant as we deliver our mandate and this includes maintaining a cost-effective business, prudent and judicious capital allocations and an investment in our people to develop industrial development thought-leaders.

I wish to extend my gratitude to the NWDC staff for their unwavering commitment and dedication to upholding the hopes of the citizens of North West and their invaluable efforts to ensure that the NWDC's impact on the economy and communities at large is relevant and meaningful.

A special thanks to my management team for their continued support in striving to deliver against our commitments. To our customers who do business with us, we greatly value your continued support and partnership.

My appreciation also to the Chairperson and the Board for support during the past year that has helped to strengthen the organisation. It is through this support and a wonderful spirit of camaraderie that we have managed to produce this catalogue of achievements.

Mr STM Phetla
Chief Executive Officer

NORTH WEST DEVELOPMENT CORPORATION

Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

The Board of Directors are responsible for the integrity, fair preparation and presentation of efficient, effective and transparent Financial Statements and the related information included in the Annual Report.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

In order to assist the Board to discharge its responsibilities fully, Management has developed and continues to maintain a system of internal control. The Board has the ultimate responsibility for the system of internal control and reviews its operation, primarily through the Audit & Risk Committee.

The internal controls include a risk based system of internal accounting and administrative controls designed to provide reasonable, but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and policies. These controls are implemented by suitably trained and skilled personnel with appropriate and specific duties and roles monitored by Management. These controls include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

As part of the system of internal controls, the Internal Audit function, outsourced to Morar Incorporated, conducts Internal Audits in accordance with the standards set by the Institute of Internal Auditors and co-ordinates audit coverage with the Auditor-General South Africa. The Auditor-General is responsible for the auditing of the financial statements.

The financial statements have been prepared on the going concern basis, based on forecasts, financial transfer commitments by the Provincial Government and available assets as well as cash resources.

There were no events known by the Board after the balance sheet date that would affect the figures in the annual financial statements.

The financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 31 May 2019 and are signed on its behalf by:

Mr STM Phetla
Chief Executive Officer

Ms A Tjale
Chairperson of the Board

NORTH WEST DEVELOPMENT CORPORATION

Strategic Overview

1 Vision

To be the cornerstone of promoting trade, attracting investment, and ensuring economic growth and transformation in the North West Province.

2 Mission

To contribute to the economic growth and transformation of the North West Province through:

a) industrial development;
b) commercial investment;
c) property development and management;
d) development of sustainable enterprises;
e) trade and investment attraction; and
f) project management & implementation.

3 Values

STRATEGIC

Fairness:
Acting with objectivity, empathy, integrity and transparency.

Focus (Batho Pele):
Focusing on people, economic and rural development.

Diversity:
Show a positive feeling of high regards towards another or entity irrespective of race, gender, religious persuasion, etc.

Professionalism:
To behave professionally in all circumstances by showing respect, good judgement and cooperation to customers and colleagues.

Innovation:
To be able to translate ideas or inventions into goods or services that create value which customers will pay for.

OPERATIONAL

Integrity:
To demonstrate ethical behaviour by doing the right thing at all times and in all circumstances whether or not anyone is watching.

Accountability:
Taking responsibility for own actions; an obligation to one's self.

Customer-Orientated:
Client needs and satisfaction are one of the NWDC's biggest priorities. This includes responding promptly and respectfully to consumer complaints and queries.

Saamwerk-Saamtrek:
In alignment with the Premier's office we work together ("saamwerk"), giving direction and motivation ("saamtrek"). Good communication will prevent working in silos and duplicating work or research already done.

Legislative and Other Mandates

LEGISLATIVE MANDATES

1 Status as a State Owned Company

The Company is a Pre- Existing Company, and accordingly continues to exist as if it had been incorporated and registered in terms of the Companies Act.

The Original Shares issued by the Company are freely transferable within the North West Provincial Government Department.

The Company is NOT entitled to offer its Ordinary Shares to the public.

The Company is, accordingly, classified as State-Owned in terms of section 8(2) of the Companies Act.

2 Powers of the Company

The Company is governed by:

a) The Provisions of the Memorandum of Incorporation;
b) The Unalterable Provisions of the Companies Act;
c) The Alterable Provisions of the Companies Act;
d) The provisions of the Public Finance Management Act as amended; and
e) Subject to the extensions, limitations, substitutions or variations set out in Memorandum of Incorporation.

The Company has, subject to section 19(1)(b)(i) of the Companies Act, all of the legal powers and capacity of an individual, and the legal powers and capacity of the Company, are not subject to any restrictions, limitations or qualifications contemplated in section 19(1)(b)(ii) of the Companies Act. In particular and without derogating from the provisions of clause 7.1 the Company may borrow any amount without limitation and provide any form of security for the fulfilment of any of its obligations.

There is no provision of the Memorandum of Incorporation which constitutes a restrictive condition as contemplated in section 15(2)(b) of the Companies Act.

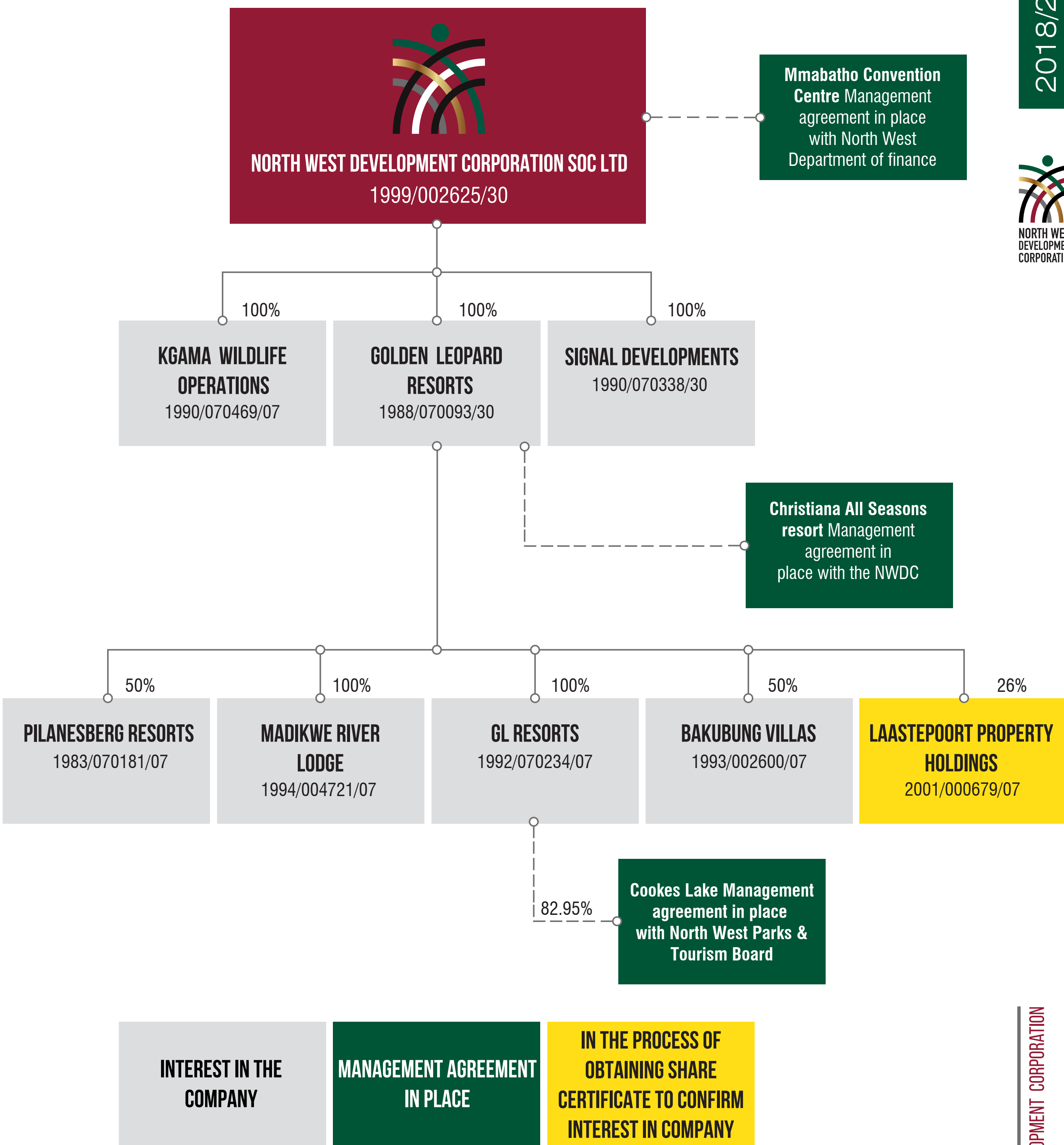
NORTH WEST DEVELOPMENT CORPORATION

Organisational Structure

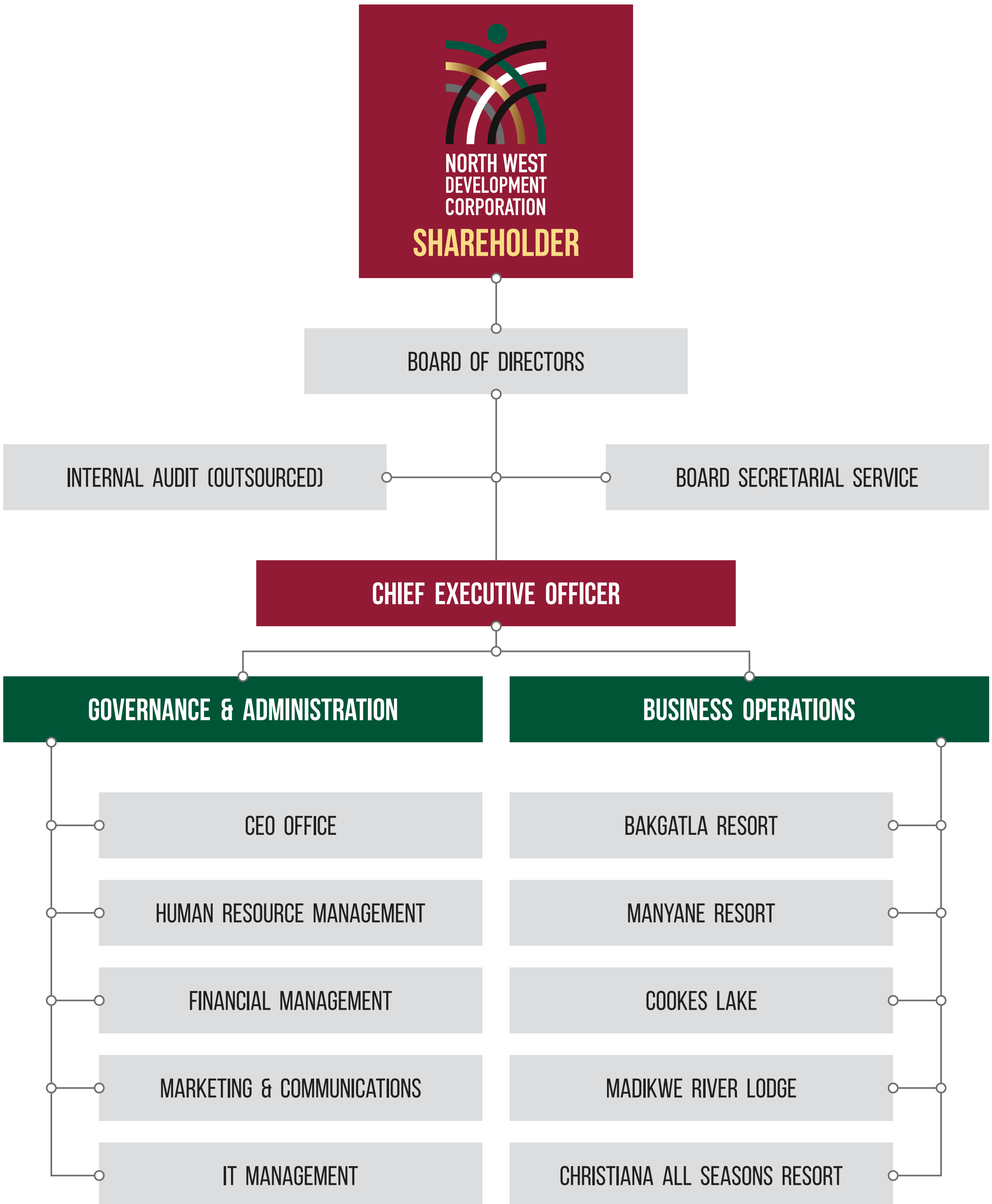
1 The Administrative Structure of the NWDC Group

- OFFICE OF THE PREMIER
  - BOARD OF DIRECTORS
    - CHIEF EXECUTIVE OFFICER
      - Subsidiaries: Golden Leopard Resorts SOC Ltd (100%) SEZ Company
      - Chief Risk Officer
      - Board Support
      - Internal Audit
      - CHIEF FINANCIAL OFFICER
        - ICT
      - CORPORATE STRATEGY
        - Planning
        - Research
        - Strategy, Monitoring and Evaluation
      - CORPORATE SERVICES
        - HR
        - Marketing
        - Legal
        - Auxilliary Services
      - MINING
      - PROPERTY DEVELOPMENT & MANAGEMENT
        - Property Management
        - Property Development
      - SMME DEVELOPMENT
        - Financial Services
        - Non- Financial Services
      - TRADE INVESTMENT
        - Trade & Investment Facilitation
      - PROJECT MANAGEMENT UNIT
        - Project Origination
        - Project Delivery

2 The Structure of the NWDC Subsidiaries



3 Golden Leopard Resorts SOC Ltd Structure



4 Executive Management of the NWDC Group

Mr STM Phetla
Chief Executive Officer

Ms FN Matlala
Company Secretary

Mr TM Shai
Acting Executive Manager
Project Management

Mr BR Mabale
Acting Executive Manager
Property Development & Management

NORTH WEST DEVELOPMENT CORPORATION

Entities reporting to the NWDC

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
Golden Leopard Resorts SOC Ltd	To expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality & Tourism sector, and to promote economic development in the North West Province.	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Camping & Caravan • Conferencing
GL Resorts SOC Ltd	To expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality & Tourism sector, and to promote economic development in the North West Province.	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Camping & Caravan • Conferencing
Madikwe River Lodge SOC Ltd	To expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality & Tourism sector, and to promote economic development in the North West Province.	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Game Drives
Christiana All Seasons Resorts	To expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality & Tourism sector, and to promote economic development in the North West Province.	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Game Drives • Camping/Caravan • Conferencing
Cookes Lake	To expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality & Tourism sector, and to promote economic development in the North West Province.	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Conferencing

NORTH WEST DEVELOPMENT CORPORATION

PART B

PERFORMANCE INFORMATION

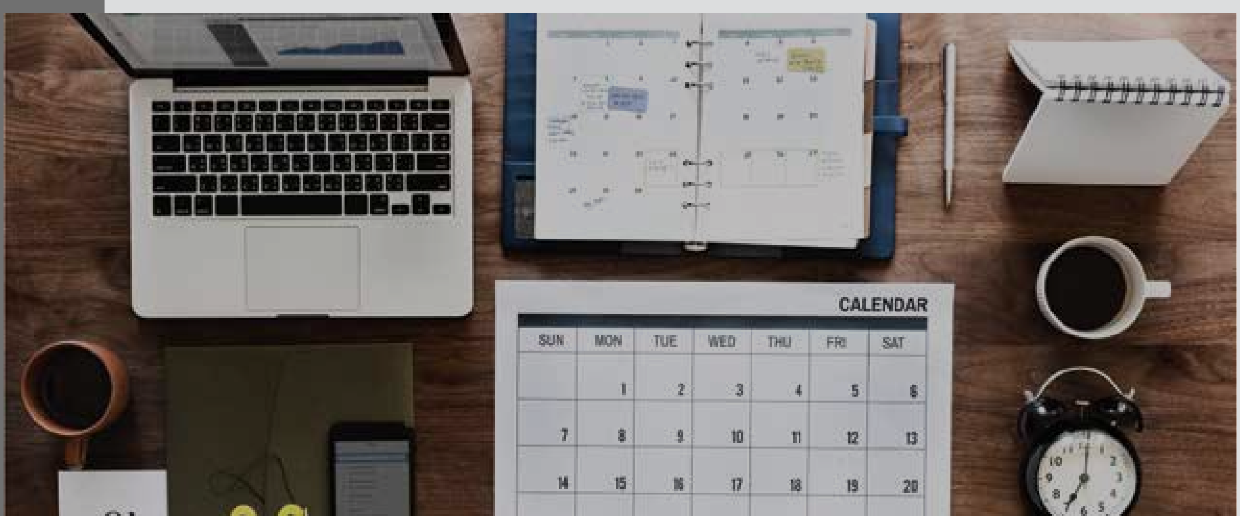
NORTH WEST DEVELOPMENT CORPORATION

Auditor-General's Report: Predetermined Objectives

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on performance against predetermined objectives is included in the Report to Management, under the Predetermined Objectives heading in the Report on other legal and regulatory requirements' section of the Auditor's Report.

Refer to pages 96 and 97, paragraph 24 to 31,of the Auditors Report, published as Part E: Financial Information.

Overview of the NWDC Performance



SERVICE DELIVERY ENVIRONMENT

1 Overview of the North West Province economy

a) The North West Province:

- Covers approximately 10 488 square kilometers, comprising 8.6% of the national area;

- Is not densely populated when compared to the national population density;
- Houses approximately 3.7 million people, 6.8% of the country's total population of which nearly 44% are in the Bojanala District;
- Shows improvement in most of the developmental indicators (2009 used as baseline);
- Improved in the Human Development Index (HDI) currently at 0.62 up 0.52 in 2009;
- Measured at 59.2% (59.1% in 2009), in the number and percentage of people living in poverty below the upper poverty line (Statssa defined);
- Improved in all measures relating to schooling and education;
- Index of Buying Power has also increased;
- Income levels are below the national average (which is to be expected for the more rural areas in South Africa);
- Unemployment rate was slightly higher than that of the national average in 2018; and
- Gini coefficient indicated that the level of quality decreased from 0.60 in 2009 to 0.62 in 2018.

b) With regards to the economy, the Tress index provides insight into the level of concentration (or diversification) within an economic region. The North West economy is the second most concentrated provincial economy after the Eastern Cape and the province's Bojanala District has the highest concentrated economy due to the dominance of the mining sector.

c) The GVA-R Average annual growth (Constant 2010 Prices) for the North West Province compared to the National performance is very erratic.

d) The annual growth of the North West Province is compared to the national growth figures as well as all the other provinces. It becomes clear that the North West Province's growth is more volatile which can be attributed to its heavy reliance on mining.

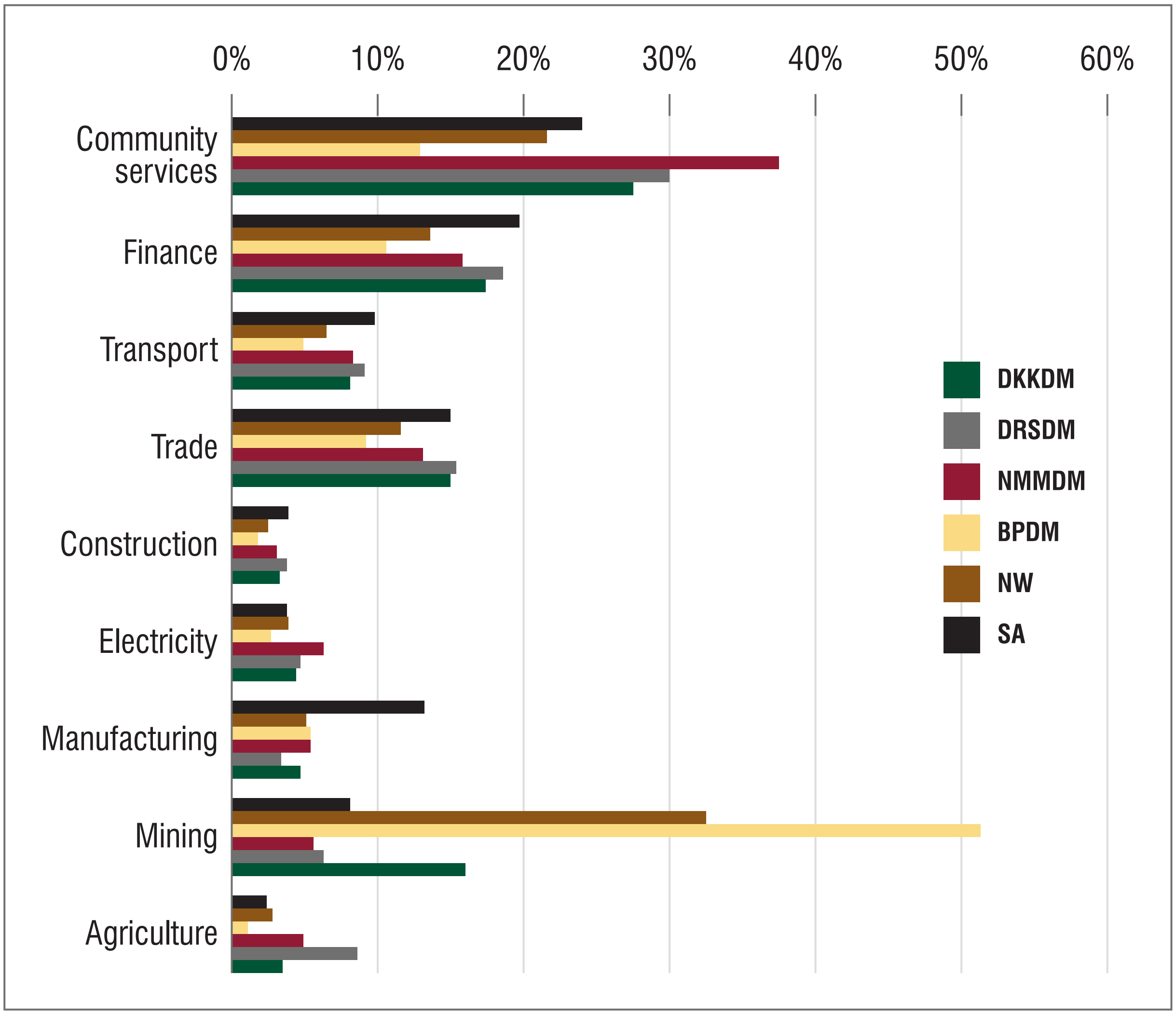
e) The provincial economy is structurally unbalanced with the primary and tertiary sectors contributing more towards GDP-R and growing faster than the secondary sector. The situation is further exacerbated by limited water and electricity supply, the poor state of infrastructure, shortage of skilled labourers and rigid regulatory and legislative policies. A provincial input-output analysis points to a situation of high economic leakages and a dislocation of supply and demand across a number of industries. This has resulted in input and output activities between industries not operating in tandem, minimising the competitiveness of the province.

f) The graph below indicates the sector share contribution of the nine broad economic sectors to the economy of the North West Province. It should be noted that it is easier to implement a project related to sectors where the North West has a competitive advantage.

NORTH WEST DEVELOPMENT CORPORATION

Sector share contribution of the nine (9) broad economic sectors to the economy of the North West Province

GVA-R 2018; Sector's share of regional total (%);
Broad Economic Sectors (9 sectors); Current prices (R 1000)
(Source:IHS Markit; Regional eXplorer 1692 (2.6f) May 2019)



	AGRICULTURE	MINING	MANUFACTURING	ELECTRICITY	CONSTRUCTION	TRADE	TRANSPORT	FINANCE	COMMUNITY SERVICES
SA	2.4%	8.1%	13.2%	3.8%	3.9%	15.0%	9.8%	19.7%	24.0%
NW	2.8%	32.5%	5.1%	3.9%	2.5%	11.6%	6.5%	13.6%	21.6%
BPDM	1.1%	51.3%	5.4%	2.7%	1.8%	9.2%	4.9%	10.6%	12.9%
NMMDM	4.9%	5.6%	5.4%	6.3%	3.1%	13.1%	8.3%	15.8%	37.5%
DRSDM	8.6%	6.3%	3.4%	4.7%	3.8%	15.4%	9.1%	18.6%	30.0%
DKKDM	3.5%	16.0%	4.7%	4.4%	3.3%	15.0%	8.1%	17.4%	27.5%

g) Compared to 2017, North West exports increased from approximately R24bn to approximately R88bn representing 30.3% of the GDP of the North West Province, compared to 8.9% in 2017. Imports remained at about R6bn. R72bn of the exports were from Rustenburg and R11bn from Madibeng.

h) To enable stakeholders to move towards more sustainable economic development, there are many elements to consider, which may include:

- Clustering;
- Linkages with local suppliers of goods and services;
- Skills and human resources development;
- Access to finance and investment;
- Institutional framework and mainstreaming of ACT in national policies;
- Promotion and marketing;
- Protection and conservation of cultural heritage.

i) Water is considered one of the key limiting factors to development in the North West Province. The province is not only depleting its precious water reserves, but suffers from an additional problem – that groundwater pollution caused by both natural and human-induced factors including mining and industrial activities, agriculture and domestic use.

j) With regards to electricity, the North West Province has a well-developed electricity distribution network due to mining activities. Although the electricity crisis is under control, renewable energy solutions are becoming more affordable and should be considered for rural communities. Therefore, investment into renewable energy technologies for rural communities provides a unique opportunity.

k) Bordering Botswana, the North West Province is ideally positioned to access the fourteen countries comprising the Southern African Development Community (SADC) and the development of the proposed Trans-Kalahari corridor will enhance the North West Province's access to the West African market.

l) The North West Province's well developed road and rail links provide the platform and infrastructure for ground transportation deep into sub-Saharan Africa.

m) The SADC Foreign Trade Agreement signed in August 2008 provides access to a market of over 250 million consumers.

n) Future Foreign Trade Agreement with SADC, Common Market for Eastern and Southern Africa and East African Community will provide access to a market of over 700 million consumers.

o) The North West Province offers easily available skills and distribution channels imperative for agricultural commercial ventures.

p) The North West Province plays a significant role in the supply of energy, transport and communications to the continent.

q) The North West Province is well positioned to a shared services hub for investors interested in African operations, especially for Sub-Saharan countries.

NORTH WEST DEVELOPMENT CORPORATION

2 Service Delivery Improvement Plan

The North West Development Corporation SOC Ltd did not develop a Service Delivery Improvement Plan during the year under review.

3 Organisational Environment

a) The NWDC Group must play a leadership and catalytic role in transformation and development. This should be achieved through transparent and development-focused procurement processes (70% local procurement from SMMEs and Cooperatives); gender parity and progression; and targeted skills development in collaboration with other stakeholders (state, business and the community).

b) It must be kept in mind that the commissioning of studies requires compliance with procurement procedures. Funds will also need to be sourced for the studies as NWDC does not have the financial resources. The time needed to conduct the studies and the cost of studies will be determined by the level of detail required.

c) The NWDC Group needs to implement projects in line with the provincial developmental agenda. Furthermore, the NWDC needs to determine priority projects that shall yield the biggest impact in terms of job creation and enterprise development. As it is an objective of NWDC to implement sustainable projects that contribute to economic transformation, it is crucial to base project implementation on thorough feasibility and other studies.

d) Once feasibility and business/implementation plans have been completed, these plans are to be used to source funding for projects. It must be noted that the quality of the feasibility and business plans influence sustainability, which in turn, determines the decision by investors or funding institutions to invest in or fund a project.

e) Resources such as capacity, funds and time required to execute projects, must be sourced; and performance depends on the ability to source resources.

f) It is imperative that the NWDC, through its investment strategy, has a high return objective to grow itself into a self-sustainable organisation, able to implement the developmental agenda. Furthermore, the NWDC is to become self-funded in the long term, focusing on increasing revenue through its property portfolio and investment activities.

g) It must further be noted that the NWDC as well as its tourism subsidiaries is challenged by dilapidated infrastructure preventing it from being competitive in the market. The general industry norm is the frequent revamping and upgrading of facilities to ensure customer satisfaction. It is therefore crucial that NWDC obtains funding to improve its ability to increase revenue and achieve performance.

h) The Government Technical Advisory Council (GTAC), consulting agency and subsidiary of National Treasury is currently conducting studies on the North West Development Corporation SOC Ltd and Golden Leopard Resorts SOC Ltd. The studies intend to determine viable options to turn around the companies. The fact that GTAC is involved in the studies is an advantage in terms of accessing the infrastructure fund that has been announced as a stimulus for economic growth in South Africa; considering that National Treasury and DBSA are partnering in rolling out the infrastructure fund. Accessing incentives and grants is crucial for the NWDC as it will reduce the cost of infrastructure upgrades and revamps. The NWDC also needs to consider accessing grants to diversify into alternative energy options and water treatment plants at the industrial parks.

i) The current organisational environment consist of:

- Cash flow challenges;
- Concerns over unfavourable audit opinions.

Organisational challenges, impact and remedial action:

CHALLENGES	IMPACT	REMEDIAL ACTION
Lack of clear business strategy and limited organisational alignment	• Financial loss • Lack of cohesion • Lack of service delivery • Poor economic growth • Job creation	Clear business strategy that will address the assessment and implementation of viable and financially beneficial projects
To establish a well-aligned organisational structure	• Unclear roles and responsibilities • Ineffective work distribution	• Optimum utilisation of human capital • Attract new skills
Centralised and integrated ICT infrastructure and systems	• Wasted effort and duplication • Lack of disciplined execution • Risk to business continuity	• Upgrading of the infrastructure and equipment • Develop standard operating procedures • Integration of all systems into a centralised system
Lack of a high performance culture	Strategic objectives not achieved	Appointment of strategic leaders in key positions
High retention rate with low qualifications and skills	The organisation has reached a level of stagnation	• Transforming the culture from being reactive to being proactive through development • Encouraging further education and training among employees

4. Key policy developments and legislature changes

During the 2017/2018 year-end the NWDC has amended its Memorandum of Incorporation. This was adopted by the Board of Directors on 14 December 2017.

During this year, the Dirapeng group started incorporating the strategic plans relating to the entities within the subsidiary, amalgamating into one. The first step in this process saw Dirapeng's name being changed to Golden Leopard Resorts SOC Ltd as resolved by the Board on 14 August 2017. This was done to maintain the established market brand. The former Golden Leopard Resorts SOC Ltd was renamed GL Resorts. The Madikwe River Lodge name has remained unchanged. However, the name has been trademarked at the CIPC.

The ultimate vision of this process is to ensure all these entities resort under one name, that being Golden Leopard Resorts SOC Ltd.

The above led to the adoption of the new Golden Leopard Resorts and GL Resorts Memorandum of Incorporation.

NORTH WEST DEVELOPMENT CORPORATION

Strategic Outcome Oriented Goal

1 The NWDC adopted the below strategic outcome-oriented goal and strategic objectives:

STRATEGIC OBJECTIVE 1:
Maintain the going concern of the NWDC Group by achieving sustainability ratios annually

STRATEGIC OBJECTIVE 2:
Contribute annually to the GDP economic growth and transformation of the North West Province through multiplying initial investments

STRATEGIC OUTCOME-ORIENTED GOAL:
Improved Economic Growth

STRATEGIC OBJECTIVE 3:
Increase the NWDC Group capacity by implementing operating systems

STRATEGIC OBJECTIVE 4:
Conduct annual surveys to measure the quality of services rendered by the NWDC Group

2. Reflecting on Outcomes:

a) The Medium Term Strategic Framework (MTSF) is government's strategic plan for the 2014-2019 electoral terms. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the NDP.

b) The NWDC has aligned its strategy to the MTSF. In its focus on these priorities and their elaboration into fourteen key outcomes and associated activities and targets, the MTSF has two over-arching strategic themes: radical economic transformation and improving service delivery.

The MTSF outcomes, Correlating NDP Chapters and Relevance to NWDC:

OUTCOME	SUBJECT	CORRELATING NDP CHAPTER	RELEVANCE TO NWDC
Outcome 4	Decent employment through inclusive growth	Chapter 3	NWDC Mandate
Outcome 9	A skilled and capable workforce to support an inclusive growth path	Chapter 9 & 13	NWDC Values
Outcome 6	An efficient, competitive and responsive economic infrastructure network	Chapter 4	NWDC Properties
Outcome 7	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Chapter 6	Projects
Outcome 10	Protect and enhance our environmental assets and natural resources	Chapter 5	• Ensure that projects have RODs on Environmental Impact Assessments (EIAs) • Ensure energy efficiency of all properties • Facilitate investment in renewable energy • Reduce, reuse and recycle

OUTCOME	SUBJECT	CORRELATING NDP CHAPTER	RELEVANCE TO NWDC
Outcome 11	Create a better South Africa and contribute to a better Africa and a better world	Chapter 7	Destination marketing and exports (trade and investment promotion)
Outcome 12	An efficient, effective and development-oriented public service	Chapter 13 & 14	NWDC (Strategic Objective 1) Ensure the sustainability of the NWDC

c) The NWDC aims to implement key programmes and to provide support for the development of key sectors of the economy in line with the conventional economic and industrial policies of the Province. Furthermore, the NWDC aims to grow the Cooperatives economy, trade and investment facilitation and increase strategic economic infrastructure. NWDC strives to be the cornerstone of promoting trade, attracting investment and ensuring economic growth and transformation in the North West Province.

d) The desired outcome for the NWDC is to contribute towards the growth and transformation of the economy by positioning the North West Province as a competitor in investment attraction in both the SADC Region and the rest of the globe.

Performance Information by Programme

PROGRAMME 1: PROPERTY DEVELOPMENT & MANAGEMENT

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To ensure the development and management of the property portfolio	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of current rental collected within 30 days	R168m	R123 280 626.73	R44 719 373.27	Underachievement Some of the tenants have been complaining about the lack of maintenance of the Entity's properties and thus used this excuse to boycott payments. However, the general economic conditions in the country for the past few years have contributed to the deviation from the planned target. A concerted effort to engage with tenants across the NWDC property portfolio to find an amicable solution to the impasse has been undertaken since January 2019
Percentage of occupancy rate for lettable properties	90%	51%	39%	Underachievement The main cause of the deviation is the vacancy level in the Industrial space which constitutes 80% of the total vacancy percentage. The vacancies in other property portfolio types are Commercial 3%, Retail 6% and Residential 11% The capital injection by the Dti into the three main industrial parks, namely Babelegi, Garankuwa & Mogwase, to the tune of over R100m each will go a long way in refurbishing and rehabilitating the industrial parks and some of the properties within the said parks

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of amount spent on maintenance of lettable properties	R16.8m	R6 064 040.71	R10 735 959.29	Underachievement The main cause of the underachievement is the insufficient budget that was allocated to repairs and maintenance of properties. Lack of funds contributed to maintenance of properties being under-funded and deferred year on year. The backlog thus continued.
Number of vacant sites earmarked for development	5	0	5	Underachievement Management made a submission to the Board of directors on 16 February 2019 and the Board approved the implementation plan. In conjunction with the Provincial Treasury, the NWDC is currently compiling the appropriate terms and condition applicable to the projects of this nature and scale

3 Narrative

The financial year 2018/2019 was a difficult year for local investors and businesses. The technical recession, the extended service delivery protests in areas where the industrial parks are situated, and to some extent, the lingering issue of property expropriation are added challenges faced by investors and business communities in general. As a State-Owned business enterprise and landlord of a vast property portfolio, the NWDC is not immune to the prevailing economic conditions. Local enterprises are under pressure to find affordable rental spaces fit for the purpose on secured premises to carry out business. Regrettably, the NWDC has over a long period deferred maintenance due to lack of funds and this reduced occupancy of the rentable space from 90% in the 1st Quarter to 60% in the last Quarter.

Deferring maintenance is a major risk to any property owner or organisation and has a negative impact on the performance and functionality of the assets. Unoccupied premises exposes the property to theft and vandalism. Furthermore, significant problems may arise to occupied properties which relate to occupational health and safety issues such as a roof leaks, structural damage, sewerage and electrical faults. Repair and maintenance, and security, are key to ensuring returns on a rental investment.

As reported above, historically, the NWDC faced challenging periods that resulted in a significant backlog on maintenance. To catch up on the maintenance backlog, the NWDC would require no less than R100m and at the rate of R6m per annum, it will take 16 years to catch up. It is thus obvious that a significant financial commitment is needed to achieve the maintenance objective in a shorter period, which is what the tenants demand.

NORTH WEST DEVELOPMENT CORPORATION

4 Strategy to overcome areas of under performance

In reversing the trend of the previous years, the NWDC will create a solid business relationship with its tenants (i.e. customer relations and expanded service offerings) and approach the letting process in a more professional manner (e-Leasing and debit order facilities). This is intended to reduce the number of the rental payment boycotts if not resolving them completely.

However, the NWDC has to commit a significant portion of the collected funds, an estimated 30%, to reinvest in its properties and to accelerate the maintenance programme.

As commented above, the capital injection by the dti into the three main industrial parks, namely Babelegi, Garankuwa and Mogwase to the tune of over R300m will go a long way in refurbishing and rehabilitating the industrial parks and some of the properties within the said parks.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Property Development & Management expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Property Development & Management	162 756 000	55 472 000	107 284 000	95 317 000	331 003 412	(235 686 412)
TOTAL	**162 756 000**	**55 472 000**	**107 284 000**	**95 317 000**	**331 003 412**	**(235 686 412)**

PROGRAMME 2: SPECIAL ECONOMIC ZONE (SEZ)

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To increase strategic development of economic infrastructure	Contribute annually to the GDP economic growth and transformation of the NWDC by multiplying the initial investments

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	Q4 ACTUAL	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Number of approved SEZ Master Plans	1	0	0	1	Underachievement A decision was taken to combine the development of the master plan with the SALGA Master Plan Project for Bojanala District to utilise the EU funding secured by SALGA North West

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	Q4 ACTUAL	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of investment attracted into the SEZ	R2bn	0	0	R2bn	Underachievement The entity managed to secure funding amounting to R7.5bn for SEZ but the memorandum of understanding has not yet been drafted and finalised.
Value of Zone Infrastructure Development	R750m	0	0	R750m	Underachievement The Department of Trade and Industry has committed to make funding available for Infrastructure Development. Follow ups will be made with DTI regarding funding for the infrastructure development in the new financial year.

3 Narrative

The NWDC made significant progress to implement the SEZ, a presentation for the designation of the SEZ was made to the Department of Trade and Industry Advisory Board on 29 March 2019. The Board subsequently approved the report and made a recommendation to the Minister of Trade and Industry to designate the SEZ.

The Minister of Trade and Industry, Minister Rob Davies, has issued a notice of his intention to designate the Bojanala Special Economic Zone in the North West Province.

The proposed Special Economic Zone will be developed on 1,175 hectares including the Bodirelo Industrial Park in Mogwase, in the Moses Kotane Local Municipality. It will focus largely on mineral beneficiation, especially for platinum group metals, as well as manufacturing including mining capital equipment, agro-processing and renewable energy.

The designation of the zone will afford the Bojanala region the opportunity to develop world-class mineral beneficiation infrastructure and go a long way towards ensuring that the economic value and associated economic opportunities of mineral endowments that abound in the Bushveld Complex, are optimised. More importantly, this development is expected to contribute towards strengthening South Africa's international trade through the export of value-added commodities, the creation of stronger value chains and the provision of much needed jobs in the previously disadvantaged regions.

The Department of Trade and Industry will arrange a public hearing in Mogwase in the Bojanala District to allow the community to make inputs on the proposed development. The site will be developed in three phases comprising of a logistics park, light manufacturing space and a heavy industries manufacturing space.

4 Strategy to overcome areas of under performance

The process to develop the Bojanala Master plan is underway and will be completed in the first quarter of the 2019/2020 financial year.

The bulk of the infrastructure development funding will be received from the Department of Trade and Industry for the construction of the top structures. This will be based on new investment received.

NORTH WEST DEVELOPMENT CORPORATION

5 Linking performance with budgets

The financial information as presented in the table below outlines the Special Economic Zone (SEZ) expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Special Economic Zone	4 595 000	8 659 000	(4 064 000)			
TOTAL	**4 595 000**	**8 659 000**	**(4 064 000)**			

PROGRAMME 3: SMME DEVELOPMENT & MANAGEMENT

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To develop sustainable enterprises	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of loans disbursed	R20m	R5 033 272.85	R14 966 727.15	Underachievement The NWDC took into account, at the planning stage of the Corporate Plan, strategic partnerships which would have yielded an injection of funds towards the funding of SMME's. These partnerships failed to materialise.
Amount recovered from collections	R4m	R2 926 320.05	R1 073 679.95	Underachievement The lack of funds disbursed had a negative impact on collection, due to the collection target that was set as a percentage of funds disbursed
Number of SMMEs and Cooperatives registered at CIPC	600	441	159	Underachievement There were lesser SMME's and Cooperatives who came to register than was anticipated.

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of funding sourced from financial institutions for training of SMMEs and Cooperatives	R1m	0	R1m	Underachievement Funding could not be sourced from other financial institutions but in house training was provided
Number of SMMEs and Cooperatives trained for development	400	413	13	Overachievement There was an overwhelming amount SMME's and cooperatives interested in training offered by the entity.

3 Narrative

The SMME Unit went to the corporation's strategic planning with ground work having been done for the partnership with the Department of Rural, Environment and Agriculture Development (READ) for the funding of agricultural businesses through the NWAF fund. Unfortunately, the partnership was terminated due to a change in reporting structures – NWDC was moved from the Office of the Premier to EED.

Within the target that was set, funding to agricultural businesses through the NWAF was taken into account, as well as collection from such funding.

4 Strategy to overcome areas of under performance

The NWDC has resolved to align its planned targets with internal resources. In instances where external factors have to be taken into account, only written and signed commitments are to be considered. In that way, a possibility of actual targets being negatively influenced by external factors will be eliminated.

5 Linking performance with budgets

The financial information as presented in the table below outlines the SMME Development & Management expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
SMME Development & Management	11 749 000	247 000	11 502 000	16 398 000	645 570	15 752 490
TOTAL	**11 749 000**	**247 000**	**11 502 000**	**16 398 000**	**645 570**	**15 752 490**

PROGRAMME 4: TRADE & INVESTMENT FACILITATION

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To attract foreign and local direct investments into the North West Province, promote exports and facilitate market access for local businesses	Contribute annually to the GDP economic growth and transformation of the NWDC by multiplying the initial investments

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Value of successful investment projects facilitated into the North West Province	R100m	0	R100m	Underachievement The entity was able to facilitate and receive commitments from various investors. However no actual funding was received by the North West Province.
Number of trade and investment initiatives with local and district municipalities	4	3	1	Underachievement Initiatives planned with Rustenburg municipality were postponed at the behest of the municipality due to internal changes
Value of exports facilitated per annum	R20m	0	R20m	Underachievement Planned initiatives were not undertaken due to external travel moratorium Companies which had previously undertaken initiatives had not yet concluded any deals
Number of companies assisted with access to export markets	10	6	4	Underachievement Planned initiatives were not undertaken due to external travel moratorium Companies

3 Narrative

The financial year 2018/2019 continued with low growth particularly in the mining sector which is the mainstay of the economy of the North West Province. The ripple effect was that other areas of the economy were also affected resulting in low new investment in the province. Under this difficult environment a R510m investment was facilitated into the new Isago @N12 Development which had been under consideration for some years and is expected to unlock additional investment as the phases are rolled out.

The Trade and Investment unit is facilitating a new fluorspar project in Zeerust for a foreign investor ERG Africa which is a wholly-owned subsidiary of Eurasian Resources Group, a leading diversified natural resources producer. The project is still under feasibility study with USD $350 000 (R5 145 000) already committed to bring it to bankability and is expected to be concluded in this new financial year.

For agro-processing company Green Buds, the unit facilitated access to the Agro Processing Support Scheme (APSS) grant. There is a need to advocate for co-funding arrangements of projects to share the risk with potential investors interested in the Province.

Outside of raw commodity products the province continues to underperform in terms of export performance and the financial year 2018/2019 was no different. The unit seeks to arrange targeted missions using the North West University's Decision Support Model (DSM) instrument. Regrettably, planned export initiatives such as the Botswana Global Expo were not undertaken due to an external travel moratorium. These missions are reprioritised for the current financial year.

4 Strategy to overcome areas of under performance

- Plan for more outward export missions in key markets;
- Prepare export-ready companies to take part in key export initiatives in the new financial year;
- Work with the DTI to widen the pool of new exporters through export development initiatives;
- Assist companies to apply for the DTI EMIA scheme;
- Plan and implement more outward export missions for export-ready companies that have been identified;
- Expanding the quantity and quality of leads and bankable opportunities under consideration;
- Work is being done through DFI forum to bring a number of projects under consideration to bankability;
- Collaborate more with development finance partners to unlock funding opportunities for projects.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Trade & Investment Facilitation expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Trade & Investment Facilitation	7 897 000	5 838 000	2 059 000	8 163 000	498 198	7 664 802
TOTAL	**7 897 000**	**5 838 000**	**2 059 000**	**8 163 000**	**498 198**	**7 664 802**

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION

PROGRAMME 5: ECONOMIC DEVELOPMENT PROJECTS

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To facilitate and implement funded projects	Contribute annually to the GDP economic growth and transformation of the NWDC by multiplying the initial investments

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Number of funded projects to be implemented	11	5	6	Underachievement The Department of Rural, Environment and Agricultural Development (READ) withdrew its projects with the budgets from the NWDC during the year under review. The projects contributed more than 60% of the NWDC project list. This mainly contributed to the under performance of the unit.
Number of jobs created through projects implemented	500	10	490	Underachievement This was due to a reduction in projects delivered by the unit.

3 Narrative

The NWDC project list consisted of among other, construction and agricultural projects. The Department of Rural, Environment and Agricultural Development (READ) withdrew its agricultural projects with budgets from the NWDC during the year under review. The projects contributed more than 60% of the NWDC project list. This mainly contributed to the under performance of the unit.

Community unrests and prevailing wet weather conditions were among the major contributors to the construction projects not being completed in the year under review.

4 Strategy to overcome areas of under performance

Accelerate and monitor the delivery of the remaining projects, and following up and pursuing new project leads.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Economic Development Projects expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Economic Development Projects	7 782 000	108 440 622	(100 658 622)	78 525 000	-	78 525 000
TOTAL	**7 782 000**	108 440 622	**(100 658 622)**	**78 525 000**	**-**	**78 525 000**

PROGRAMME 6: MINING

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To contribute towards the transformation of the mining economy	Contribute annually to the GDP economic growth and transformation of the NWDC by multiplying the initial investments

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Number of mineral beneficiation investment opportunities participated in	1	0	1	Underachievement The Unit could not finalise due to the late allocation of mining budget in the period.
Number of prospecting rights funded annually	4	0	4	Underachievement The delay in the budget allocation by the former Shareholder mainly contributed in the non-achievement of the unit.
Number of mining licenses applied for annually	4	0	4	Underachievement Applications for mining licences require consultations from all interested and affected parties. A report of those parties' concerns must be made to the government. Applicants need to obtain a section 54 from the Shareholder. These are all pending

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION

3 Narrative

The mining industry contributes about 8% directly of the country's gross domestic product (GDP). This contribution could be as high as 17% if indirect and induced effects are added. Both large and small companies would like to exploit these opportunities. Some are doing so despite the political threats. Even more companies will do so if the threats can be effectively managed or reduced. According to the Chamber of Mines, investment over the next few years could almost double in the absence of threats. It is therefore recommended that interventions and processes leading to the achievement of the mining initiatives be rigorous implemented.

4 Strategy to overcome areas of under performance

- Follow-up on the transfer of the mining beneficiation budget to the corporation.
- Finalise the contracting between the corporation and the three companies with mining prospecting rights.
- Amend the mining license application target to a mining prospecting rights application and facilitate the application for the mining prospecting rights for the corporation.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Mining expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Mining	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

PROGRAMME 7: TOURISM

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To manage, promote and grow hospitality and eco-tourism in the North West Province	Contribute annually to the GDP economic growth and transformation of the NWDC by multiplying the initial investments

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Percentage increase in revenue measured for the quarter against prior year same period	17%	-4.99%	-21.99%	Underachievement At Bakgatla and Manyane revenue was adversely affected by the reserve gate fees that have been implemented by Parks Board, robberies and burglaries at Manyane and noise of nearby Taverns. Cookes Lake had challenges due to the uncertainty of closure. CASR had challenges of the local Municipality disconnecting the electricity due to outstanding municipal fees as a result of lack of cash flow to pay service providers. High cost of stock contributed to the deviation from the planned outcome due to poor relationships with service providers as a result of poor payment traits of GLR.
Percentage increase in occupancy for the quarter measured against prior year same period	8%	-12.99%	-20.99%	Underachievement At Bakgatla and Manyane revenue was adversely affected by the reserve gate fees that have been implemented by Parks Board, robberies and burglaries at Manyane and noise of nearby Taverns. Cookes Lake had challenges due to the uncertainty of closure. CASR had challenges of the local Municipality disconnecting the electricity due to outstanding municipal fees as a result of lack of cash flow to pay service providers. High cost of stock contributed to the deviation from the planned outcome due to poor relationships with service providers as a result of poor payment traits of GLR.

NORTH WEST DEVELOPMENT CORPORATION

3 Narrative

BAKGATLA RESORT

During the 2018/2019 financial year Bakgatla Resort managed to host two football clubs during national tournaments. The Mebala ya Rona Conference was successfully hosted at Bakgatla.

There were upgrades of the executive tents and completion of renovation work on the laundry roof and replacement of ceiling. Full-length mirrors and wall safes were installed in all chalets to ensure retention of the resort's 3 star grading status. Bakgatla received an upgraded RCI rating to that of a silver crown for its timeshare units.

Pricing remains a challenge in a very competitive market. This factor, together with the website not being fully online, remains frustrating and results in reduced online bookings.

Bakgatla's conferencing facilities do not compare favourably to surrounding competitors. The inability to offer WiFi and poor or outdated equipment cause potential business to book their conference elsewhere to get value for money. The lack of government departments' support remains a challenge.

Bakgatla experiences water shortages due to infrastructure problems on the incoming municipal pipeline which has been ring-fenced as a project for the new financial year.

MANYANE RESORT

Manyane Resort managed to achieve its revenue target for the financial year 2018/2019, although the consolidated group did not achieve its overall target. Online booking engines are contributing positively towards revenue generation. Manyane's Day Visitors Area also contributed positively towards the Manyane Resort's revenue generation. The camp sites, safari tents and curio shop have shown growth in the current year.

The reception area was re-thatched to improve the ambiance of the resort although the remainder of the dilapidated infrastructure impacts customer perceptions of not receiving value for money. Despite the above, the resort received an improved status at the RCI Awards when it progressed from Standard to Hospitality for its timeshare units.

Even though the resort's revenue was achieved, the occupancy declined due to increased daily entrance fees payable at the game park gate by Parks Board. Loud music coming from nearby taverns impact on the peace and tranquillity at the resort. Low staff morale due to financial constraints hampers the resort's performance. Upgrading and aligning the ICT remains a major challenge in that the reservations division is sometimes unable to take bookings due to down times. Inadequate stock purchases of food and beverages, retail and bar stock due to the constrained cash flow remains a challenge.

During this financial year there was a great increase in attacks and robberies at the resort. These incidents have serious reputational consequences in terms the safety of guests at the resort, and this information is spreading on social media platforms. Most of the regular guests are very concerned about this matter.

COOKES LAKE

The Cookes Lake maintenance team fixed the irrigation system and all the conferencing section's air conditioners, which resulted in a total saving of R153 400.00. The contract between Cookes Lake and North West Parks Board prohibits the resort from hosting outdoor events that might attract noise and prohibits subletting, thus constraining any additional revenue streams pursued such as outdoor music events or subletting to a day spa facility on the premises.

Further constraints in generating sufficient revenue is the absence of a tax clearance certificate for GLR which hampers bookings, especially from government departments. Cookes Lake requires funding to upgrade the ICT and telephone system, as well as infrastructure refurbishments to improve revenue generation.

MADIKWE RIVER LODGE

Madikwe River Lodge (MRL) did not perform very well during the 2018/2019 financial year due to deteriorating infrastructure that has an effect on the sales and marketing of the lodge. Maintenance has taken place which saw the kitchen roof repaired whilst room no. 4 was closed for maintenance.

New lockable doors and new beds were bought and installed in the chalets. An electrical fence was installed around the lodge and its staff houses. This project was done in-house by the maintenance team with a cost saving of R309 000.00. The resort managed to retain its 3-star rating as per the Tourism Grading Council of South Africa due to good customer survey feedback.

The Madikwe River Lodge teamed up with one of the provincial radio stations for a Valentine's Day promotion which was a success. MRL advertised on North West FM, in Tourvest Magazine and is in constant liaison with tour operators to advertise the lodge.

CHRISTIANA ALL SEASONS RESORT (CASR)

CASR proudly managed to achieve and maintain a 4-star grading thanks to the continued support from government departments and travel agents. An increase in leisure guests was also experienced. Annual events taking place on surrounding farms guaranteed return guests for the third consecutive year. A combination of dedicated staff, word of mouth and excellent service has contributed to CASR growing from strength to strength. The tender process for the CASR filling station is not yet complete but will secure additional revenue for the resort once it is finalised. The second annual Cancer Awareness Campaign was successfully hosted. The promotion and selling of hunting packages to keep game numbers under control has subsequently made a positive contribution to the revenue generated for the resort. Revitalising of the "Vaal Tented Escape" is still in progress and could not be finished due to lack of financial resources.

The continuous threat and disconnection of electricity at CASR is placing strain on business and on the reputation of the resort. Bookings were cancelled, refunds needed to be paid and reputational damage is a serious threat. This is due to cash flow constraints to service municipal debts.

4 Strategy to overcome areas of under performance

BAKGATLA RESORT

The resort will prioritise the completion of the website and active marketing through internet and social media. Expansion of booking engines that will lead directly to our website will be done. Actively engage with possible guests via reservations and website to close the sale, even if discounting is required such as a last minute booking discount. To implement identified upgrade projects such as the water pipeline that needs to be extended.

MANYANE RESORT

There will be a focus on continued stakeholder relationship improvement – audiences will include guests at the resort, tour operators who continuously support us with bookings and day visitor groups who use the restaurant facilities.

The development of the website needs to be completed so that booking channels such as Booking.com, Expedia, travel agents and others shall be able to plug in and book directly, with direct payments channelled into GL Resort's bank account. This will assist with cash flow challenges.

Maintenance projects to be implemented to overhaul the appearance of the facility. The erection of an electric fence and cameras at the resort will address the serious safety issues (attacks and armed robberies) experienced during 2018/2019. The taverns need to be reported to the Liquor Licencing Board to address the noise factor which is affecting the resort's unique selling point of peace and tranquillity. The taverns were previously reported to the Police station commander and office of the municipal manager who were not able to assist. Finalising the ICT upgrades to ensure more effective controls and reporting.

COOKES LAKE

Introduce special rates for accommodation to attract customers and thus increase revenue. Use social media to market additional hospitality services such as the picnic area and restaurant. Implement a maintenance plan to continuously maintain the resort to avoid unnecessary and unplanned financial expenses. Consider the possible closure of Cookes Lake if a new agreement cannot be reached that will allow for additional revenue streams. The lodge has huge potential to be sustainable which can be increased through the development of new infrastructure and by marketing to local and neighbouring areas.

MADIKWE RIVER LODGE (MRL)

The process of converting the massage parlour into a luxury family room is unfolding and was delayed due to financial constraints. Launch a marketing intervention by inviting reputable brand influencers to sample the lodge's high quality hospitality and share with their social media followers. Funding is required for refurbishments to address risks concerning the stability of the chalets - there are cracks throughout the chalets as a result of the water bank subsiding from continuous rains that have shifted the chalets' foundation.

For additional revenue streams MRL will introduce walking trails which will be advertised on North West Fm, Tourvest Magazine and among tour operators.

CHRISTIANA ALL SEASONS RESORT (CASR)

CASR will continue to improve on its service offering and planned events and will put in all efforts to be viewed as the best. Implementation of an aggressive advertising, marketing and brand awareness campaign is required. Strategically placed road-side advertising signs need to be erected. Sustainable initiatives to implement recreational activities, promotional events and trial walks in game farm should be formulated and implemented to generate additional revenue. The sourcing of funds to address the municipal debt which is threatening CASR's livelihood should be a priority.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Tourism expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Tourism	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

PROGRAMME 8: FINANCIAL MANAGEMENT

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To improve the going concern status for the NWDC Group	Maintain the going concern of the NWDC Group by achieving sustainability

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Percentage achievement of the Financial Development Plan	100%	66%	34%	Underachievement Revenue from properties was not sufficient to support all the NWDC activities and mandates. The debtors balance increased on a monthly basis due to the less than 100% collection rate

3 Narrative

Amounts billed to Departments, with regards to the provision of Security Services, were not paid timeously. The decrease in rental revenue impacted negatively on the cash flow within the NWDC.

4 Strategy to overcome areas of under performance

- Development and implementation of the Cost Containment Strategy;
- Development and implementation of the Working Capital Management Strategy; and
- Investigation and implementation of other revenue generation streams.

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION

5 Linking performance with budgets

The financial information as presented in the table below outlines the Financial Management expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Financial Management	38 047 000	31 938 000	6 109 000	24 070 000	104 283 892	(80 213 892)
TOTAL	**38 047 000**	**31 938 000**	**6 109 000**	**24 070 000**	**104 283 892**	**(80 213 892)**

PROGRAMME 9: SUPPORT SERVICES

1 Purpose of the Programme and Strategic Objective

PURPOSE OF THE PROGRAMME	STRATEGIC OBJECTIVE
To improve the going concern status for the NWDC Group	Maintain the going concern of the NWDC Group by achieving sustainability
	Increase the NWDC Group capacity by implementing operating systems
	Conduct annual surveys to measure the quality of services rendered by the NWDC Group

2 Performance Indicators

PERFORMANCE INDICATOR	PLANNED TARGET 2018/2019	ACTUAL ACHIEVEMENT 2018/2019	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2018/2019	COMMENT ON DEVIATIONS
Number of Unit/Department Operational Plans monitored	72	72	0	Achieved
Percentage collection of historical debt prior to 1 December 2017	50%	43.1%	6.9%	Underachievement The deviation could be attributed to the boycott of rentals by tenants due to the dilapidated state of the NWDC facilities. However, with the appointment of the new Panel of Attorneys, such deviations could be avoided.

3 Narrative

The Monitoring & Evaluation unit achieved all its targets during the year under review.

The appointment of a panel of attorneys will assist the NWDC to drastically reduce the debt book and also assist the Legal Services division with other matters that require a certain level of expertise.

Legal fees incurred for disciplinary proceedings against employees were out of the ordinary and costed the NWDC approximately R2.5m.

The NWDC managed to settle the long outstanding matter with the Mafikeng Recording Studios out of court, which resulted in a cost saving on the legal fees.

4 Strategy to overcome areas of under performance

The appointment of a panel of attorneys will assist in the reduction of the debt book and the achievement of a new strategy which involves the dividing of the debt book into manageable sections and divided among attorneys within the North West Province and other Provinces. Implement the decentralisation of the Legal Department for ease of access for the NWDC branches.

5 Linking performance with budgets

The financial information as presented in the table below outlines the Support Services expenditure:

PROGRAMME NAME	2018/2019			2017/2018		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Monitoring & Evaluation	-	-	-	*Monitoring & Evaluation expenses included in the Office of the CEO expense		
Legal Services	32 201 000	84 111 000	(51 910 000)	*Legal Services expenses included in Corporate Services		
TOTAL	**32 201 000**	**84 111 000**	**(51 910 000)**	**-**	**-**	**-**

Summary of Financial Information

1 Revenue Collection

SOURCES OF REVENUE	2018/2019			2017/2018		
	ESTIMATE	ACTUAL COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL COLLECTED	(OVER)/UNDER COLLECTION
Revenue	168 840 000	152 088 000	16 752 000	153 007 000	157 425 000	(4 418 000)
Grants	86 750 000	96 750 000	(10 000 000)	134 893 000	228 953 000	(94 060 000)
Investment & Other Income	-	4 526 000	(4 526 000)	2 181 000	-	2 181 000
Other Gains & Losses	-	-	-	5 851 000	122 172 000	(116 321 000)
TOTAL	**255 590 000**	**253 364 000**	**2 226 000**	**295 932 000**	**508 550 000**	**(212 618 000)**

2 Programme Expenditure

PROGRAMME NAME	2018/2019 BUDGET	2018/2019 ACTUAL EXPENDITURE	2018/2019 (OVER)/UNDER EXPENDITURE	2017/2018 BUDGET	2017/2018 ACTUAL EXPENDITURE	2017/2018 (OVER)/UNDER EXPENDITURE
Office of the CEO	24 332 000	17 072 000	7 260 000	27 302 000	17 712 734	9 589 266
Property Development and Management	162 756 000	55 472 000	107 284 000	95 317 000	331 003 412	(235 686 412)
Special Economic Zone (SEZ)	4 595 000	8 659 000	(4 064 000)			
SMME Development and Management	11 749 000	247 000	11 502 000	16 398 000	645 570	15 752 430
Trade and Investment Facilitation	7 897 000	5 838 000	2 059 000	8 163 000	498 198	7 664 802
Economic Development Projects	7 782 000	108 440 622	(100 658 622)	78 525 000	-	78 525 000
Mining	Included in Projects Budget					
Tourism		-	-			
Financial Management	38 047 000	31 938 000	6 109 000	24 070 000	104 283 892	(80 213 892)
Corporate Services	32 201 000	84 111 000	(51 910 000)	39 304 000	92 620 022	(53 316 022)
TOTAL	289 359 000	311 777 622	(22 418 622)	289 079 000	546 763 828	(257 684 828)

5 Capital Investment, Maintenance and Asset Management Plan

The following table present the maintenance and repairs:

INFRASTRUCTURE PROJECTS	2018/2019 FINAL APPROPRIATION	2018/2019 ACTUAL EXPENDITURE	2018/2019 (OVER)/UNDER EXPENDITURE	2017/2018 FINAL APPROPRIATION	2017/2018 ACTUAL EXPENDITURE	2017/2018 (OVER)/UNDER EXPENDITURE
New and replacement assets						
Existing infrastructure assets						
• Upgrades and additions						
• Rehabilitation, renovations and refurbishments						
• Maintenance and repairs	168 000	104 000	64 000			
Infrastructure transfer						
Current						
Capital						
TOTAL	**168 000**	**104 000**	**64 000**			

Ms A Tjale
Chairperson of the Board

NORTH WEST DEVELOPMENT CORPORATION

PART C

CORPORATE GOVERNANCE

Introduction

Corporate Governance embodies processes and systems by which the North West Development Corporation are directed, controlled and held to account. In addition to legislative requirements based on the Companies Act, corporate governance with regard to the North West Development Corporation is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

The MEC for Economy and Enterprise Development and the Board of Directors, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

NORTH WEST DEVELOPMENT CORPORATION

Portfolio Committees

DATES OF MEETINGS	TOPIC	MATTERS RAISED BY THE PORTFOLIO COMMITTEE
31 May 2018	Briefing by the NWDC on the Q4 2017/2018 Performance Information Report	Resolutions adopted by the House: • The NWDC must work with the mining industry to achieve the economic development projects; and • The NWDC must only concentrate on development of security cooperatives and the procurement must be left to the different Departments
28 August 2018	Briefing by the NWDC on the Q1 2018/2019 Performance Information Report	The Legislature adopted the Q1 2018/2019 Performance Information Report
13 September 2018	Briefing by the NWDC on the 1st Draft Corporate Plan 2019/2020	Resolutions adopted by the House: • The NWDC concerns raised by the AG should be addressed according to its mandate; and • The NWDC establishment act be clarified
13 November 2018	Briefing by the NWDC on the 2017/2018 Annual Report	The Legislature adopted the Annual Report 2017/2018

Executive Authority

The NWDC submitted to the Executive Authority, during the year under review, the following:

- Approved the Corporate Plan and Budget for 2018/2019;
- Signed the Shareholders Compact 2018/2019 with the Shareholder;
- Approved Quarterly Reports of the NWDC; and
- Approved and Printed Annual Report 2017/2018.

The Accounting Authority: The Board

1 THE ROLE OF THE BOARD

The role and responsibilities of the Board are to:

a) As its primary function, the board is responsible to determine the company's strategic direction and to exercise prudent control over the company and its affairs;

b) Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the Shareholder and other stakeholders of the company along sound corporate governance principles;

c) Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:

- Contributing to and approving the strategy;
- Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
- Identifying key performance and risk areas;

- Ensuring that the strategy will result in sustainable outcomes; and
- Considering sustainability as a business opportunity that guides strategy formulation.

d) Provide effective leadership on an ethical foundation;

e) Ensure that the group is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the group but also the impact that business operations have on the environment and the society within which it operates;

f) Ensure that the group has a code of ethics and related ethics polices based on its values as approved by the board, and that the ethical performance of the group and its representatives is pro-actively and managed effectively;

g) Ensure that the group has an effective and independent Audit and Risk Committee;

h) Be responsible for the governance of risk;

i) Be responsible for information technology (IT) governance;

j) Ensure that the company complies with applicable laws and considers adherence to non-binding rules and standards;

k) Ensure that there is an effective risk-based Internal Audit;

l) Appreciate that stakeholder's perceptions affect the reputation of the group;

m) Ensure the integrity of the group's Annual Report;

n) Act in the best interests of the group by ensuring that individual Board Members:

- Adhere to legal standards of conduct;
- Are permitted to take independent advice in connection with their duties following an agreed procedure; and
- Disclose real or perceived conflicts to the Board and deal with them accordingly.

o) Commence business rescue proceedings as soon as any entity in the group is financially distressed;

p) Appoint and evaluate the performance of the Chief Executive Officer and the Chief Financial Officer; and

q) The Board should do everything necessary to fulfil its role as set out above.

2 THE BOARD CHARTER

The below information reflects the progress made on complying with the Board Charter:

- Approved Strategic Risk Register and Risk Management Strategy 2018/2019
- Approved the Corporate Plan and Budget for 2018/2019;
- Signed the Shareholders Compact 2018/2019 with the Shareholder;
- Approved the quarterly reports of the NWDC and its Subsidiaries;
- Ensured an Effective and Independent Audit and Risk Committee;
- Ensured that there was an effective risk based Internal Audit;
- Appointed and Evaluated the Performance of the Chief Executive Officer and Chief Finance Officer;
- Approved Annual Report 2017/2018; and
- Approved Business Code of Ethics Policy.

3 COMPOSITION OF THE BOARD

The Member of the Executive Council (MEC) of the Department Economic Development, Environment & Tourism.

MEMBERS OF THE BOARD (EXECUTIVE AND NON-EXECUTIVE)

NAME	ROLE	DATE APPOINTED
Mr DG Duma	Chairperson Non-Executive Director	1 July 2016 and resigned on 28 July 2019
Ms KA Dikgole	Non-Executive Director	1 July 2016
Mr B Khumalo	Non-Executive Director	Appointed on 5 November 2014 and reappointed on 1 July 2016
Mr TC Dlamini	Non-Executive Director	1 July 2016 and resigned on 28 July 2019
Ms NM Koloti	Non-Executive Director	Appointed on 5 November 2014 and reappointed on 1 July 2016 and resigned on 31 August 2019
Prof Dr LTB Jackson	Non-Executive Director	1 July 2016
Ms M Chokoe	Non-Executive Director	1 July 2016
Ms A Tjale	Chairperson	Appointed as: Member of the Audit & Risk Committee on 20 September 2016; Board Member of the NWDC on 27 January 2019; Chairperson of the ARC on 27 January 2019; and Chairperson of the Board on 31 July 2019 and ceased to be a member of the ARC.
The Late Advocate HC Keyter	Non-Executive Director	Appointed on 5 November 2014 and reappointed on 1 July 2016. Passed away on 20 August 2018
Mr KK Tlhaoele	Non-Executive Director	1 July 2016 and resigned on 27 July 2019

QUALIFICATIONS AND EXPERTISE

NAME	QUALIFICATIONS	AREAS OF EXPERTISE
Mr DG Duma	MBA, Bachelor of Technology, Senior Management Development Programme, Diploma in Project Management	Corporate/Executive Management, Shared Services Management (Supply Chain, Information Technology; Stakeholder Engagement; Remuneration, Time & Attendance, Personnel & Administration, Property Development & Management, Capital Procurement), Sustainability, Local Economic (Community) Development, Operations Management, Quantity Surveying, Property Management
Ms KA Dikgole	National Diploma: Internal Auditing, National Certificate: Internal Auditing	Auditing and Financial Accounting. Corporate Governance, Risk Management, Managerial Skills.

NORTH WEST DEVELOPMENT CORPORATION

NAME	QUALIFICATIONS	AREAS OF EXPERTISE
Mr B Khumalo	Bachelor of Arts, Higher Diploma in Education, Bachelor of Arts Honours, Executive Development Programme from Wits Business School, The Anglo American Advanced Social Management Programme from the University of Cambridge, Institute for Sustainability Leadership and University of Queensland Centre for Social Responsibility in Mining	Operations Management, Media Management, Economics Finance, Strategic Planning, Policy Development, Marketing, Advertising and Communications Corporate Governance, Marketing, Strategy, business Development
Mr TC Dlamini	Master of Arts in Development Economics, Bachelor of Arts in Economics, Diploma in Business Administration	Business Administration, Audit and Risk, Economics
Mr KK Tlhoaele	Bachelor of Commerce, Investment Management, International Executive Development Programme, Managing Credit Risk in the Commercial Segment, Executive Leadership Programme	Financial Services, Property Investments, Enterprise Development and Risk Management
Ms NM Koloti	Diploma in Management Finance and Leadership, Certificates in Management Advance Programme and Local Government Development Management	Leadership and Management of Local Government and Public Relations, Communication Media Liaison, Public Participation/Sectoral Mobilisation, Stakeholder Relations
Prof Dr LTB Jackson	PhD, MA, MBA, Hons. BA, Senior Primary Education Diploma	Industrial Psychology, Strategic Management, Education (Mathematics and Science)
Ms M Chokoe	MBL, Management Development Programme, B Com Honours (Business Management), B Com (Management, Statistics, Cost Accounting and Economics)	Enterprise and Supplier Development, Small Business Development and Local Economic Development, Project Management, Finance and Strategy, and Policy Development and Implementation
Ms A Tjale	Chartered Accountant, Bcom Hons (Acc), Bcom (Acc), MDP- BBBEE	Financial Accounting, Auditing and Taxation, Risk Management, BBBEE Verification, Corporate Governance
The Late Advocate HC Keyter	BA, BA Hons, BA Hons, BProc, LLB, LLM, LLM, LLM (Cum Laude) (University of JHB)	Drafting and interpretation of contracts, Administrative and Municipal Law, Corporate Law, Political Studies and Psychology

Meeting Attendance

NAME	NUMBER OF MEETINGS (NORMAL AND SPECIAL)	
	HELD	ATTENDED
Mr DG Duma	9	8
Ms KA Dikgole	9	9
Mr B Khumalo	9	3
Mr TC Dlamini	9	9
Mr KK Tlhoaele	9	7
Ms NM Koloti	9	5
Prof Dr LTB Jackson	9	6
Ms M Chokoe	9	7
Ms A Tjale	2	2
The Late Advocate HC Keyter	4	3

4 COMMITTEES

1 Audit & Risk Committee

The Audit and Risk Committee has been established in compliance with sections 76(4) (d) and 77 of the Public Finance Management Act, Section 3 of Treasury Regulations (GG 27388 - 15 March 2005) and Section 94 of the Companies Act 71 of 2008.

The duties and responsibilities of the members of the Audit and Risk Committee as set out in below are in addition to those duties and responsibilities that they have as members of the Board. The deliberations of the Audit and Risk Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations as Directors.

1.1 FINANCIAL REPORTING

a) Review the appropriateness of accounting policies;

b) Review the appropriateness of assumptions made by management in preparing the financial statements;

c) The Audit and Risk Committee should annually review the expertise, resources and experience of the organisation's finance function, and disclose the results of the review in the integrated report;

d) The Audit and Risk Committee should also consider and satisfy itself of the suitability of the expertise and experience of the Chief Financial Officer annually;

e) In accordance with section 27.1.8 of the Treasury Regulations, applicable to public entities, the Audit and Risk Committee must review the adequacy, reliability and accuracy of the financial information provided by management and other users of such information. The Audit and Risk Committee must review the effectiveness of the internal control systems on an annual basis;

f) Review changes in the accounting standards and approve the 3 year rolling plan of standards to be adopted by the entity. Approve all changes made to the accounting policies of the entity;

g) Review and approve for onward submission to the Board:

- Quarterly financial statements;
- Quarterly review of expenditure management versus the budget and the projected year end forecast for the entity;
- Any cost containment strategies and progress made quarterly;
- Working Capital Management strategy;
- Pricing framework and strategy as it impacts on the income generation capacity of the entity; and
- To review the Annual Budget.

h) Satisfy itself about the adequacy of key internal controls and that the financial statements are supported by appropriate management sign-off;

i) Review the financial statements and provide advice to the Board (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommend their signing by the Board;

j) Review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements; and

k) On a quarterly basis executive management must table to the Audit and Risk Committee any instances of unauthorised, irregular, fruitless and wasteful expenditure. The Audit and Risk Committee should be kept abreast of how the instances of unauthorised, irregular, fruitless and wasteful expenditure are being dealt with and managed within the NWDC Group. The amount of unauthorised, irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of group.

1.2 RISK MANAGEMENT

The Audit and Risk Committee is an integral component of the risk management process. The Audit and Risk Committee shall review and recommend the quarterly assessment of the top 10 strategic risks of organisation to the Board for approval. The Committee should satisfy itself that it has dedicates sufficient time to this responsibility.

The top 20 operational risks shall be reviewed and tracked by the Audit and Risk Committee to ensure that the level of risk at an operational level is acceptable. The Audit and Risk Committee shall review and recommend the following to the Board:

a) Enterprise wide risk management framework and methodology;

b) Risk management policies;

c) The annual risk tolerance limits and risk appetite;

d) The annual assessment and adequacy of insurance portfolio and fidelity cover of NWDC Group;

e) Adequacy of the risk management function, its effectiveness and coverage in support of the business and financial strategy;

f) Oversee the management of financial and other risks that might affect the integrity of external reports issued by the organisation; and

g) Satisfy itself that it has appropriately addressed the following areas:

- Financial reporting risks, including the risk of fraud;
- Internal financial controls;
- IT risks as they relate to financial reporting; and
- ICT Governance.

1.3 INTERNAL AUDIT

The Audit and Risk Committee is responsible for overseeing of the internal audit, ensuring that the internal audit function performs their responsibilities effectively and efficiently by:

a) Approving the appointment of the Internal Auditors;

b) Approving the Internal Audit Charter;

c) Reviewing annually the effectiveness of the internal audit function including compliance with the International Standards for the Professional Practice of Internal Auditing;

d) Approving the Annual Internal Audit Plan and the Three Year Rolling Plan;

e) Reviewing the results of quality assurance reviews;

f) Ensuring that internal audit work is coordinated with external audit to achieve an appropriate level of combined assurance and avoid duplications of costs;

g) Ensuring that the internal audit function is subject to an independent quality review at least every 3 years or as and when the Audit and Risk Committee determines it appropriate. The implementation plans should be monitored and tracked by the Audit and Risk Committee

h) Review all audit reports and provide advice to the Board on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice;

i) Review the Internal Audit Charter annually to ensure appropriate authority, access and reporting arrangements are in place;

j) Establish confirmation of the internal audit functions independence as and when the Audit and Risk Committee deems fit;

k) On a regular basis, meet the Internal Auditors to discuss any matters that the Audit and Risk Committee believes should be discussed privately; and

l) To ensure the effective of the organisational assurance functions and services, with particular focus on combined assurance arrangements including external assurance service providers, internal audit and the finance function.

1.4 INTERNAL CONTROLS

a) Review the functioning and effectiveness of the internal control system, including information technology security and control;

b) Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated;

c) Determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with;

d) Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations;

e) Consider how management identifies any required changes to the design or implementation of key internal controls;

f) Assess whether management has taken steps to embed a culture that promotes the proper use of public resources and is committed to ethical and lawful behaviour. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses; and

g) Review whether the financial internal controls are operating efficiently, effectively and economically.

1.5 GOVERNANCE

a) Periodically review governance arrangements or elements of the arrangements as determined by the Board and suggest improvements, where appropriate, to the Board; and

b) The Audit and Risk Committee is delegated by the Board to manage the IT governance of the group. This is not a statutory responsibility but a delegated responsibility in support of the functions and duties of the Board. The Audit and Risk Committee must review and approve the IT Governance Framework, the IT Governance maturity level to be targeted by organisation. This should be monitored and tracked on a quarterly by the Audit and Risk Committee.

1.6 PERFORMANCE INFORMATION MANAGEMENT

a) Review on a quarterly basis the overall performance of the group and recommend approval by the Board for submission the Shareholder;

b) Assess whether the performance measures used were adequate and reliable enough in measuring the performance of the group; and

c) To review the Performance Information Policy on an annual basis.

1.7 COMPLIANCE WITH LAWS AND REGULATIONS

In accordance with Section 27.1.8 of the Treasury Regulations applicable to public entities, the Audit and Risk Committee must review organisation compliance with legal and regulatory provisions. On a quarterly basis the Audit and Risk Committee will review and recommend to the Board the level of compliance within organisation with laws and regulations.

1.8 EXTERNAL AUDIT

The Audit and Risk Committee is required to:

a) Recommend the terms of engagement and remuneration for the external audit engagement;

b) Ensure that there is a process for the Audit and Risk Committee to be informed of any Reportable Irregularities;

c) Preside over significant disagreements between external auditors and management;

d) Preside and decide on material unresolved accounting and auditing problems;

e) Ensure direct access by the external auditors either to the Audit and Risk Committee or the Chairperson of the Audit and Risk Committee during the audit period;

f) Meet on regular basis with the external and internal auditors respectively without management present to facilitate the exchange of views and concerns that may not be appropriate for discussion in an open forum; and

g) Review the external auditors proposed scope and approach, including coordination of audit effort with internal audit.

1.9 OTHER RESPONSIBILITIES

a) Assist in the overseeing of integrity of the annual reporting;

b) Monitor current and arrear rental and loan collections;

c) Review the entities' strategic plan and strategic management process;

d) Consider any other matters which may be referred to the Audit and Risk Committee by the Board from time to time;

e) Reviewing submissions to the Shareholder including the Shareholder's Compact;

f) On quarterly basis report to the Board on the Audit and Risk Committee's activities; and

g) The Chairperson of the Audit & Risk Audit and Risk Committee shall submit a report on the workings and functioning of the Audit and Risk Committee to the Board of Directors by 31 July for inclusion in the Annual Report of the North West Development Corporation Group.

Members of the Committee

NAME	STATUS	DATE APPOINTED
Ms A Tjale	Independent non-executive Director	September 2016 (Appointed as Chairperson of the Board on 31 July 2019 and ceased to be a member of the Audit & Risk Committee)
Ms M Chokoe	Independent non-executive Director	September 2016
Mr SA Ngobeni	Independent ARC External Member	September 2016 (Chairperson with effect from 27 August 2019)
Mr TC Dlamini	Independent non-executive Director	2 July 2016 and resigned on 28 July 2019

NORTH WEST DEVELOPMENT CORPORATION

Meeting Attendance

NAME	NUMBER OF MEETINGS (NORMAL AND SPECIAL)	
	HELD	ATTENDED
Ms A Tjale (Chairperson)	7	6
Mr TC Dlamini	7	6
Ms M Chokoe	7	7
Mr SA Ngobeni	7	5

2 Finance & Investment Committee

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior managers

THE COMMITTEE IS ESTABLISHED TO:

a) Consider and recommend to the Board the Group's overall investment policy having regard to the requirement that the assets should be invested to produce the best possible return;

b) Ensure that the investment policy takes account of any investment guidelines determined by the Board, any constraints imposed by regulatory authorities or recommended by the Board Risk Committee having regard to solvency requirements;

c) Monitor the effectiveness and implementation of the investment policy;

d) Review the performance of the Group's funds and sub funds by reference to the performance of competitors;

e) Review and approve the implementation of the strategic asset and liability allocation of the investment funds;

f) Approve the over-arching principles of all investment mandates and review management monitoring of compliance against these mandates;

g) Monitor compliance with the requirements relating to the investment of insurance company assets;

h) Monitor quarterly reporting by management on the investment returns and financial performance of the assets within the Group;

i) Monitor the performance of the following units which form the core business of the organisation:

- Property Unit
- Investment Growth - Corporate Finance and Strategic Investments and Investment Facilitation.
- Enterprise Development & Support
- Special Economic Zone

j) To assume the following responsibilities on the procurement matters:

- To approve the award of orders and contracts which exceed the delegation of the Chief Executive Officer;
- Grant mandates to negotiate on offers / tenders;
- Approve modifications to orders / contracts;
- Approve inter-divisional and inter-company purchases / sales;
- Ratify emergency procurement;
- Condone non-compliant procurement;
- Ratification of all commercial transactions above the CEO's delegation that have been approved by the preceding Delegated Approval Authority to ensure an effective and efficient transitional process.
- To have access to the advice and services of the Procurement Officer and the relevant departments responsible for the procurement policy and procedures; and
- To review and recommend approval of the Procurement Policy and Procedures to the Board.

Members of the Committee

NAME	ROLE	INTERNAL OR EXTERNAL MEMBER	DATE APPOINTED
Mr KK Tlhoaele	Chairperson	Non-Executive Director	02 July 2016
Ms NM Koloti	Non-Executive Director	Non-Executive Director	02 July 2016
Mr DG Duma	Non-Executive Director	Non-Executive Director	02 July 2016
Ms M Chokoe	Non-Executive Director	Non-Executive Director	02 July 2016

Meeting Attendance

NAME	NUMBER OF MEETINGS (NORMAL AND SPECIAL)	
	HELD	ATTENDED
Mr KK Tlhoaele (Chairperson)	4	4
Ms NM Koloti	4	2
Mr DG Duma	4	3
Ms M Chokoe	4	4

3 Human Resource & Remuneration Committee

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior managers.

The Committee should perform all the functions necessary to fulfill its role as stated above and including the following:

1 HUMAN RESOURCES:

a) The Committee is responsible for overseeing the overall human resources strategy for the Company and its subsidiaries, which is designed to provide:

- A rich supply of high caliber talent with the capability to lead the business now and in to the future;
- Diversity of employees to reflect the available talent in the market place and consumer demographics;
- Training and development that will equip employees with the skills and knowledge to perform their duties and achieve their individual level of potential; and
- A high performance culture and employee engagement that will drive organisation success.

b) The Committee is to oversee the annual talent review process for senior management and the development of succession plans for senior management to foster an appropriate balance of skills, experience, and expertise and ensure the ongoing successful management of the Company;

c) The Committee is to oversee the establishment of programs for the induction and ongoing leadership and capability development of senior management (and potential senior management, as identified through the talent management and succession planning processes);

d) The Committee is to oversee the Company's recruitment, retention and termination policies and procedures for Executives in order to ensure a market-aligned approach to these components;

e) Receive reports on performance appraisal in the group;

f) To receive HR Quarterly Reports regarding HR matters within the NWDC and its subsidiaries;

g) Reviewing the results of the implementation of the HR policies for whether these policies promote the achievement of strategic objectives and encourage individual performance;

h) To monitor employment equity plans; and

i) To receive on quarterly basis the report on the employee relations within the group and to monitor the results of the employee surveys conducted.

2 REMUNERATION COMMITTEE ROLE

a) Overseeing the establishment and implementation of remuneration policies, benefit structures and related costs concerning executive directors and other employees in he group;

b) Recommend the salary packages for and bonus payments to executive directors including consideration of the growing pay gap from a sustainability, fairness and inclusive stakeholder point of view and the extent of disclosure regarding the pay gap which is a growing concern in terms of governance in organisations;

c) Ensure that key performance measures of the performance of the executive are agreed and that executive performance is assessed every year;

d) The Committee is to at least annually, or as appropriate, review non-executive director remuneration arrangements (including Board and Board Committee fees, and travel allowances) against appropriate benchmarks, and having regard to the role and time requirements of non-executive directors, recommend to the Board changes to fees and allowances with supporting rationale; and

e) To consider on regular basis the appropriate mix of knowledge, skills and experience in the Board and its Committees.

3 NOMINATION COMMITTEE ROLE:

a) Oversee the development of a formal induction programme for new directors;

b) Oversee the development and implementation of continuing professional development programmes for directors;

c) Oversee the annual evaluation of the performance and effectiveness of the Committees, Board, Chairperson and individual Non-Executive Directors; and

d) To ensure that the organisation promote diversity in all its manifestation terms of gender, disability, in the board membership.

Members of the Committee

NAME	ROLE	INTERNAL OR EXTERNAL MEMBER	DATE APPOINTED
Mr TC Dlamini	Chairperson	Non-Executive Director	17 Sep 2016
Prof Dr LTB Jackson	Non-Executive Director	Non-Executive Director	02 July 2016
Mr B Khumalo	Non-Executive Director	Non-Executive Director	02 July 2016

Meeting Attendance

NAME	NUMBER OF MEETINGS (NORMAL AND SPECIAL)	
	HELD	ATTENDED
Mr TC Dlamini (Chairperson)	3	3
Prof Dr LTB Jackson	3	3
Mr B Khumalo	3	2

NORTH WEST DEVELOPMENT CORPORATION

4 Social & Ethics Committee

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.

The role of the Committee is to assist the Board with the oversight of social and ethical matters relating to the Company.

THE COMMITTEE IS ESTABLISHED TO:

The Committee performs all the functions as are necessary to fulfill its role as stated above and including the following statutory duties:

a) Monitoring the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice;

b) Social and economic development, including the company's standing in terms of the goals and purposes of-

- The 10 principles set out in the United Global Compact Principles with regards to human rights, labour matters, environment responsibility, anti-corruption in line with the OECD recommendations;
- The Employment Equity Act; and
- The Broad-Based Black Economic Empowerment Act

c) Good corporate citizenship, including the company's-

- Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
- Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
- Record of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the company's activities and of its products or services; and
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws;

d) Labour and employment, including-

- The company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
- The company's employment relationships and its contribution towards the educational development of its employees;

e) Governance of Ethics

- Review the Code of Conduct and Ethics Policy
- Monitor the management of ethics in the organization in terms of the Code of Conduct and Ethics and supporting policies.

f) Drawing matters within its mandate to the attention of the Board as occasion requires; and

g) Reporting, through one of its members, to the shareholder of the company's annual general meeting on the matters within its mandate.

Members of the Committee

NAME	ROLE	INTERNAL OR EXTERNAL MEMBER	DATE APPOINTED
Ms KA Dikgole	Chairperson	Non-Executive Director	17 Sep 2016
Mr KK Tlhoaele	Non-Executive Director	Non-Executive Director	02 July 2016
Ms NM Koloti	Non-Executive Director	Non-Executive Director	02 July 2016
Mr TC Dlamini	Non-Executive Director	Non-Executive Director	02 July 2016 Withdrew from the Committee on 16 February 2019

Meeting Attendance

NAME	NUMBER OF MEETINGS (NORMAL AND SPECIAL)	
	HELD	ATTENDED
Ms KA Dikgole (Chairperson)	3	3
Mr KK Tlhoaele	3	3
Ms NM Koloti	3	3
Mr TC Dlamini	3	2

5 REMUNERATION OF BOARD MEMBERS

The power to approve the Board remuneration is solely that of the Accounting Authority guided by the National Treasury recommendations. National Treasury determines the remuneration level through an appointed Committee. The National Treasury Central Evaluation Committee meets with the relevant Department and the relevant institution to evaluate and make recommendations on the remuneration level of the Board members. The evaluation determine the relevant category/level of remuneration for the Board of Directors in terms of their mandate, responsibilities, number of meetings held as well as any additional and/or relevant information. The recommended classification category for the Board of Directors of the NWDC was stipulated as A1 (part time members).

The directive comes from the office of the MEC to the CEO to implement the rates as approved by the Accounting Authority after the recommendations made by National Treasury. It is within the power of the Accounting Authority to deviate from the recommendation should there be any valid justification. There are no clear guidelines on the range of deviations that may occur although the recommendation from National Treasury would invariably encourage the Accounting Authority, in consultation with the Accounting Authority of Finance, to state the reasons for variation from the National Treasury recommendations.

The table below reflects the remuneration paid to the Board of Directors and External Members of the Audit & Risk Committee during the 2018/2019 financial year:

NAME	REMUNERATION	TRAVELLING EXPENSES	OTHER RE-IMBURSEMENTS	TOTAL
Mr DG Duma	R247 065.00	R60 495.24	R0.00	R307 560.24
Mr B Khumalo	R23 432.00	R15 493.02	R0.00	R38 925.02
Mr KK Tlhoaele	R88 476.00	R26 98.94	R0.00	R115 384.94
Ms NM Koloti	R71 508.00	R39 061.13	R0.00	R109 704.13
Ms KA Dikgole	R92 516.00	R18 280.55	R1 425.00	R112 221.55
Ms M Chokoe	R183 260.00	R52 005.98	R67.50	R235 333.48
Mr TC Dlamini	R211 298.00	R96 363.85 (Car hire paid to the Travel agency by the NWDC)	R910.05	R212 208.05 Total Cost to company R311 275.86
Prof Dr LTB Jackson	R73 124.00	R39 390.32	R0.00	R112 514.32
The late Adv HC Keyter	R54 835.00	R5 331.66	R0.00	R60 166.66
Ms A Tjale	R158 958.00	R16 665.11	R300.00	R175 923.11
Mr SA Ngobeni	R86 238.00	R6 342.16	R171.00	R92 751.16

Risk Management

As an integral part of Management, risk management relies on the effectiveness of the functioning of other divisions or units. Implementation and monitoring of the risk management strategies is pertinent to service delivery and the overall performance of the organisation. In this regard, the Risk Management unit at the NWDC has developed and reviewed all the necessary risk management strategies and policies and held meetings/workshops on risk assessments in order to determine the effectiveness of its strategy and to identify new and emerging risks.

The Audit & Risk Committee and the Board of Directors are the key oversight structures responsible for governance within the risk management framework. The Accounting Officer through its Executive Management assumes the responsibility of 'owners' of the corporate risks and the risk management processes including the effective dealing of risks by employing the necessary strategic and operational interventions. The monitoring structures are therefore in place and functioning

The Audit & Risk Committee in particular, independently provides oversight on the effectiveness of risk management and advises management on the overall system of risk management and monitors the implementation of the mitigation plans.

Risk Management at NWDC espouses to best practices as encapsulated in the Public Sector Risk Management Framework, King Codes and partly ISO 31000.

Fraud and Corruption

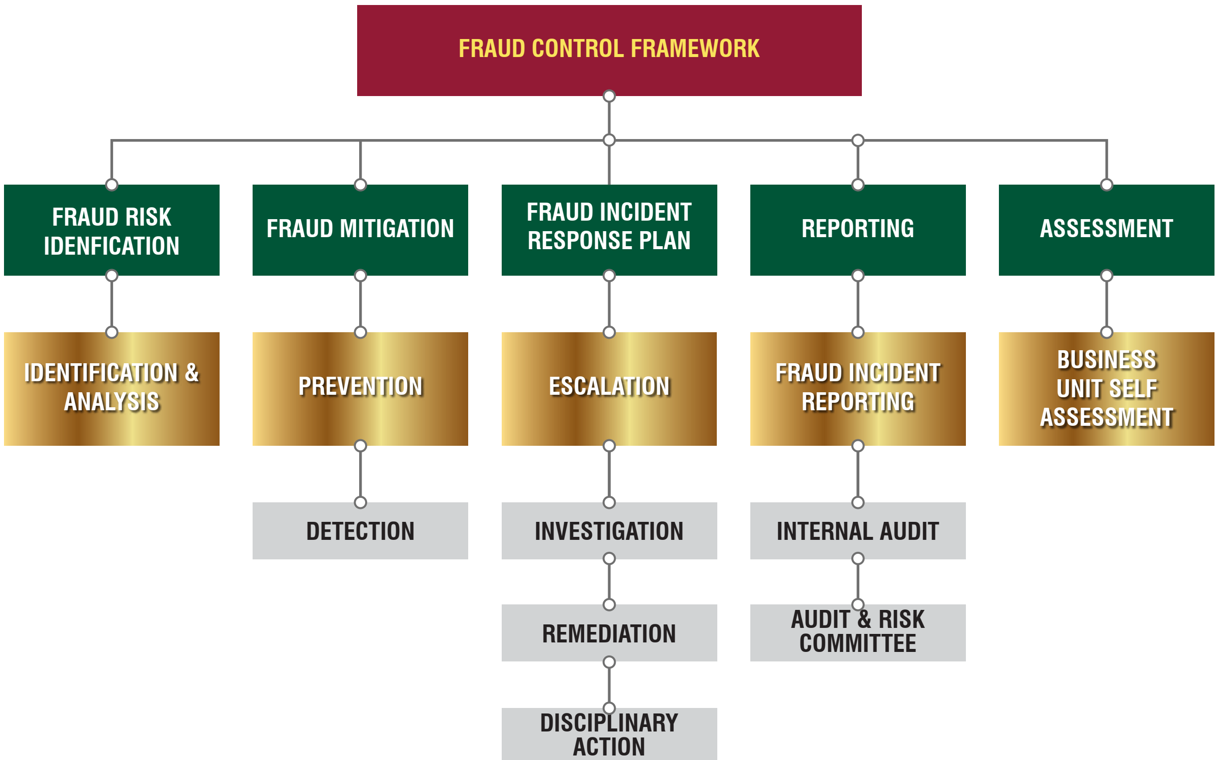
The NWDC does not tolerate corrupt or fraudulent activities, whether internal or external to the NWDC, and will vigorously pursue any party, by all legal means available, which engage in such practices or attempt to do so.

The strategy and policies on fraud & corruption has thus been established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instances of fraud and corruption be identified. The fraud & corruption implementation plan for the NWDC is as follows:

NO	PLANNED ACTION	DETAILED ACTION	OUTPUTS	RESPONSIBLE PERSON	DUE DATE
1	Review and updating of the Anti- Fraud and Corruption Strategy, Fraud implementation Plan and Whistle Blower's policy	Circulate for inputs to Management and adoption by EXCO	ARC to recommend and/or adopt	Risk Officer and/or Manager	4th Quarter of 2018/2019
2	Identify and assess fraud risks	Workshop the fraud risks with Management and adoption by EXCO	Fraud risk Register adopted by the Audit & Risk Committee (ARC)	Risk Officer and/or Manager	1st Quarter of 2019/2020
3	Mitigation/ Plan for fraud risks	Workshop and adoption by EXCO on the Mitigation plan.	Workshop and adoption by EXCO on the Mitigation plan.	Risk Officer and/or Manager	1st Quarter of 2019/2020
3	Mitigation/ Plan for fraud risks	Achievement of mitigation plans	Signed report	Manager responsible	Monthly, but starting 2nd Quarter of 2019/2020
4	Fraud awareness	Create awareness amongst employees through one or more of the following: 4.1 Flyers; 4.2 Fraud hotline; 4.3 Workshops; 4.4 Newsletter; 4.5 Circular; and 4.6 Website	Certificate of attendance where applicable	Risk Officer and/or Manager	Quarterly starting 1st Quarter of 2019/2020

With regard to the mechanism in place for reporting fraud and corruption, it is the responsibility of all employees to report all incidents of fraud and corruption that may come to his / her attention to his / her supervisor. Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism. All reports received are treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports. All Managers are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.

Please also refer to the diagram below which is a Fraud Control Framework in use at the NWDC intended to guide the Executive Management and Business Units in applying appropriate fraud prevention, detection and response processes.



The NWDC Group has a telecommunication channel where concerns may be raised by leaving an anonymous message through the fraud hotline number 086132 3469.

Minimising Conflict of Interest

In terms of the NWDC Human Resources Policy: Business Code of Ethics, paragraph 4 (Policy Declaration), and Supply Chain Management Regulation 16A8.4, all the employees are required to declare their business interests. Furthermore, in all Procurement, Management and Board Meetings, members declare all their interest by filling in the declaration of interest form. Should there be any discussion matter which any member of the Committee is conflicted with, the member will at that stage recuse himself/herself from that discussion point.

During the year under review, Ms NM Koloti recused herself for discussions under the topic of Genesis Pharmaceutical to which she is a Non-Executive Business Development Director.

Ms NM Koloti has declared her interest in the Annual Declaration forms.

Code of Conduct

The North West Development Corporation and its divisions are committed to a Policy of fair dealing and integrity in the conduct of their business. This commitment, which is actively endorsed by the Board of Directors of the NWDC, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The NWDC expects all employees to share its commitment to high moral, ethical and legal standards.

Employees who violate the standards in the Code of Conduct will be subject to disciplinary action, including possible dismissal. Furthermore, violations of the Code of Conduct may also be violations of the law and may result in civil or criminal penalties.

Any waiver of the Code of Conduct for managers may be made by the Board of Directors and will be promptly disclosed as required by law or regulation.

Health Safety and Environmental Issues

1 The NWDC expects all employees to follow all applicable environmental laws and regulations of the Country.

2 The NWDC strives to provide each employee with a safe and healthy workplace by following environmental, safety and health rules and regulations, and by reporting accidents, injuries and unsafe equipment, practices and conditions.

3 Employees who become aware of circumstances relating to the NWDC's operations of activities which pose a real or potential health or safety risk should report the matter to their line manager or Senior Manager.

4 Employees are expected to perform their duties in a safe manner, free of the influence of alcohol, illegal drugs or controlled substances. The use of illegal drugs in the workplace will not be tolerated.

Internal Control Unit

The system of internal control applied by the Corporation over the financial risk and risk management is effective, efficient and transparent with the exception of control deficiencies identified by Internal Audit.

In line with the PFMA and the guidelines from King IV Report on Corporate Governance requirements, Internal Audit provides the Audit & Risk Committee and Management with assurance whether the internal controls are functioning efficiently and effectively. This is achieved by means of the risk management process, control testing 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 Annual Financial Statements and the Management Report of the Auditor General South Africa, we noted that the reports did indicate certain deficiencies in the system of internal control. Accordingly, we can report that the entity is in the process of implementing corrective action over recommendations as put through by the Internal Auditors and the Auditor General to ensure a sound control environment that is effective, efficient and transparent.

NORTH WEST DEVELOPMENT CORPORATION

Company Secretary

The Board has access to professional services and independent guidance provided by the Company Secretary. The Company Secretary has filed the required returns and notices in terms of the Companies Act. She further confirms that all such returns and notices are true, correct and up-to-date.

Social Responsibility

The NWDC participated in the following social events:

INTERNAL INITIATIVES	EXTERNAL INITIATIVES
Youth Day 16 June 2018. NWDC Internal Staff were encouraged to dress up in their school uniforms to celebrate the day and create enthusiasm in the workplace	**Youth Day 16 June 2018.** NWDC donated skipping ropes, whistles and medals for At SA's Youth Day to promote wellness amongst the youth
Mandela Day 18 July 2018. Employees were requested to participate in Mandela Day by donating sanitary pads and old Clothes. Departmental Managers were requested to nominate two staff members from each of their departments to participate in Mandela Day	**Mandela Day 18 July 2018.** Stinkhout Primary Schools, Jagersfontein. Classrooms were renovated and painted, desks were sanded down, sanitary pads and underwear handed out to girls as well as food parcels to all.
Christiana Cancer Awareness Event This activity served as both internal and external CSI activities as it addressed both a subsidiary of the NWDC as well as catered to valuable stakeholders such as clients, guests, sponsors and tenants.	**Christiana Cancer Awareness Eventt** This activity served as both internal and external CSI activities as it addressed both a subsidiary of the NWDC as well as catered to valuable stakeholders such as clients, guests, sponsors and tenants.
16 Days of Activism Awareness Campaign 25 November 2018 to 10 December 2018 Staff were provided with background information on Gender Violence and encouraged to report Gender Based Crimes. Relevant Contact Details were also communicated and shared with employees	**None**
World Aids Day 1 Under the theme Cheka Impilo (Know your status), staff were encouraged to go for testing to know their Status and improve their health. An internal Candle lighting ceremony was also held to remember those affected and infected by this pandemic.	**None**
Wellness Day Motivation A motivation was compiled and submitted to Executive Management to host a Wellness and Long Service Event for internal employees. Due to financial constraints, this event could not take place.	**None**

INTERNAL INITIATIVES	EXTERNAL INITIATIVES
Human Rights Day 21 March 2019 Awareness Campaign An internal awareness was created for internal staff concerning Human Rights Day.	**None**
O Ntima O Mphele Ngwana Orphans Feeding Scheme NWDC Staff were informed about this registered Orphans Feeding Scheme and were requested to donate food and clothes in their personal capacity to orphaned children. Some staff participated and we were able to hand over tinned goods and clothing to the scheme just before Christmas 2018	**O Ntima O Mphele Ngwana Orphans Feeding Scheme** Due to financial constraints, no initiatives were planned that would have financial implications. However, in order to continue with CSI Initiatives despite constraints we assisted the O Ntima O Mphele Ngwana Orphans Feeding Scheme Founder and CEO with business advice. We also checked this non-profit organisation's registration etc. and will be drafting a couple of business cards and letterheads to assist him to communicate with relevant stakeholders in a professional manner.

Internal Audit

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

The North West Development Corporation outsourced the Internal Audit function to an external institution with specialist audit expertise. The purpose, authority and responsibility of the internal audit function are defined in the audit charter. The Internal Audit function must, in consultation with the Audit and Risk Committee, prepare:

- A Rolling Three-Year strategic Internal Audit Plan based on its assessment of key areas of risk for the NWDC, having regard to its current operations, the operations proposed in its corporate strategic plan and its risk management strategy;
- An internal Audit Plan for the current financial year of the rolling plan;
- Plans indicating the scope of each audit in the Annual Internal Audit Plan; and
- Reports to the Audit and Risk Committee detailing its performance against the plan to allow effective monitoring and intervention when necessary

It is also the Corporation's policy that the Internal Auditor attends the strategic planning sessions and is available to report on the conduct thereof to the Audit and Risk Committee when requested.

The purpose of the internal auditing activity is to provide an independent and objective assurance and consulting services (limited to advisory) designed to add value and improve the operations.

The scope of work of the Internal Audit Activity (IAA) is to determine whether the NWDC Group network of risk management, internal control and governance processes, as designed and represented by management, is adequate and functioning in a manner designed to ensure amongst others that:

- Risks are appropriately identified and managed;
- Significant financial, managerial and operating information is accurate, reliable and timely accounted for;

- Assets and resources are acquired economically, used efficiently and adequately protected;
- Programs, plans and objectives are achieved; and
- Applicable laws and regulations are complied with.

SUMMARY OF AUDIT WORK DONE

During the 2018/2019 financial year, the following audits were conducted and reported thereon by the Internal Auditors:

a) Information and Communications Technology;

b) Human Resources and Payroll;

c) Revenue;

d) Review of project funding and economic transformation programmes;

e) Supply Chain Management, Expenditure and Creditors Review;

f) Bank and Cash Management;

g) Performance Information;

h) Debt Recovery and Debt Management;

i) Financial Statements Review; and

j) Follow-up Audits on External and Internal Audit Findings.

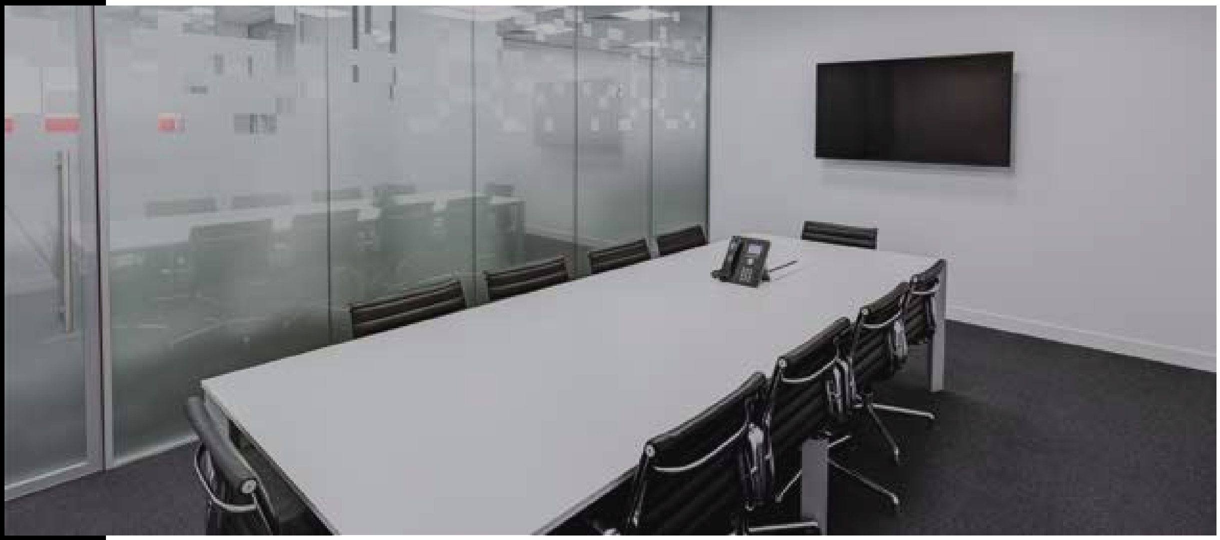
NORTH WEST
DEVELOPMENT
CORPORATION

PART D

HUMAN RESOURCE MANAGEMENT

NORTH WEST DEVELOPMENT CORPORATION

Introduction



Human Resource function within the NWDC focuses on the following:

- Recruitment of employees;
- Management of employees;
- Compensation of employees;
- Facilitation of the performance management process;
- Employee health and safety;
- Employee wellness programmes; and
- Employee benefits, motivation, communication, administration and training.

It is the responsibility of the Human Resource function to have a proper HR plan, the purpose of which is to enable the entity to adapt to changes in the competitive world, i.e. markets, technology and legislative requirements.

Human Resource Oversight Statistics

Key information on human resources are outlined in the tables below (refers to paragraphs 3 to 18 in Section D). The financial amounts agrees with the amounts disclosed in the Annual Financial Statements.

Personnel Costs

The following tables summarise the final audited expenditure by Programme and by Salary Bands. In particular, it provides an indication of amount spent on personnel; and amount spent on salaries:

Personnel expenditure by Programme for the period 1 April 2018 to 31 March 2019

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration & Support	41 469 562.30	35 062 873.45	364 619.71	193 493.25	85%	467 504.98
Operations	40 283 871.28	34 486 966.26	140 001.97	-	86%	348 353.19
TOTALS	**81 753 433.58**	**69 549 839.71**	**504 621.68**	**193 493.25**	**85%**	**815 858.17**

Personnel expenditure by Salary Band for the period 1 April 2018 to 31 March 2019

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	4 507 695.17	6%	2	2 253 847.59
Senior Management	19 111 465.54	27%	21	910 069.79
Highly Skilled Supervision	12 468 025.56	18%	23	542 088.07
Highly Skilled Production	21 453 549.16	31%	59	363 619.48
Skilled	10 556 074.96	15%	54	195 482.87
Lower Skilled	1 453 029.32	2%	15	96 868.62
TOTALS	**69 549 839.71**	**100%**	**174**	**399 711.72**

Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

Employment and Vacancies by Programme as on 31 March 2019

PROGRAMME	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Administration & Support	78	75	4%	0
Operations	130	99	24%	0
TOTALS	**208**	**174**	**84**	**0**

Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Organisation. The following table provide a summary of turnover rates by salary band:

Annual Turnover rates by Salary Band for the period 1 April 2018 to 31 March 2019

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management	4 507 695.17	6%	2	2 253 847.59
Senior Management	19 111 465.54	27%	21	910 069.79
Highly Skilled Supervision	12 468 025.56	18%	23	542 088.07
Highly Skilled Production	21 453 549.16	31%	59	363 619.48
Skilled	10 556 074.96	15%	54	195 482.87
Lower Skilled	1 453 029.32	2%	15	96 868.62
TOTALS	**69 549 839.71**	**100%**	**174**	**399 711.72**

Personnel expenditure by Salary Band for the period 1 April 2018 to 31 March 2019

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	1	9%
Resignation	2	18%
Expiry of Contract	1	9%
Dismissal (Operational Changes)	0	0%
Dismissal (Misconduct)	0	0%
Dismissal (Inefficiency)	0	0%
Discharged due to Ill Health	0	0%
Retirement	6	55%
Transfers to other Public Entities	0	0%
Other	1	9%
TOTAL	**11**	**100%**
Total Number of Employees who left as a % of the total employment		**6%**

Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, Number 55 of 1998.

Total number of Employees (including employees with disabilities) in each of the following occupational categories at 31 March 2019

LEVEL	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	13	0	0	1	3	1	1	2	21
Highly Skilled Supervision	9	0	1	0	11	0	0	2	23
Highly Skilled Production	13	0	0	0	41	3	0	2	59
Skilled	44	0	0	0	10	0	0	0	54
Lower Skilled	3	0	0	0	10	0	0	0	13
People with Disability	2	0	0	0	0	0	0	0	2
TOTALS	**85**	**0**	**1**	**1**	**76**	**4**	**1**	**6**	**174**

Terminations for the period 1 April 2018 to 31 March 2019

LEVEL	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	0	0	0	0	3
Highly Skilled Supervision	0	0	0	0	0	0	0	0	0
Highly Skilled Production	0	0	0	0	0	0	0	0	0
Skilled	1	0	0	0	3	0	0	1	5
Lower Skilled	1	0	0	0	2	0	0	0	3
People with Disability	1	0	0	0	0	0	0	0	0
TOTALS	**6**	**0**	**0**	**0**	**5**	**0**	**0**	**1**	**11**

NORTH WEST DEVELOPMENT CORPORATION

Disciplinary Action for the period 1 April 2018 to 31 March 2019

LEVEL	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	3	0	0	0	0	0	0	0	3
Highly Skilled Supervision	0	0	0	0	1	0	0	0	1
Highly Skilled Production	0	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0	0
Lower Skilled	3	0	0	0	0	0	0	0	3
People with Disability	0	0	0	0	0	0	0	0	0
TOTALS	**6**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**8**

Skills Development for the period 1 April 2018 to 31 March 2019

LEVEL	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	12	0	0	1	2	1	1	2	19
Highly Skilled Supervision	7	0	1	0	12	0	0	3	23
Highly Skilled Production	11	0	0	0	39	3	0	0	53
Skilled	37	0	0	0	8	0	0	0	45
Lower Skilled	0	0	0	0	10	0	0	0	10
People with Disability	0	0	0	0	1	0	0	0	1
TOTALS	**68**	**0**	**1**	**1**	**73**	**4**	**1**	**5**	**153**

Performance Rewards

The NWDC did not grant any performance rewards during the period under review

Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the Public Service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Terminations for the period 1 April 2018 to 31 March 2019

LEVEL	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST
Top Management	4	75%	1	0.2%	4	34 989.96
Senior Management	40	58%	8	1.3%	5	159 704.80
Highly Skilled Supervision	37	54%	7	1.1%	5	108 019.65
Highly Skilled Production	140	15%	7	1.1%	20	285 815.60
Skilled	248	53%	42	6.7%	6	379 752.48
Lower Skilled	160	43%	28	4.5%	6	66 078.40
TOTALS	**629**	**42%**	**93**	**15%**	**7**	**1 034 360.89**

Disability Leave (temporary and permanent): 1 April 2018 to 31 March 2019

- None during the period under review

Annual Leave: 1 April 2018 to 31 March 2019

LEVEL	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Top Management	9	1	9
Senior Management	395	21	19
Highly Skilled Supervision	186	10	19
Highly Skilled Production	232	12	19
Skilled	2204	103	21
Lower Skilled	306	16	19
TOTALS	**3332**	**163**	**20**

Capped Leave: 1 April 2018 to 31 March 2019

- None

Leave pay-outs for the period 1 April 2018 to 31 March 2019

REASON	TOTAL AMOUNT	NUMBER OF EMPLOYEES	AVERAGE PAYMENT PER EMPLOYEE
Leave pay-out for 2018/2019 due to non-utilisation of leave for the previous cycle	-	0	0
Capped leave pay-outs on termination of service for 2018/2019	-	0	0
Current leave pay-outs on termination of service for 2018/2019	726 295.72	16	45 393.48
TOTALS	**726 295.72**	**16**	**45 393.48**

NORTH WEST DEVELOPMENT CORPORATION

Labour Relations

The following collective agreements were entered into with trade unions within the NWDC:

- Wage Agreement dated 25 July 2018

The following tables summarise the outcome of disciplinary hearings conducted with the NWDC for the year under review:

Misconduct and Disciplinary Hearings finalised for the period 1 April 2018 to 31 March 2019

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Correctional Counselling	0	0%
Verbal Warning	0	0%
Written Warning	1	14%
Final Written Warning	5	71%
Suspended without Pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not Guilty	0	0%
Case Withdrawn	1	14%
TOTALS	**7**	**100%**

Types of Misconduct addressed at Disciplinary Hearings for the period 1 April 2018 to 31 March 2019

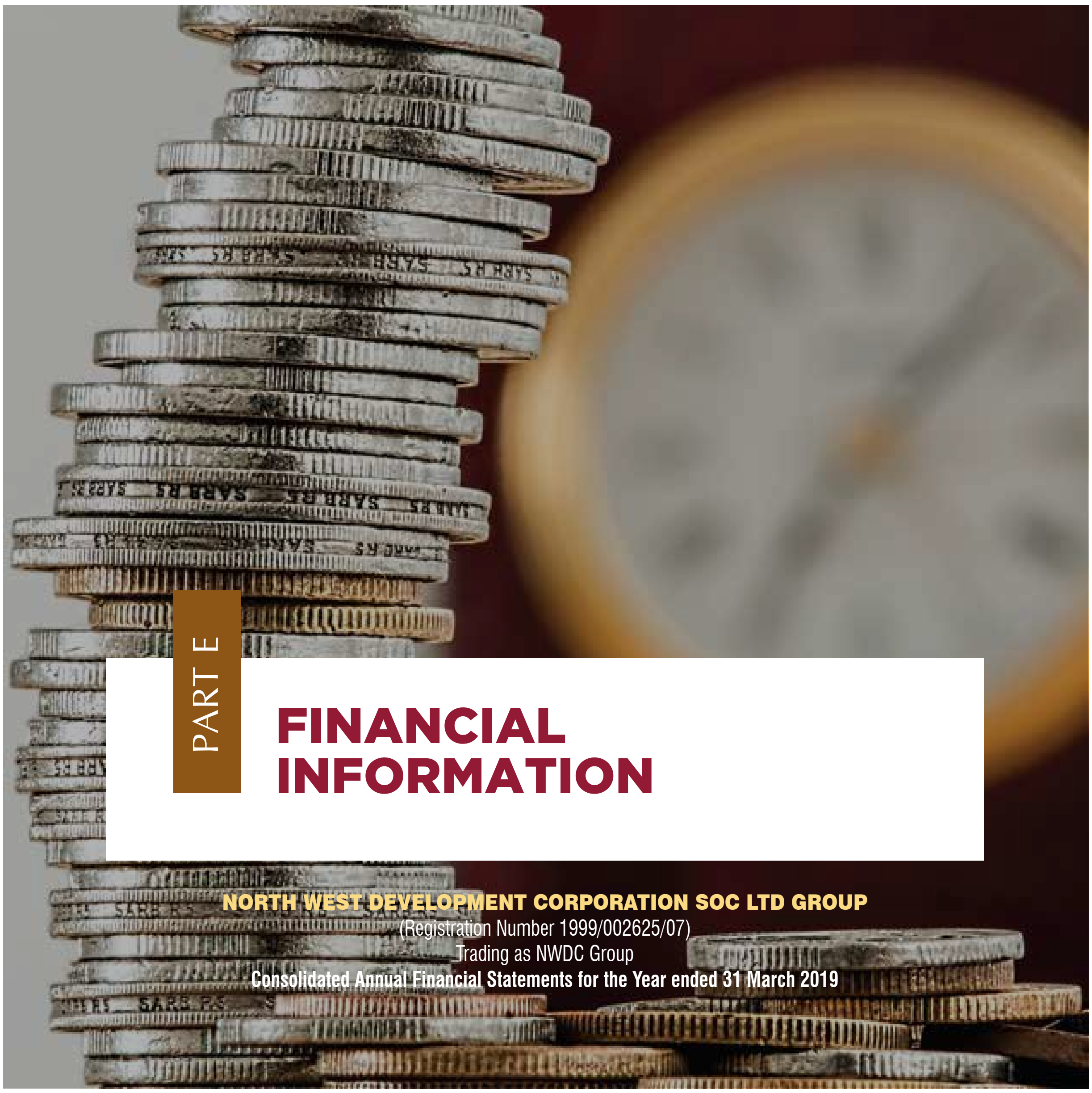
TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Insolence	1	20%
Failure to Comply with Standing work Plan	1	20%
Theft	2	40%
Repudiation	1	20%
TOTALS	**5**	**100%**

During the period under review, the NWDC:

- Resolved one (1) grievance;
- Resolved two (2) disputes; and
- Suspended two (2) employees

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION



PART E

FINANCIAL INFORMATION

NORTH WEST DEVELOPMENT CORPORATION SOC LTD GROUP

(Registration Number 1999/002625/07)

Trading as NWDC Group

Consolidated Annual Financial Statements for the Year ended 31 March 2019

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)
Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

General Information

Country of Incorporation and Domicile	South Africa
Legal Form of the Entity	State Owned Entity
Nature of Business and principal activities	Trade, investment, sustainable economic development and job creation
Directors North West Development Corporation (SOC) Ltd	Mr DG Duma (Resigned on 28 July 2019) Mr B Khumalo Ms A Tjale (Appointed as Chairperson on 31 July 2019) Adv HC Keyter (Deceased 20 August 2018) Ms KA Dikgole Mr TC Dlamini (Resigned on 28 July 2019) Mr KK Tlhoaele (Resigned on 27 July 2019) Ms NM Koloti (Resigned on 31 August 2019) Ms M Chokoe Prof Dr LTB Jackson
Registered Office	22 James Watt Crescent Industrial Sites MAHIKENG 2745
Business Address	22 James Watt Crescent Industrial Sites MAHIKENG 2745
Postal Address	PO Box 3011 MMABATHO 2735
Holding Company	North West Provincial Government
Bankers	ABSA, First National Bank and Standard Bank
Auditors	Auditor-General of South Africa

Accounting Authority's Responsibilities and Approval

The Directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The Directors have reviewed the group's cash flow forecast for the year to 31 March, 2020 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's Financial Statements. The Financial Statements have been examined by the group's external auditor and their report is presented on pages 91 to 100.

The Financial Statements set out on pages 101 to 151, which have been prepared on the going concern basis, were approved by the Board of Directors on 12 June 2019 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Ms A Tjale (Chairperson of the Board)

Directors' Report

The Directors have pleasure in submitting their report on the Financial Statements of the North West Development Corporation SOC Ltd for the year ended 31 March 2019.

1 INCORPORATION

The entity was incorporated on 17 March 1992 and obtained its certificate to commence business on the same day.

2 NATURE OF BUSINESS

The entity is engaged in food and hospitality and operates principally in South Africa.

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

There have been no material changes to the nature of the company's business from the prior year.

3 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4 GOING CONCERN

The Directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

5 AUDITORS

Auditor-General of South Africa continued in office as auditors for the company for 2019.

At the AGM, the shareholder will be requested to reappoint Auditor-General of South Africa as the independent external auditors of the company and to confirm as the designated lead audit partner for the 2020 financial year.

6 SECRETARY

The company secretary is Ms FN Matlala.

The Financial Statements set out on pages 101 to 151, which have been prepared on the going concern basis, were approved by the Board of Directors on 12 June 2019 and were signed on its behalf by:

Approval of financial statements

Ms A Tjale (Chairperson of the Board)
12 June, 2019

Report of the Audit and Risk Committee

1 INTRODUCTION

The NWDC's Audit and Risk Committee is an independent statutory Committee appointed by the NWDC's Shareholder. In compliance with section 94 of the Companies Act of 2008 (the Act) and the principles of good governance, the Shareholder appoints certain independent directors as members of the Audit Committee to fulfil the statutory duties as prescribed by the Act.

In addition, the NWDC's Board of Directors (the board) delegates specific duties to the Audit Committee. This report considers these statutory and delegated duties. It also addresses some of the matters that the King IV Code on Corporate Governance, 2016 (King IV) advises should be considered by an Audit Committee.

2 TERMS OF REFERENCE

The Committee has formal Terms of reference, which are reviewed and updated annually as necessary (or more frequently if required) by both the Committee and the Board. The Committee is satisfied that it has conducted its affairs in accordance with its Terms of reference and has discharged its responsibilities

3 COMPOSITION AND FUNCTIONS

As at the date of this report, the Committee comprised the following independent members:

NAME	STATUS	DATE APPOINTED
Ms A Tjale	Independent non-executive Director	September 2016 (Appointed as Chairperson of the Board on 31 July 2019 and ceased to be a member of the Audit & Risk Committee)
Ms M Chokoe	Independent non-executive Director	September 2016
Mr SA Ngobeni	Independent ARC External Member	September 2016 (Chairperson with effect from 27 August 2019)
Mr TC Dlamini	Independent non-executive Director	2 July 2016 and resigned on 28 July 2019

For details of the qualifications, expertise and experience of the members of the audit and risk Committee, refer to section C.

The Group Chief Executive Officer, Chief financial Officer, the Executive: Risk Management, the Executive: Properties, the Group IT Manager, the External Auditors, Internal Auditors and other assurance providers attend meetings either by standing invitation or as and when required.

4 RESPONSIBILITIES OF THE COMMITTEE

The Committee is satisfied that it complied with its legal, regulatory and other responsibilities during the financial year ended 31 March 2019. The Committee's primary objective is to assist the board with its responsibilities for the management of risk, the safeguarding of assets, oversight of financial control and reporting on internal controls, shareholder reporting and corporate governance, particularly relating to legislative and regulatory compliance.

The Committee's roles and responsibilities include statutory and regulatory duties as per the Companies Act of 2008, Section 51 of the Public Finance Management Act and Treasury Regulations 3.1.10 and 3.1.13 and those items recommended in the interest of good governance according to King IV. In addition, the board has assigned certain duties to the Committee, embodied in its terms of reference.

The board conducts annual reviews of the Committee's duties and terms of reference as well as annual assessments of its performance, in a manner determined by the board.

The Audit Committee completed the following oversight functions during the period under review:

- Approved the Internal Audit Strategic Plans;
- Recommended the appropriate Financial Reporting Framework for 2018/2019 Financial year;
- Approved the reviewed Internal Audit Charter and Audit Committee Charter;
- Reviewed Internal Audit quarterly progress reports against plans;
- Approved the audit strategy for 2018/2019;
- Reviewed the quarterly financial and performance information of the entity;
- Reviewed the entity's compliance with legal and regulatory provisions;

- Noted the development of a Combined Assurance Plan;
- Reviewed progress on management action plans to address reported findings;
- Reviewed progress on the implementation of recovery measures to address areas of underperformance in core programmes;
- Considered the effectiveness of the risk management system;
- Approved the draft annual Financial Statements and the annual performance report for 2018/2019 before submission to Auditor-General; and
- Reviewed the audited Financial Statements as well as the audit report from Auditor-General.

The Audit Committee reviewed reports presented by management and audit reports from both internal and external audit. The Committee satisfied itself on the adequacy of these reports and sought the necessary assurance on the accuracy thereof from the Internal Audit Unit, the CFO, other members of Management and the Performance Monitoring Unit.

5 EFFECTIVENESS OF RISK, GOVERNANCE AND INTERNAL CONTROL

The system of governance and internal control generally still requires close attention from Management. Repeat findings continue to be a course for concern. Further, the audit reports from both Internal Audit and Auditor-General still point to incidents of non-compliance with the procedures and guidelines.

6 MANAGEMENT CONTROL AND OVERSIGHT

During the year under review, the CFO was suspended from November 2018. This incident, unfortunately, resulted in a degree of leadership uncertainty which inherently weighs adversely on the internal control environment. The Committee further noted gaps in senior management oversight particularly relating to management responsibility to ensure corrective actions are taken regarding weaknesses in controls, with particular reference to the control and monitoring function.

7 THE ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE MATTERS

Vacant positions in senior management extended to periods exceeding six months. The following positions are vacant with acting officials:

- CEO Golden Leopard Resorts SOC Ltd Group;
- Executive manager Properties;
- Executive manager Corporate Services; and
- Executive manager SMME development.

The impact of these vacancies on the effective management of the entity particularly on the monitoring and control functions should never be underestimated.

Subsequent to year end, some of these positions were filled and the Committee is hopeful that

NORTH WEST DEVELOPMENT CORPORATION

there's going to be an improvement in the control and monitoring function.

8 THE STATUS OF RISK MANAGEMENT

The audit Committee fulfils a dual function, being both an audit Committee and a risk Committee. While the Risk Management fundamentals have been put in place in the entity, the Committee is concerned with the level of maturity in the risk management processes. Significant delays were observed in concluding the 2018/2019 strategic risk assessment, and the monitoring of the risk management action plans has not effectively taken place. Risk management was not adequately prioritized within the entity during the 2018/2019 financial year and hence did not receive the necessary attention.

The Executive Manager: Risk Management was seconded in an acting capacity as the Executive Manager: Properties during the year and that resulted in a number of meetings being cancelled and/or deferred.

The entity is tasked with managing potential catastrophic risks that could have a huge adverse impact on the economy of the province. For this reason, risk management is critical. The Committee has engaged the Accounting Officer on this matter and anticipates that measures will be instituted to ensure that risk management is accorded the attention it deserves.

9 INFORMATION AND TECHNOLOGY GOVERNANCE

The Committee intensified its focus on the group's governance of information and technology. The Committee considered and approved a technology and information governance framework and strategy to be implemented to manage information and technology as well as to identify any associated risks.

During the period under review, inter alia, management reviewed and expanded NWDC's disaster recovery measures, implemented a streamlined systems development life cycle and ensured the availability of adequately skilled resources to support operational and project initiatives.

10 FINANCIAL ADMINISTRATION AND REPORTING

The Committee reviewed the 2018/2019 Annual Financial Statements, the Auditor-General's Report and Management Report.

During the year an annual assessment of appropriate financial reporting framework was conducted by management in line with Directive 12 as issued by the Accounting Standards Board. The Committee made a recommendation for a change of the accounting reporting framework for the group from Generally Recognised Accounting Practice to International Financial Reporting Standards

11 GOING CONCERN

The Audit Committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the group. The board's statement on the going concern status of the group, as supported by the Audit Committee, appears in the directors' responsibility for financial reporting section of the annual report.

The Audit Committee is concerned about the going concern and sustainability of the Golden

Leopard Resorts SOC Ltd which is a subsidiary of the NWDC. The situation at GLR has been a burning matter for a couple of years due to the legacy debts and dilapidated infrastructure. The legacy debts are crippling the organisation financially and resulting in no maintenance and upgrades being done. Several submissions requesting intervention from the shareholder have been made by the NWDC's Board and at the date of this report no formal response has been received from the shareholder. The following are the risks imposed by the non-responsiveness of the shareholder to the current dire situation at GLR:

- Inability to attract investments;
- Decline in productivity;
- NWDC board trading recklessly;
- Potential adverse findings; and
- Potential industrial strike and possible property damage.

12 INTERNAL AUDIT

In accordance with the requirements of King IV, the Committee confirms that, having considered the effectiveness of the outsourced of internal audit. The Committee is satisfied that they have the appropriate expertise and experience to meet the responsibilities of this function. The Committee is also satisfied that the internal audit function is adequately resourced with technically competent individuals and operates both effectively and efficiently.

The Committee is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to enable it to perform its duties. It oversees co-operation between the internal and external auditors, and serves as a link between the board of directors and these functions.

During 2018/2019, the Committee approved the internal audit's charter and its annual audit plan. Internal audit is responsible for regularly reporting the findings of the internal audit work against the agreed internal audit plan to the Committee.

The group head of internal audit has direct access to the Committee, primarily through its chairman. During the year, the Committee met with the external auditors and with the internal audit without management being present.

13 EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE CFO AND THE FINANCE FUNCTION

The Audit Committee has reviewed the expertise, experience and adequacy of the resources making up the finance function and the Committee is not satisfied that these are appropriate. As a mitigating factor, assistance from Provincial Treasury has been sought and the Provincial Treasury has seconded a CFO effective from May to September 2019 to assist in alleviating the capacity in the finance function.

14 COMBINED ASSURANCE

The Committee is satisfied that the group has optimised the assurance coverage obtained from management, internal and external assurance providers, in accordance with an appropriate approved combined assurance model. The Committee is also satisfied that the combined assurance model and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment;
- Supporting the integrity of information used for internal decision making by management, the board and its Committees; and
- Supporting the integrity of external reports.

15 CONCLUSION AND APPRECIATION

The Committee considered all information at its disposal and concludes that a system of governance and internal control is in place but needs improvement in certain areas as outlined above.

The Audit Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, AGSA, Management, and Internal Audit for their support and cooperation.

The Audit Committee further extends its appreciation to the Portfolio Committee on Finance for its continued support and partnership in the quest for service delivery and good governance.

ASB

Mr S Ngobeni
Chairperson Audit and Risk Committee

Report of the auditor-general to the North West provincial legislature on the North West Development Corporation SOC Ltd

Report on the audit of the consolidated and separate financial statements

Disclaimer of opinion

1. I was engaged to audit the consolidated and separate financial statements of the North West Development Corporation SOC Ltd and its subsidiaries (the group) set out on pages 101 to 151, which comprise the consolidated and separate statement of financial position as at 31 March 2019, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for disclaimer of opinion

Preparation of the financial statements

3. The group incorrectly prepared its financial statements in accordance with the International Financial Reporting Standards (IFRS) instead of the Standards of Generally Recognised Accounting Practice (Standards of GRAP). The group selected the Standards of GRAP for the 2017-18 financial year after early adopting *Directive12: The selection of an appropriate reporting framework by public entities* and not meeting the criteria in paragraph 11 of the directive. The group however changed its reporting framework to IFRS in 2018-19 without there being a significant change in its operations.

Material uncertainty relating to going concern

4. As disclosed in note 35 to the financial statements, conditions exist that cast significant doubt on the group's ability to continue as a going concern. However, the events or conditions that exist that cast significant doubt on group's ability to continue as a going concern and management's assessment to address these matters is not sufficient and appropriately disclosed.

Property, plant and equipment

5. The group did not assess the remaining useful lives and residual values at each reporting date as required by GRAP 17, *Property, plant and equipment* as no condition assessments were performed during the financial year. I was unable to quantify the misstatement on property plant and equipment

and depreciation in the consolidated and separate financial statements or the resultant impact on the total comprehensive income for the year, deferred tax liability, taxation and the retained income as it was impractical to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as the fixed asset register does not agree to the financial statements. I was unable to confirm these property, plant and equipment by alternative means. Consequently, I was unable to determine whether any further adjustments relating to property, plant and equipment of R392 955 000 (2018: R424 334 000) and R200 168 000 (2018: R220 480 000) as disclosed in note 3 and depreciation of R32 413 000 (2018: R287 963 000) and R21 030 000 (2018: R267 428 000) as disclosed in note 32 to the consolidated and separate financial statements were necessary.

Investment property

6. The entity did not ensure that the fair value of investment property reflected the market conditions at the reporting date as required by GRAP 16, *Investment property.* I was unable to quantify the resultant misstatement on investment property in the consolidated and separate financial statements as it was impractical to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for investment property as not all properties owned by the entity have been accounted for in the investment property register. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any further adjustment relating to investment property of R894 707 000 (2018: R894 707 000) as disclosed in note 4 to the consolidated and separate financial statements was necessary.

Trade and other receivables

7. The entity did not correctly account for all outstanding debtors on year end due to differences between the rental agreements and lease agreements and incorrectly calculated the impairment provision in contrary to the requirements of GRAP 104, *Financial instruments*. Consequently, trade receivables and trade and other payables was overstated by R104 812 542 and R13 431 657 respectively and revenue were overstated by R80 114 035, other operating income and other operating expenses were understated by R1 148 046 and R7 334 349 respectively in the consolidated and separate financial statements. There was also a resultant impact on the total comprehensive income for the year and the retained income. In addition, I was unable to obtain sufficient appropriate audit evidence for trade and other receivables and restatements made in the prior years as the entity did not have adequate systems to maintain records to support financial information. I was unable to confirm these trade and other receivables by alternative means. Consequently, I was unable to determine whether any further adjustment relating to trade and other receivables of R151 947 000 (2018: R123 043 000) and R143 553 000 (2018: R119 235 000) as disclosed in note 10 to the consolidated and separate financial statements was necessary.

Trade and other payables

8. The entity incorrectly accounted for transactions relating to projects where the entity has been appointed as an implementing agent as required by GRAP 109, *Accounting by principals and agents.* Consequently, trade and other payables was understated by R71 852 023 (2018: R108 825 000), and the unspent grant liability, conditional grant revenue included in other income as disclosed in note 22 and other

operating expenses were overstated by R35 852 000 (R108 825 000), R30 155 412 (R42 941 078) and R998 236 (42 941 078) respectively in the consolidated and separate financial statements. There was also a resultant impact on the total comprehensive income for the year and the retained income. In addition, I was unable to obtain sufficient appropriate audit evidence for trade and other payables as the group did not have adequate systems to maintain records to support financial information. I was unable to confirm these trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustment relating to trade and other payables of R230 819 000 (2018: R182 391 000) and R122 445 000 (2018: R67 858 000) as disclosed in note 18 to the consolidated and separate financial statements was necessary.

Deferred tax

9. I was unable to obtain sufficient appropriate audit evidence for the deferred tax liability as the entity did not have adequate systems to maintain records to support financial information relating to deferred tax. I was unable to confirm the deferred tax liability by alternative means. Consequently, I was unable to determine whether any adjustment relating to deferred tax of R201 360 000 (2018: R202 869 000) as disclosed in note 17 to the consolidated and separate financial statements was necessary.

Revenue

10. I was unable to obtain sufficient appropriate audit evidence for revenue for the previous year as the group did not have adequate systems to maintain records for restatements made to prior years. I was unable to confirm the revenue by alternative means. Consequently, I was unable to determine whether any adjustment relating to revenue of R197 703 000 in 2018 as disclosed in note 20 to the consolidated financial statements was necessary.

Other operating income

11. I was unable to obtain sufficient appropriate audit evidence for other operating income as the group did not have adequate systems to maintain records to support financial information. I was unable to confirm the other operating income by alternative means. Consequently, I was unable to determine whether any adjustment relating to other operating income of R120 662 000 (2018: R165 720 000) and R116 217 000 (2018: R159 824 000) as disclosed in note 22 to the consolidated and separate financial statements was necessary.

Other operating expenses

12. I was unable to obtain sufficient appropriate audit evidence for other operating expenses as the group did not have adequate systems to maintain records to support financial information. I was unable to confirm the other operating expenses by alternative means. Consequently, I was unable to determine whether any adjustment relating to other operating expenses of R395 607 000 (2018: R664 535 000) and R549 945 000 in 2018 as disclosed in note 32 to the consolidated and separate financial statements was necessary.

Related parties

13. The entity did not disclose remuneration of key management and all related party transactions between companies in the group as required by GRAP 20, *Related party disclosures.* Consequently, related parties' transactions were understated by R16 183 010 and R126 856 535 as disclosed in note 27 to the consolidated and separate financial statements. In addition, the group did not disclose amounts

for recharge expenses from or to related parties for the current and previous periods as required by GRAP 20, *Related party disclosures.* I was unable to quantify the resultant misstatement of related parties not disclosed in the consolidated and separate financial statements.

Lease commitments

14. The details of an operating lease to which a subsidiary of the group is a party to have not been appropriately disclosed as required by GRAP 13, *Leases.* The total future minimum lease payments, the total future minimum sublease payments, a general description of the leasing arrangement and the systematic basis which is more representative of the time pattern of the user's benefit than the straight-line basis over the lease term was not disclosed. Consequently, lease commitments for the lessor and lease commitments for the lessee of R235 656 982 (2018: R237 426 047) was not disclosed in the consolidated financial statements.

Fruitless and wasteful expenditure

15. Section 55(2)(b)(i) of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) requires the disclosure of fruitless and wasteful expenditure incurred. The group incurred interest and penalties on overdue accounts that was not disclosed as fruitless and wasteful expenditure in the current and previous periods. I was unable to quantify the full extent of the fruitless and wasteful expenditure not disclosed in note 28 to the consolidated financial statements as it was impractical to do so.

Irregular expenditure

16. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure incurred due to the status of the group's accounting records. I could not confirm the irregular expenditure incurred by alternative means. In addition, the group made payments in contravention of the supply chain management policy which were not included in the irregular expenditure disclosed for the current and previous periods and incorrectly disclosed irregular expenditure resulting in irregular expenditure being understated by R30 802 949 in the current year and overstated by R23 448 650 in the previous year. Consequently, I was unable to determine whether any further adjustment relating to irregular expenditure of R468 172 000 (2018: R403 527 000) and R373 298 000 (2018: R373 298 000) as disclosed in note 29 to the consolidated and separate financial statements was necessary.

Statement of cash flows

17. The group did not correctly calculate the net cash flows from operating activities, net cash flow from investing activities and net cash flows from financing activities as required by GRAP 2, *Cash flow statement* due to not appropriately excluding the non-cash items and not accounting for all cash flow movements. Consequently, net cash flow from operating activities was overstated by R219 279 000 and R65 146 000 in the consolidated and separate financial statements, net cash flow from investing activities and net cash flow from financing activities were understated by R8 524 000 and R35 824 000 in the consolidated financial statements and net cash flow from investing activities and net cash flow from financing activities were overstated by R4 959 808 000 and R165 155 000 in the separate financial statements.

Prior period errors

18. The group did not disclose adjustments made to the financial statements as a result of prior period errors in the consolidated and separate financial statements as required by GRAP 3, *Accounting policies, estimates and errors.* The nature and the amount of the correction for each financial statement line item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed.

Statement of changes in equity

19. I was unable to obtain sufficient appropriate audit evidence for the adjustments made to the opening balances for the revaluation reserve and the accumulated surplus as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments relating to the revaluation reserve of R389 483 000 (2018: R389 483 000) (2017: R389 483 000) and R231 879 000 (2018: R231 879 000) (2017: R231 879 000) and the accumulated surplus of R283 951 000 (2018: R332 389 000) (2017: R395 879 000) and R315 376 000 (2018: R351 165 000) (2017: R473 704 000) as disclosed in the statement of changes in equity in the consolidated and separate financial statements were necessary.

Responsibilities of the accounting authority for the consolidated and separate financial statements

20. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA standards of GRAP and the requirements of the PFMA and the Companies Act of South Africa, 2008 (Act No.71 of 2008) (Companies Act) and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

22. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

23. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and the ethical requirements that are relevant to my audit of the consolidated and separate financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Report on the audit of the annual performance report

Introduction and scope

24. 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.

25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the 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.

26. 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 entity for the year ended 31 March 2019:

Programmes	**Pages in the annual performance report**
Programme 1: Property, development and management	9 - 12
Programme 2: Special economic zone	12 - 15
Programme 3: SMME development and management	16 - 18
Programme 4: Trade and investment facilitation	18 - 20
Programme 5: Economic development projects	21 - 22
Programme 6: Mining	22 - 24
Programme 7: Tourism	24 - 30

27. 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.

28. I did not identify any material findings on the usefulness and reliability of the reported performance information on any of the selected programmes of the entity.

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. Refer to the annual performance report on pages 30 to 48 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3: SMME development and management, programme 5: economic development projects and programme 7: tourism. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

Introduction and scope

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

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

Financial statements

34. Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

35. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Revenue management

36. Effective and appropriate steps were not taken to collect all revenue due, as required by section 5 (1)(b)(i) of the PFMA.

Expenditure management

37. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the disclaimer of opinion the value disclosed in note 29 of the financial statements, the full extent of the irregular expenditure could not be quantified. The majority of the irregular expenditure disclosed in the financial statements was caused by deviating from supply chain management processes and policies.

38. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 5 (1)(b)(ii) of the PFMA. As reported in the basis for disclaimer opinion the value disclosed in note 28 of the financial statements does not reflect the full extent of the fruitless and wasteful expenditure incurred. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by interest and penalties charged due to late payments made.

Consequence management

39. Disciplinary steps were not taken against officials who had incurred irregular and fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to investigations into prior year irregular expenditure and fruitless and wasteful expenditure not being conducted.

Procurement and contract management

40. Some of the goods, works or service were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes on key projects for the alternative building / innovation project for the construction of two libraries on behalf of the Department of Culture, Arts and Traditional Affairs.

41. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board and did not qualify for the contract in accordance with section 18(1) of the CIDB Act. This non-compliance was identified in the procurement processes for the alternative building / innovation project for the construction of two libraries on behalf of the Department of Culture, Arts and Traditional Affairs.

Other information

42. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

43. 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.

44. 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 consolidated and separate 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.

45. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

46. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion and the findings on compliance with legislation included in this report.

- The leadership's philosophy and operating style is not contributing towards clean administration. This is evidenced by the lack of oversight responsibility regarding financial management and compliance and related internal controls. The accounting authority did not ensure that controls were implemented to address prior year qualifications and material non-compliance identified. The establishment of a culture of honesty, ethical business practices and good governance needs to be fully implemented and monitored throughout the year.
- The accounting authority did not adequately monitor financial reporting, compliance with laws and regulations and internal controls as supporting documentation submitted during the audit did not adequately support disclosures. Management did not design and implement internal controls to the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable legislation. Furthermore, the audit action plan was not adequate to address prior year audit findings. Consequently, there were numerous instances of repeat audit findings identified during the current financial year's audit.

- The accounting authority failed to install good governance principles within the entity. These include the development and implementation of a risk management policy and fraud prevention plan. Internal audit and the audit committee did not properly review the submitted annual financial statements as is evident from the various material misstatements identified.

Auditor-General

Potchefstroom
30 August 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

FIGURES IN RANDS '000	NOTES	NWDC GROUP 2019	RESTATED 2018	NWDC COMPANY 2019	RESTATED 2018
ASSETS					
Non-current assets					
Property, plant and equipment	3	392 955	424 334	200 168	220 480
Investment property	4	894 707	894 707	894 707	894 707
Intangible assets	5	9 273	9 360	4	91
Investment in associates	6	94 533	86 009	-	-
Investments in controlled entities	7	-	-	-	-
		1 391 469	**1 414 410**	**1 094 879**	**1 115 278**
Current assets					
Loans to group companies	8	-	-	28 850	-
Inventories	9	955	14	-	-
Trade and other receivables	10	151 947	123 043	143 553	119 235
Cash and cash equivalents	11	35 840	127 343	31 146	124 677
Operating lease asset		521	521	521	521
		189 263	**250 921**	**204 070**	**244 433**
Total Assets		**1 580 732**	**1 665 331**	**1 298 949**	**1 359 711**
EQUITY AND LIABILITIES					
Equity					
Share capital	12	303 584	303 854	303 854	303 854
Retained income		283 951	332 389	315 376	351 165
Reserves		389 483	389 483	231 879	231 879
		977 288	**1 025 725**	**851 109**	**886 898**

NORTH WEST DEVELOPMENT CORPORATION

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)

Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

FIGURES IN RANDS '000	NOTES	NWDC GROUP 2019	RESTATED 2018	NWDC COMPANY 2019	RESTATED 2018
Liabilities					
Non-current liabilities					
Employee benefit obligation	13	12 353	12 306	10 223	10 588
Finance lease liabilities	14	(671)	2 940	(2 615)	39
Provisions	15	29 317	28 260	29 232	28 175
Other financial liabilities	16	92 830	95 902	53 948	57 020
Preference Shares		20 000	20 000	-	-
Deferred tax	17	201 360	202 869	201 360	202 869
		335 189	**362 277**	**292 148**	**298 691**
Current liabilities					
Trade and other payables	18	210 819	162 391	122 445	67 858
Loans from group companies	8	-	2 000	2 000	2 000
Employee benefit obligation	13	264	357	-	-
Finance lease liabilities	14	619	619	-	-
Bank overdraft	11	187	180	-	44
Advance deposits	19	4 680	7 122	-	-
Current tax payable		440	440	-	-
Other financial liabilities	16	(4 605)	(4 605)	(4 605)	(4 605)
Unspent grant		35 852	108 825	35 852	108 825
		248 255	**277 329**	**155 692**	**174 122**
Total liabilities		**603 444**	**639 605**	**447 840**	**472 813**
Total equity and liabilities		**1 580 732**	**1 665 331**	**1 298 949**	**1 359 711**

North West Development Corporation SOC Ltd Group
(Registration Number 1999/002625/07)
Trading as NWDC
NWDC Group Financial Statements for the year ended 31 March 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FIGURES IN RANDS '000	NOTES	NWDC GROUP 2019	RESTATED 2018	NWDC COMPANY 2019	RESTATED 2018
Revenue	20	209 933	197 703	143 174	131 732
Cost of sales	21	(8 660)	(2 774)	-	-
Gross profit		**201 273**	**194 930**	**143 174**	**131 732**
Other operating income	22	120 662	165 720	116 217	159 824
Movement in credit loss allowances		165	(348)	-	-
Other operating expenses	32	(395 607)	(664 535)	(314 014)	(549 945)
Operating (loss)/income		**(73 507)**	**(304 233)**	**(54 623)**	**(258 389)**
Investment income	23	22 539	17 459	22 124	16 708
Finance costs	24	(15 394)	(13 109)	(5 720)	(4 112)
Acturial Gains/ (Losses)	13	(1 196)	(344)	(1 195)	(315)
Profit before taxation		**(67 559)**	**(300 228)**	**(39 414)**	**(246 108)**
Income from equity accounted investments	6	8 524	11 215	-	-
Deficit for the year		**(59 034)**	**(289 012)**	**(39 414)**	**(246 108)**
Total comprehensive loss for the year		(59 034)	(289 012)	(39 414)	(246 108)

NORTH WEST DEVELOPMENT CORPORATION

NORTH WEST DEVELOPMENT CORPORATION

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)

Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

STATEMENT OF CHANGES IN EQUITY 31 MARCH 2019

GROUP

FIGURES IN RANDS '000	SHARE CAPITAL/ CONTRIBUTED CAPITAL	TOTAL SHARE CAPITAL	REVALUATION RESERVE	ACCUMULATED SURPLUS/DEFICIT	TOTAL EQUITY
Opening balance as previously reported	303 854	303 854	389 483	232 354	925 691
Adjustments	-	-	-	69 096	69 096
Profit for the year	-	-	-	94 429	94 429
Balance as at 01 April 2017	**303 854**	**303 854**	**389 483**	**395 879**	**1 089 216**
Adjustments	-	-	-	225 522	225 522
Loss for the year	-	-	-	(289 012)	(289 012)
Balance as at 01 April 2018	**303 854**	**303 854**	**389 483**	**332 389**	**1 025 726**
Adjustments	-	-	-	10 596	10 596
Loss for the year	-	-	-	(59 034)	(59 034)
Balance as at 31 March 2019	**303 854**	**303 854**	**389 483**	**283 951**	**977 288**

NWDC COMPANY

FIGURES IN RANDS '000	SHARE CAPITAL/ CONTRIBUTED CAPITAL	TOTAL SHARE CAPITAL	REVALUATION RESERVE	ACCUMULATED SURPLUS/DEFICIT	TOTAL EQUITY
Opening balance as previously reported	303 854	303 854	231 879	473 704	1 009 437
Adjustments	-	-	-	-	-
Prior period error	-	-	-	-	-
Balance as at 01 April 2017	**303 854**	**303 854**	**231 879**	**473 704**	**1 009 437**
Adjustments	-	-	-	123 569	-
Loss for the year	-	-	-	(246 108)	(246 108)
Balance as at 01 April 2018	**303 854**	**303 854**	**231 879**	**351 165**	**763 329**
Loss for the year	-	-	-	(39 414)	(39 414)
Adjustments	-	-	-	3 625	3 625
Balance as at 31 March 2019	**303 854**	**303 854**	**231 879**	**315 376**	**727 540**

NORTH WEST DEVELOPMENT CORPORATION

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)
Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

STATEMENT OF CASH FLOWS

FIGURES IN RANDS '000	NOTES	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
CASH FLOW FROM OPERATING ACTIVITIES					
Cash used in operations	**30**	168 898	81 378	(14 639)	(40 849)
Interest income		415	751	22 124	16 708
Finance costs		(9 674)	(8 997)	(5 720)	(4 112)
Tax received					
Net cash flow from operating activities		**159 639**	**73 131**	**1 765**	**(28 253)**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property plant and equipment		(948)	(5 133)	(642)	(133)
Sale of property plant and equipment		-	-	-	613 903
Loans advanced to group companies		-	-	4 930 958	-
Sale of financial assets		-	-	-	-
Net cash flow from investing activities		**(948)**	**(5 133)**	**4 930 316**	**613 770**
Proceeds from the share issue		-	-	-	-
Repayment of loans from subsidiaries		(222)	41 516	(165 155)	20 850 276
Repayment of group companies		(2 443)	-	-	-
Movement in preference shares		-	-	-	-
Finance lease payments		(957)	3 427	-	-
Net cash flow from financing activities		**(3 622)**	**(44 943)**	**9 695 477**	**22 077 816**
Total cash movement for the year		91 510	91 576	(289 158)	277 883
Cash at the beginning of the year		127 163	35 587	357 651	48 651
Total cash at end of the year		**35 653**	**127 163**	**31 146**	**124 677**

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES

The group's principal accounting policies in preparing the consolidated Financial Statements of North West Development Corporation SOC Ltd are disclosed in the individual sections of the Financial Statements. This section details the basis of preparation and key accounting policy elections.

1.1 Basis of preparation

The consolidated and company Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations, the South African Companies Act, No. 71 of 2008 (as amended), and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Council. The Financial Statements are authorised for issue by the North West Development Corporation SOC Ltd's Board of directors. The Financial Statements have been prepared in accordance with the historical cost convention, except for land and buildings, infrastructure and investment property, which are measured at fair value. The consolidated and separate Financial Statements are prepared on the basis that the group and Company will continue to be a going concern. All relevant comparatives have been provided. New standards adopted as outlined in note 1.2 are either on a fully retrospective basis, requiring the restatement of the

Accounting Policies

comparative periods presented, or with the cumulative retrospective impact of IFRS 15 applied as an adjustment to equity. The Group will restate the comparative periods, and an adjustment to opening retained earnings will be made. The presentation currency in the Financial Statements is South African rand (R). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The following principal accounting policies and methods of computation were applied by the group and the company in the preparation of the consolidated and separate Financial Statements for the financial year ended 31 March 2019. These policies have been consistently applied to all the years presented, unless stated in the statement of compliance below.

1.2 Statement of compliance to amendments to published standards and interpretations

The following accounting standards, amendments to published accounting standards and interpretations that became effective for the year commencing on 1 April 2018 were adopted by the group:

Standard, Amendment or Interpretation	Impact on the Finacial Statements
Amendments to IFRS 2 Share-based Payment Transactions	No Impact on the Financial Statements
Annual improvements to IFRSs: 2014-2016 Cycle: IFRS 1 and IAS 28	No Impact on the Financial Statements
IFRS 9 Financial Instruments	Adopted in 1 April 2018 see below for the implication to the Financial Statements
IFRS 15 Revenue from Contracts with Customers	Adopted in 1 April 2018 see below for the implication to the Financial Statements
IFRS 16 Leases	To be adopted on 1 April 2019 (see below)

IFRS 9- Financial Instruments

IFRS 9 replaces IAS 39 and sets out the updated requirements for recognition and measurement, impairment, derecognition and general hedge accounting of financial instruments. These requirements specifically deal with the classification and measurement of financial instruments. Subsequent to initial recognition, the financial assets are to be classified as either amortised cost, fair value through profit and loss or fair value through other comprehensive income, based on the business model and contractual cash flow characteristics. The measurement of impairment losses is based on an expected credit loss model, which takes into account the time value of money, probability weighting as well as forward looking information. IFRS 9 further requires consideration of the disaggregation of the trade receivables account when considering impairment where revenue streams are likely to have different risk profiles.

IFRS 9 requires an entity to assess its business model to determine the classification of financial assets. A business model refers to how an entity manages its financial assets in order to generate cash flows. Management applies judgement to determine the level at which the business model assessment is applied. The business models of subsidiaries of North West

Accounting Policies

Development Corporation SOC Ltd have also been assessed. For the majority of these subsidiaries the business objective is an extension of North West Development Corporation SOC Ltd's business model. Accordingly, North West Development Corporation SOC Ltd is the holding company of various operating subsidiaries and its business model is to hold financial assets as part at its operating activities and are managed with the objective of receiving contractual cash fiows. Consequently, all of North West Development Corporation SOC Ltd's financial assets are by default under IFRS 9 amortised cost. For a full list of financial assets and their classification, refer note 1.9.

There are no recognition and measurement issues with regards to the amortised cost model however, the following implications for reporting and disclosure purposes are necessary. There should be disclosure on expected losses under the impairment requirement of IFRS 9 for financial assets. The expected credit loss model implies that it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Therefore, the amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The following financial assets fall within the scope of the impairment requirements of IFRS 9:

- assets classified as 'amortised cost':
- debt instruments (loans) which are classified as fair value through OCI:
- a lease receivable under IFRS 16 Leases;
- a contract asset under IFRS 15 Revenue from Contracts with Customers; and
- a loan commitment issued and a financial guarantee contract issued to which the impairment requirements of IFRS 9 apply.

IFRS 15 - Revenue from contracts with customers

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers. The standard requires an entity to recognise revenue in such a manner as to depict the transfer of goods or services to customers at an amount representing the consideration, to which the entity expects to be entitled in exchange for those goods or services. The identified contracts with customers are required to be evaluated to determine the performance obligations, the transaction price and the point at which the performance obligation is satisfied by transferring promised goods or services to the customers. IFRS 15 requires that an entity should apply the standard using either one of the following transition approaches;

a) retrospectively to each prior reporting period; or
b) retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The group's revenue is primarily derived from tourism, and property management. The impact of applying IFRS 15 in the 2019 financial year was assessed minimal: A further reporting impact would be with regards to the expected credit losses model as mentioned above under IFRS 9. In terms of IFRS15, North West Development Corporation SOC Ltd will have to account for any probabilities of expected credit losses (IFRS 9) as envisaged in contract

Accounting Policies

assets under IFRS15, These expected credit losses should be recognised in the respective financial year. In terms of IFRS 9 to recognise a loss allowance for expected credit losses in every reporting period and not only when there is an indication of impairment. The impairment model under IFRS 9 may be applicable to contract asset under IFRS 15, where a three-stage approach based on changes in expected credit losses of a financial instrument that determine the recognition of impairment, and the recognition of interest revenue. The expected credit losses may be recognized under the 12 month expected credit losses or the lifetime expected credit losses subject to the application criteria being met.

IFRS 16 - Leases

IFRS 16 Leases will become effective for the group from 1 April 2019, replacing IAS 17 Leases. IFRS 16 sets out updated requirements on recognition and measurement of leases. The group has elected to adopt the modified retrospective transition approach and therefore the cumulative effect of transition to IFRS 16 will be recognised in retained eamings and the comparative period will not be restated. The principal impact of IFRS 16 will be to change the accounting treatment by lessees of leases currently classified as operating leases. Lease agreements will give rise to the recognition by the lessees of a right of use asset and a related liability for future lease payments. Based on the impact assessment performed, the application of IFRS 16 is expected to have a significant impact on the group's consolidated Financial Statements, particularly in relation to the recognition of the right of use assets and lease liabilities that were previously treated as operating leases. The most significant expected impact of transitioning to IFRS 16 in the 2019 financial year, based upon North West Development Corporation SOC Ltd's current contractual arrangements with regards to motor vehicles currently held under operating leases as envisaged in IAS 17, is estimated to be:

- recognising a lease liability of approximately R2 560 392;
- recognising a right of use of approximately R2 560 392;

Depreciation of the right of use asset and the finance charge representing the unwinding of the discount on the lease liability will be recorded in the statement of profit or loss. The impact of the standard on EBITDA and profit before tax following adoption is not expected to be significant although the presentation of the leases in the statement of profit or loss will change. Management will continue to assess the implications of IFRS 16 on any new contracts or modifications to existing contracts, which may cause the financial impact to differ from the estimates provided above. The group will continue to work on the necessary changes to internal systems and processes based on the impact assessment of the implications of IFRS 16.

Assets obtained under finance leases and the related liabilities are recognised on comencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

The interest element of the finance lease payment is recognised in profit or loss or capitalized to qualifying assets over the lease period if the relevant criteria are met. Contingent rentals are charged as expenses in the period in which they are incurred. Property, plant and equipment, acquired under a finance lease, is depreciated over the shorter of the asset's useful life and the lease term on a basis consistent with similar owned property, plant and equipment.

Accounting Policies

1.3 Key estimates and assumptions

The group's key accounting policy elections are set out in the notes of the consolidated Financial Statements below. Certain of these policies, as well as estimates made by management, are considered to be important to an understanding of the group's financial condition since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. Further information on accounting policies that include estimates that are particularly sensitive in terms of judgements and the extent to which estimates are used are provided within the notes to the consolidated Financial Statements. Other accounting policies involve significant amounts of judgements and estimates, but the total amounts involved are not significant to the Financial Statements. Management has agreed the accounting policies and critical accounting estimates with the board and North West Development Corporation SOC Ltd Audit Committee. Accordingly, the preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the Financial Statements. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they were revised and in any future periods affected.

1.4 Basis of consolidation

Consolidated Financial Statements are prepared by the parent company, North West Development Corporation SOC Ltd, using uniform accounting policies with the exception for investment property and financial instruments. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities in the group are eliminated on consolidation.

1.4.1 Subsidiaries

As envisaged in IFRS 10, subsidiaries are entities over which the company exercises control. The consolidated Financial Statements incorporate the assets, liabilities, income, expenses and cash flows of the subsidiaries. Consolidation of subsidiaries commences from the date the investor obtains control and ceases on the date on which the investor loses control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the group obtains control of a business, the business combination is accounted for using the acquisition method at the acquisition date (the date on which control is transferred to the group). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets acquired. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration, that meets the definition of a financial instrument, is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, the other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity instruments that the group incurs in a business combination,

Accounting Policies

are expensed as incurred. Costs associated with the issue of debt or equity securities are recorded directly in equity. Changes in the group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The non-controlling interest relates to the portion of equity ownership in a subsidiary not attributable to the parent company. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

1.4.2 Associates and joint ventures

Associates and joint ventures are accounted for using the equity method. An associate is an entity over which the group exercises significant influence, but not control or joint control, over the financial and operating policies of the investee. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for liabilities. Joint control is a contractually agreed sharing of control of an arrangement that requires unanimous consent on decisions about relevant activities. In applying the equity method, the investment in the associate or joint venture is measured at cost, which includes transaction costs, with the group's share of post-acquisition earnings recognised in profit or loss and other comprehensive income in accordance with the group's accounting policies, and is separately presented in the statement of profit or loss and other comprehensive income. At initial recognition, the principles for business combinations are applied and any resulting goodwill arising on the acquisition is included in the carrying amount of the investment. Any gain on bargain purchase is included as income in the group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired. Similarly, associates or joint ventures are equity-accounted from acquisition date and cease to be equity-accounted when significant influence or joint control ceases. Dividend income from associates or joint ventures reduces the carrying value of the investment. If the associates or joint ventures are loss-making, the carrying value is reduced until it is carried at Rnil. When the ownership interest in an associate is reduced without affecting the classification as an associate, the group reclassifies to profit or loss the proportionate gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

Investments in associates and joint venture are tested for impairment where impairment indicators are present. Such indicators comprise diminishing dividend growth rates; net assets of the company being higher than its market capitalisation; the carrying amount of the associate or joint venture being higher than the carrying amount of the investees' assets; and/or the receipt of a dividend exceeding the total comprehensive income of the investee.

Accounting Policies

1.5 Investment property

Investment property is initially measure at cost. Subsequently, investment property is measured at fair value.

Investment properties that are freehold are held to earn rental income and/or for capital appreciation. At initial recognition, investment properties are measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value at each reporting date by external valuation appraisers, taking into account characteristics of the properties that market participants would consider when pricing the property at measurement date. The key assumptions in determination of the fair value are the exit capitalisation rates and discount rates. Other inputs considered relate to existing tenant terms, location, vacancy levels and restrictions, if any, on the sale or use of the asset. These properties leased for rental income include Industrial, Commercial and Residential properties.

The group makes judgement regarding the unit of account, i.e. whether it should be valued as a standalone property or as a group of properties. Determination of fair value also considers the current use of the property in terms of its highest and best use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible. Management derived risk adjusted discount rates factor in liquidity and asset class risk. A copy of these key assumptions are available upon request. Given the number of management judgements applied in the valuation, these assets are considered to be level three in the fair value hierarchy.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises, An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising fram the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment and its fair value at the date of the reclassification becomes its deemed cost for subsequent accounting purposes.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference between the carrying amount of the item immediately prior to transfer and its fair value is treated as a revaluation in accordance with the accounting policy on revaluation of property, plannt and equipment.

1.6 Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The cost of items of property, plant and equipment includes all costs incurred to bring the assets to the location and condition necessary for their intended use by the group. The cost of items of property, plant and equipment is capitalised into its various components where the useful life of the components differ from the main item of property, plant and equipment to which the component can be logically assigned.

Accounting Policies

Expenditure incurred to replace or modify a significant component of property, plant, equipment is capitalised, and any remaining carrying value of the component replaced is written off as an expense in the statement of profit or loss. Subsequent expenditure on property, plant and equipment is capitalised only when the expenditure enhances the value or oufput of the asset beyond original expectations and it can be measured reliably. Costs incurred on repairing and maintaining assets are recognised in the statement of profit or loss in the period in which they are incurred.

IAS 16 permits the use of the cost or fair-value model for the subsequent measurement of property and equipment (choice per class). Subsequent to initial recognition, land and buildings, the fair values of which can be reliably measured, are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluation increases are credited directly to other comprehensive income and presented in equity under the heading ‘revaluation reserve’. However, revaluation increases are recognised in profit or loss to the extent that they reverse a revaluation decrease of the same asset previously recognised in profit or loss. Revaluation decreases are recognised in profit or loss. However, decreases are debited directly to equity to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset. The revaluation reserve in equity related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised. Land and buildings are revalued on the same basis as investment properties. As well as leasehold improvements which is carried at revalued amounts.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Gains and losses on the disposal of property, plant and equipment, which are represented by the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in the statement of profit or loss.

Depreciation is charged on a systematic basis over the estimated useful lives of the assets after deducting the estimated residual value of the assets, using the straight line method. The depreciation method applied is reviewed at least each financial year-end, with any changes accounted for as a change in accounting estimate to be applied prospectively. The depreciation charge for each period is recognised in the statement of profit or loss unless it is included in the carrying amount of another asset (if assets used in constructing another asset). Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised. The estimated useful lives of assets and their residual values are reassessed annually at the end of each reporting period, with any changes in such accounting estimates being adjusted in the year of reassessment and applied prospectively. The estimated useful lives of items of property, plant and equipment are:

Accounting Policies

Item	Average useful life
Buildings	50 years
Land	Indefinite
Furniture and fittings	5 - 23 years
Motor vehicles	6 - 15 years
Office Equipment	4-7 years
Computer equipment	6 years
Computer software	11 years
Leasehold improvements	40 years
Sundry equipment	6 - 15 years
Infrastructure	
• Water	40 - 60 years
• Roads	40 - 60 years
• Sewer	40 - 60 years
• Stormwater	40 - 60 years
• Bulk Electricity	10 - 50 years
EDC project assets	6 - 23 years

Assets, which the group holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held 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.

1.7 Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax, are reviewed annually to determine whether there is any indication that those assets are impaired, or previous impairment has reversed, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment or reversal of previous impairment. Recoverable amounts are estimated for individual assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the statement of profit or loss. A previously recognised impairment is reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the statement of profit or loss.

Accounting Policies

1.8 Intangible assets

Intangible assets are acquired separately or in a business combination and are not internally generated. Intangible assets acquired in a business combination are recognised separately from goodwill, at fair value at the acquisition date. Intangible assets with an indefinite useful life (other than goodwill) are stated at cost less accumulated impairment losses. These intangible assets are tested for impairment annually by comparing the recoverable amount with its carrying amount. Useful life is reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset. The amortisation method and useful life is reviewed at financial year end and adjusted if nesessary.

The amortisation method, useful lives, and residual values are reviewed at the financial year end. An intangible asset is derecognised on disposal of the asset or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised. The amortisation method, useful lives, and residual values are reviewed at the financial year end.

Software and licenses

Software and licenses are initially recognised at cost and subsequently measured at cost less accumulated armotisation and any accumulated impairment losses. The cost of licenses is armotised in profit or loss on a straight-line basis over the license period. Cost of maintaining computer software programs are recognised as an expense as incurred.

Derecognition

Intangible assets are derecognised when they are either disposed of or when no future economic benefits are expected from their use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount of the asset on derecognition is recognised in profit or loss.

1.9 Financial instruments

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

A financial instruments is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
    - receive cash or another financial asset form another entity; or

Accounting Policies

- exchange financial asset or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

Classification

The entity has the following types of financial assets (classes and category) as effected on the face of the statements of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments in controlled entities	Financial asset measured at amortised cost
Investments in associates	Financial asset measured at amortised cost

The entity 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:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Loans from economic entities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent grants	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

Financial instruments are recognised initially when the entity becomes a party to the contractual provision of the instrument. The entity recognises financial assets using trade date accounting. The entity classifies financial instrument, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. Investments in residual interests that do not have a quoted market price in an active marked and whose fair value cannot be reliably measured, are measured at cost.

The entity measures all other financial assets and financial liabilities initially at its fair value.

Accounting Policies

Subsequent measurement of financial assets and financial liabilities.

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

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

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

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 method of any difference between that initial amount and the maturity amount, and minus any reduction (directive or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants will consider in setting a price and is consistent with accepted any observable current market transactions in the same instrument (i.e without modification or repackaging) or based on any available observable market data. Short term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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 liability is derecognised or impaired, or through the amortisation process. Impairment and un-collectability or financial assets. The entity 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. For amounts due to the entity significant financial difficulties of the issuer are all considered indicators of impairment. Impairment losses are recognised in surplus or deficit. If, in a subsequent period, the amount of the 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. Reversals of impairment losses are recognised in surplus or deficit.

Accounting Policies

Financial assets measured at amortised cost

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequent assessed for impairment on a collective basis. Objective evidence on impairment for a portfolio of receivables could include the entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), Discounted at the financial asset's original effective interest amount is reduced through the use of an allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account.

Changes in the carrying amount of the allowance account are 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 art 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 as impairment losses are not reversed.

Derecognition
Financial Assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, 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, the entity:
  - Derecognises the asset; and
  - Recognises separately any rights and obligations retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on a 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

Accounting Policies

recognised in surplus or deficit in the period of the transfer. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) an the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it's extinguished – i.e when the obligation specified in the contract s 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 carrying amount of a financial liability (or a 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 account for in accordance with the Standards On Revenue.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories 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 inventories is assigned using the FIFO formula. The same cost formula is used for all inventories having a similar nature and use to the entity. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the statement of profit or loss in the period in which the write-downs or losses occur. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Inventories are included in current assets unless the inventory will not be realised within 12 months after the end of the reporting period.

1.11 Share capital

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where any group entity purchases the Company's equity share capital

Accounting Policies

Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity holders.

1.12 Provisions and contingencies

A provision is recognised when the group has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. The amount recognised as a provision is the present value of the expenditure expected to be required to settle the present obligation at the statement of financial position date. Provisions are not recognised for future operating losses. Where the effects of discounting are material, provisions ara measured at their present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes to the financial statements unless the probability of occurence is remote.

1.13 Deferred tax

Deferred tax is recognised using the balance sheet method, on all temporary differences between the carrying values of assets and liabilities for accounting purposes and the tax bases of these assets and liabilities used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill (for deferred tax liabilities only);
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

The major categories of assets and liabilities giving rise to a deferred taxation balance are the revaluation of buildings and the fair valuation of investment properties. Deferred tax liabilities

Accounting Policies

The major categories of assets and liabilities giving rise to a deferred taxation balance are the revaluation of buildings and the fair valuation of investment properties. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities aré recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised within the same tax entity. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all of the assets to be recovered. Deferred tax is calculated at the tax rates and laws that are enacted or substantively enacted in the period when the liability is settled or the asset is realised. Deferred tax is recognised in the statement of profit or loss, except when it relates to items recognised

directly to equity, in which case the deferred tax is also taken directly to equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends, and is able to, settle its current tax assets and liabilities on a net basis. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

1.14 Employee benefits

1.14.1 Post-employment benefits

The fund is classified as a provident fund in terms of section 1 of the Income Tax Act, 1962. The group operates defined contribution plans for the benefit of its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The plan is funded by payments from employees and the group. The group's contribution to the funds is recognised as employee benefit expense in the statement of profit or loss in the year to which it relates. The group does not provide guarantees in respect of the returns in the defined contribution funds and has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The fund provides retirement benefits and administers other benefits for employees and their dependants in the event of their death.

The member contributes at a rate of 16% of members' fund salaries, subject to the member being given the option to have this contribution increased to a maximum of 21%, less the cost for that month of the member's benefits under the funeral insurance policy arranged by the employer and the contributions paid by the members to any other retirement benefit fund. The funds are externally managed by Alexander Forbes.

Accounting Policies

1.14.2 Short-term benefits

Short-term employee benefits are benefits that will be settled within 12 months. The cost of the short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care and compensation claims made to employees represents the amount, which the group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date. The expected cost of compensated absences is recognised as a liability (accrued expense) as the employees render services that increase their entitlement, after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise 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. The expected cost of non-accumulating absences are recognised as an expense when the absence occurs. The expected cost bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past perfomance.

Termination benefits

Termination benefits are payable when an empolyee's employmentis terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The group regonises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.15 Government grants and deferred income

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable. Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income, which is recognised as income on a systematic and rational basis over the useful life of the asset. Grants related to income are presented as a credit in the profit or loss (separately).

Accounting Policies

STATEMENT OF PROFIT OR LOSS

1.16 Revenue recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods and services. The identified contracts with customers are evaluated to determine the performance obligations, the transaction price and the point at which the performance obligation is satisfied by transferring promised goods or services to the customers. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time.

Revenue is derived principally from the sale of good and services rendered, and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. The group recognises revenue when it is probable that the group will collect the consideration to which it will be entitled in exchange for the goods or services that will transferred to the customer and when specific criteria have been met for each of the group's activities as described below.

- Sales of goods- revenue from the sale of food and beverages is recognised when control has been transferred. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.
- Services- Revenue from services is recognised as the performance obligation is fulfilled, along with the associated costs and accepted by the customer. Amounts billed to customers in respect of services activities are classified as revenue where the group is responsible for the freight services.

1.17 Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

1.18 Income from investments

Interest income

Interest is recognised on the time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the group.

Accounting Policies

Dividend income

Dividend income from investments is recognised by the Company when the shareholders' rights to receive payment have been established. All dividend income received within the group is eliminated on consolidation.

1.19 Operating leases

1.19.1 Lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. 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 income. Income for leases is disclosed under revenue in profit or loss. Upon adoption of IFRS 16, there will be no implications with regards to the leases since IAS 17 and IFRS16 are the same for lessor accounting.

1.19.2 Lessee

The group leases motor vehicles under an operating lease as envisaged under IAS 17. The operating leases are subject to individual contracts that specify the group's option to renew leases, escalation clauses and purchase options, if applicable. Under the leasing agreements all the risks and benefits of ownership are effectively retained by the lessor and are classified as operating leases. Payments made under operating leases are expensed in the statement of profit or loss on a straight-line basis over the period of the lease. Upon adoption of IFRS 16, there are potential reporting implications for the statement of profit or loss and statement of financial position since these leases will be reassessed to establish whether they are right of use assets.

1.20 Taxation

The income tax charge for the period is determined based on profit before tax for the year and comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is the calculated tax payable on the taxable income for the year using tax rates that have been enacted or substantively enacted by the statement of financial position date and any adjustments to tax payable in respect of prior years. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.21 Related parties

Related parties consist of key management personnel, other government entities and the goup companies. During the year, the Company and its subsidiaries, in the ordinary course of business, entered into various sales and purchases of goods and services with the group's related parties, as detailed below. The effect of this transactions is included in the results of the group. These transaction occured on terms that are no less favourable than those arranged with third parties.

Shareholders

The principal shareholders of the Company are detailed under 'Shareholder analysis' on page 1.

1.22 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008): Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the Financial Statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the Financial Statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the Financial Statements. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the Financial Statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concemed. 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

Accounting Policies

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.

When confirmed, irregular expenditure is disclosed in the notes to the financial statements, at the ammount equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof. Where such impracticality exists, the reasons therefore are provided in the notes.

"Irregular expenditure is removed from the notes when it is either (a) condoned by the National Treasury or the relevant authority; (b) it is transferred to receivables for recovery; or (c) it is not condoned and is irrecoverable. A receivable related to irregular expenditure is only recognised in the financial statements when it is virtually certain that the payment will be recieved and the amount can be measured reliably."

Fruitless and wasteful expenditure

"Fruitless and wasteful expenditure is defined as expediture which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is recognised as expenditure in profit or loss in the period in which it is identified, and disclosed in the notes to the annual financial statements.

The expenditure is classified in accordance with the nature of the expense. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. A receivable is only recognised in the financial statements when it is virtually certain that the payment will be received and the amount can be measured reliably."

Retained income

The surplus or deficit realised during a specific financial year is credited or debited against retained income. Prior year adjustments relating to income and expenditure are credited/debited against retained income.

2. CHANGES IN ACCOUNTING POLICY

The North West Development Corporation's annual financial statements have been prepared in accordance with Intemational Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the company's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. IAS 1 (AC 101) Presentation of Financial Statements Revised During the current year, the company adopted IAS

Accounting Policies

1 (AC101) Presentation of Financial Statements - Revised. The revisions resulted in several changes, including terminology changes. As such, the balance sheet will now be referred to as the statement of financial position and the cash flow statement as the statement of cash flows. In accordance with the revisions, all non owner changes in equity are now presented in a single statement of comprehensive income. The revisions also introduced the concept of other comprehensive income and require disclosure to be made of all reclassification adjustments and all taxation implications of each component of other comprehensive income.

This information has been disclosed in the notes to the Golden Leopard Group. In addition, a statement of financial position and related notes have been presented for the earliest comparative period. This is in accordance with the requirements of the revised Standard to present such a statement of financial position whenever there is a retrospective restatement to the Golden Group. Dividend information will now only be disclosed either on the face of the statement of changes in equity or in the notes. The Standard did not provide for any transitional provisions for the stated revisions. The changes are required to be applied retrospectively. The change has been applied retrospectively.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group

Figures in rands '000	2019			2018		
	Cost of Revaluation	Accumulated Depreciation	Carrying Value	Cost of Revaluation	Accumulated Depreciation	Carrying Value
Building	33 342	(13 457)	19 885	33 318	(10 306)	23 012
Furniture and fixtures	16 795	(9 749)	7 046	5 348	(2 547)	2 800
Game	3 374	(920)	2 454	3 377	(1 522)	1 856
Leasehold improvements	215 029	(37 040)	177 988	3 374	(654)	2 720
Motor vehicles	9 562	(2 749)	6 813	223 536	(15 071)	208 464
Motor vehicles - leased	5 929	(3 184)	2 745	462	(351)	111
Office equipment	19 009	(13 008)	6 001	12 889	(6 385)	6 503
Other property, plant and equipment	-	-	-	19 451	(26 174)	(6 724)
Plant and equipment	494 829	(324 806)	170 023	494 459	(308 868)	185 591
Total	**797 868**	**(404 912)**	**392 955**	**796 213**	**(371 879)**	**424 334**

RECONCILLATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

Group

Figures in rands '000	Opening Balance	Additions	Disposals	Transfers	Depreciation	Prior Period Error	Carrying Value
Building	23 026	9	-	-	(3 145)	-	19 889
Furniture and fixtures	9 528	146	-	76	(2 397)	-	7 352
Game	2 720	-	-	-	(266)	-	2 454
Leasehold improvements	184 923	-	-	-	(6 935)	-	177 988
Motor vehicles	7 413	-	-	-	(600)	-	6 813
Motor vehicles - leased	3 493	-	-	-	(748)	-	2 745
Office equipment	7 527	772	-	-	(2 871)	-	5 429
Other property, plant and e quipment	184 819	-	-	-	(15 222)	-	169 597
Plant and equipment	884	21	-	-	(229)	-	676
	424 334	**948**	**-**	**76**	**(32 415)**	**-**	**392 943**

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2018

	2019					2018	
	Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment Loss	Carrying Value
Building	23 676	-	-	-	(650)	-	23 026
Furniture and fixtures	11 794	83	-	-	(2 343)	(21)	9 513
Game	2 652	793	(434)	-	(290)	-	2 720
Leasehold improvements	191 824	32	-	-	(6 935)	-	184 922
Motor vehicles	8 396	63	(180)	4	(605)	(265)	7 413
Motor vehicles - leased	58	3 741	-	-	(748)	-	3 052
Office equipment	10 457	412	(39)	-	(3 020)	(286)	7 523
Software	(16)	-	-	16	-	-	-
Other property, plant and equipment	200 030	-	-	11	(15 222)	-	184 819
Plant and equipment	3 130	9	-	(2 016)	(234)	3	886
	452 001	**5 133**	**653**	**(1 985)**	**(30 049)**	**576**	**423 872**

COMPANY	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Building	33 318	(13 447)	19 871	33 318	(10 306)	23 012
Furniture and fixtures	5 385	(3 244)	2 141	5 333	(2 540)	2 793
Game	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-
Motor vehicles	8 507	(2 211)	6 296	8 507	(1 661)	6 846
Motor vehicles - leased	-		-			-
Office equipment	7 550	(5 287)	2 263	6 960	(3 950)	3 010
Other property, plant and equipment	-		-			-
Plant and equipment	493 687	(324 090)	169 597	493 687	(308 868)	184 819
Total	**548 447**	**(348 279)**	**200 168**	**547 805**	**(327 325)**	**220 480**

NORTH WEST DEVELOPMENT CORPORATION

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)
Trading as NWDC
NWDC Group Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

	Opening Balance	Additions	Disposals	Other Movements	Depreciation	Prior Period Error	Carrying Value
Building	23 012	-	-	-	(3 141)	-	19 871
Furniture and fixtures	2 793	52	-	76	(780)	-	2 141
Game	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-
Motor vehicles	6 846	-	-	-	(550)	-	6 296
Motor vehicles - leased	-	-	-	-	-	-	-
Office equipment	3 010	590	-	-	(1 337)	-	2 263
Other property, plant and equipment	184 819	-	-	-	(15 222)	-	169 597
Plant and equipment	-	-	-	-	-	-	-
	220 480	**642**	**-**	**76**	**(21 030)**	**-**	**200 168**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2018

	Opening Balance	Additions	Transfers	Other Movements	Depreciation	Impairment Reversal	Carrying Value
Building	23 658				(646)		23 012
Furniture and fixtures	3 421	70			(710)	12	2793
Game	-						-
Leasehold impravemenis	-						-
Motor vehicles	7 395			1	(550)		6 846
Motor vehicles - leased	-						-
Office equipment	4 322	63	(39)		(1 336)		3 010
Computer software	(16)			16			-
Other property, plant and equipment	200 030			11	(15 222)		184 819
Plant and equipment	2 016			(2 016)			-
	240 826	**133**	**(39)**	**1 988**	**(18 464)**	**12**	**220 480**

Notes to the Financial Statements

Figures in rands '000 Company	2019	2018

REVALUATIONS

The company's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value. The fair value measurements as of 31 March, 2017 were performed by Tumelo Engineers, independent valuers not related to the North West Development Corporation. Tumelo Engineers are independent and have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. Management conducted conditional assessment on the infrastructure. Details of the valuation are available at the group head office at 22 James Watt Cres, Industrial, Mafikeng.

4. INVESTMENT PROPERTY

	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Investment property	894 707	-	894 707	894 707	-	894 707

Reconciliation of investment property - 2019

	Opening Balance	Other movements	Total
Investment property	894 707	-	894 707

Reconclliation of investment property - 2018

	Opening Balance	Other movements	Total
Investment property	894 707	-	894 707

The entity changed the subsequent measurement model for investment property from the cost model to the fair value model for the financial year. This resulted in a significant decrease in the carrying amount of the investment property.

NORTH WEST DEVELOPMENT CORPORATION

Notes to the Financial Statements

5. INTANGIBLE ASSETS

Figures in rands '000 Group	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Computer software, other	9 442	(169)	9 273	9 442	(82)	9 360

Reconcillation of Intangible assets - 2019

	Opening Balnce	Armortisation	Total
Computer software, other	9 360	(87)	9 273

	2019			2018		
	Cost or Revaluation	Accumulated Depreciation	Carrying Value	Cost or Revaluation	Accumulated Depreciation	Carrying Value
Computer software, other	173	(169)	4	173	(82)	91

Reconcillation of Intangible assets - 2019

	Opening Balance	Armortisation	Total
Computer software, other	91	(87)	4

NORTH WEST DEVELOPMENT CORPORATION

Notes to the Financial Statements

6. INVESTMENT IN ASSOCIATE

Figures in rands '000 Name of entity	Listed/ Unlisted	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Pilanesberg Resorts (Pty) Ltd	Unlisted	50.00%	50.00%	89 938	83 935
Laastepoort Property Holdings (Pty) Ltd	Unlisted	26.00%	26.00%	-	-
Bakubung Villas (Pty) Ltd	Unlisted	50.00%	50.00%	4 596	2 074
				94 533	**86 009**

The carrying amounts of associates are shown net of impairment losses.

Laastepoort Property Holdings (Pty) Ltd incurred losses which have been recognised up to the extent of the investor's interest in the associate. Losses recognised under the equity method in excess of the investor's investment in ordinary shares were applied to the other components of the investor's interest in an associate in the reverse order of their seniority, which was the Shareholder loan. When the net interest became zero, the investor discontinued recognising its share in the losses. No additional losses were provided for, nor a liability recognised, since the investor has not incurred legal or constructive obligations or made payments on behalf of the associate.

MOVEMENT IN CARRYING VALUE

Figures in rands '000	Group 2019	2018	Company 2019	2018
Opening balance	86 009	79 794	65 809	54 594
Share of surplus/deficit - Pilanesberg Resorts (Pty) Ltd	11 003	6 641	11 003	11 641
Share of surplus/deficit - Bakubung Vilas (Pty) Ltd	2 522	2 074	-	2 074
Dividends or similar distributions	(5 000)	(2 500)	(5 000)	(2 500)
	94 533	**86 009**	**71 812**	**65 809**

DIFFERENT REPORTING DATES AND OWNERSHIP INTEREST

The reporting date of Pilanesberg Resorts (Pty) Ltd and Bakubung Villas (Pty) Ltd is 30 April and the reporting date of Laastepoort Property Holdings (Pty) Ltd is 28 February. For the former, the figures were adjusted for the effect of April, but for Laastepoort Property Holdings (Pty) Ltd, no adjustments were made since there was no material effect on the above disclosed amounts.

Ownership interest is as indicated above, no control is exercised in the above associates by the controlling entity. There was no change in ownership percentage during the year under.

Notes to the Financial Statements

7. INVESTMENT IN CONTROLLED ENTITIES

Name of entity	Listed/ Unlisted	% holding 2019	% holding 2018
Dirapeng SOC Ltd	Unlisted	100.00%	100.00%
Kgama Wildlife Operations SOC Ltd	Unlisted	100.00%	100.00%
Signal Development SOC Ltd	Unlisted	100.00%	100.00%

Figures in rands '000	Group		Company	
	2019	2018	2019	2018

The above subsidiaries Kgama Wildlife Operations SOC Ltd and Dirapeng SOC Ltd were purchased a R1 each (not rounded), on 1 April 2015 from North West Parks and Tourism Board. 100% of the shares of Signal Development SOC Ltd was transferred to North West Development Corporation from North West Provincial Government on 26 July 2016. All of the above entities are incorporated/ residing in South Africa.

8. LOANS TO (FROM) GROUP COMPANIES

CONTROLLED ENTITIES

Golden Leopard Resorts SOC Ltd			71 358	42 508
Signal Development (Pty) Ltd	-	-	(2 000)	(2 000)
The loan is unsecured, bear no interest	-	-	69 358	40 508
and have no fixed terms of repayment.				
Impairment of loans to controlled entities	-	-	(42 508)	(42 508)
	-	**-**	**(26 850)**	**(2 000)**
Consisting of:				
Loan to subsidiaries			28 850	-
Loans from subsidairies			(2000)	(2000)
			26 850	**(2000)**

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018

9. INVENTORIES

Stock on hand	241	(525)	-	-
Food and beverage	426	1 086	-	-
Consumables	189	(625)	-	-
Fuel (diesel, petrol)	98	78	-	-
	955	14	-	-

INVENTORY PLEDGED AS SECURITY

No inventory was pledged as security.

10. TRADE AND OTHER RECEIVABLES

Trade receivables	209 933	149 613	175 820	120 794
Loan debtors	97 256	73 221	97 256	73 221
Less impairment	(212 322)	(133 326)	(186 520)	(108 267)
Trade receivables at amortised cost	94 855	89 508	86 556	885 748
Other receivables	41 483	33 202	41 401	33 156
Deposits	896	764	896	764
Staff loans	2	2	-	-
Employee costs received in advance	(678)	(433)	(678)	(433)
VAT	15 378	-	15 378	
	151 947	**123 043**	**143 553**	**119 235**

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

Current assets	151 947	123 043	143 553	119 235

CATEGORISATION OF TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial instruments:

At amortised cost	151 947	123 043	143 553	119 235

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
RECONCILIATION OF ALLOWANCE FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES				
Opening balance	133 326	106 135	108 267	106 135
Allowance for impairment	78 997	27 191	78 253	2 132
	212 322	**133 326**	**186 520**	**108 267**

No trade receivables have been pledged as security

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

Cash on hand	754	1 686	652	1 478
Balances with banks	17 680	16 562	13 099	14 463
Short term deposits	17 396	109 077	17 395	108 736
	35 829	**127 325**	**31 146**	**424 677**
Bank overdraft	(187)	(180)	-	(44)
	35 643	**127 145**	**31 146**	**124 633**

No cash and cash equivalents have been pledged as security

12. SHARE CAPITAL

Authorised				
303 854 Ordinary shares of R1 each	303 854	303 854	303 854	303 854
	303 854	**303 854**	**303 854**	**303 854**
Issued				
303 854 Ordinary shares of R1 each	303 854	303 854	303 854	303 854
	303 854	**303 854**	**303 854**	**303 854**

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

13. EMPLOYEE BENEFIT OBLIGATION

DEFINED BENEFIT PLAN

The entity has an obligation to provide long service awards benefits of all its permanent employees. In terms of the policies and practice, permanent employees are entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25, and 30 years of continued service. The entity operates an unfunded defined benefit plan for these qualifying employees,

The actuarial valuation of the present value of the obligation at 31 March 2019 was carried out by ZAQEN Actuaries (Pty) Ltd in May 2019. The present value of the obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

The amount recognised in the statement of financial position are as follows:

CARRYING VALUE

Present value of the unfunded				
Start of the year	(12 663)	(12 247)	(10 588)	(10 449)
Net actuarial gains or losses	(733)	(257)	646	(314)
Current services costs and benefit paid out	(764)	(702)	(534)	(515)
Interest	(1 007)	(1 071)	(831)	(924)
Benefit paid	1 084	1 614	1 084	1 614
	(12 617)	**(12 663)**	**(10 223)**	**(10 588)**
Non-current liabilities	(12 353)	(12 306)	(10 223)	(10 588)
Current liabilities	(264)	(357)	-	-
	(12 617)	**(12 663)**	**(10 223)**	**(10 588)**

KEY ASSUMPTIONS USED

Assumptions used at the reporting date:

The discount rate used is based on the yield curve for bonds with lengths corresponding to the interval between awards for each employee; as such, it is not possible to disclose a single discount rate, and not practical to disclose the full range used. Salary inflation is based on the Consumer Price index (CPt) + 1%, where the CPI is calculated based on the real and zero yield curves of bonds whose lengths correspond to the interval between awards for each employee. Therefore, as for the discount rate above, it is not possible to disclose a single salary inflation rate, and not practical to disclose the full range used.

SENSITIVITY ANALYSIS

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Defined benefit obligation	12 617	12 663	10 223	10 588

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
14. FINANCE LEASE OBLIGATION				
MINIMUM LEASE PAYMENT DUE				
- within one year	1	957	-	-
- in second to fifth year inclusive	2 551	3 508	-	-
less: future finance charges	-	(947)	-	-
Present value of minimum lease payments dues	2 552	3 517	-	-
PRESENT VALUE OF MINIMUM LEASE PAYMENT				
- within one year	619	619	-	-
- in second to fifth year inclusive	2 224	2 901	-	-
	2 843	**3 520**	**-**	**-**
Non-current liabilities	(671)	2 940	(2 615)	39
Current liabilities	619	619	-	-
	(51)	**3 559**	**(2 615)**	**39**

It is group policy to lease certain motor vehicles under finance leases. The average lease term was 5 years and the average effective borrowing rate was 10% (2018: 11%). Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
15. PROVISIONS				
Opening balance	28 175	27 498	28 175	27 498
Utilised/increase during the year	1 057	677	1 057	677
Closing balance	29 232	28 175	29 232	28 175

The provisions relate to the rehabilitation of mining pits identified on one of the entity's properties. The land is not used for mining operations nor has it ever been used for mining operations by the entity, however due to legacy mining having taken place on the land the entity has an obligation to rehabilitate the land. The total volume that would need to be moved, referred to as “Cul Volume”, is approximately 632 864m3 of earth (dumps/heaps) to fill up the pits. The pits are referred to as “Fill Volume”. The pits total fill volume is 531 886 m3 and approximately 100 000 m3 less than the cut volume (heaps), because the earth/soil tends to bulk when removed from the ground. For purposes of the calculation, the 632 661m3 is used for rehabililation calculations, as this is seen as worse case scenario. Most of the cut volume will be consumed due to compaction required with filling the pits included in the provision is a rehabilitation cost of R42/m3 and preliminaries and generals for the Bulk Earth Moving contractor of 6% of cost. Currently the estimated timing of rehabilitating is unknown, funding first needs to be established. At the reporting date the entity does not expect any re-imbursements for the stated provision.

16. OTHER FINANCIAL LIABILLTLES

AT FAIR VALUE THROUGH PROFIT/(LOSS)

DBSA Loan	53 948	57 020	53 948	57 020

The loan is repayable in monthly instalments of R614 035.30, According to an agreement dated 16 October 2013 DBSA froze the interest on the loan. The loan currently bears no interest. Preference shares 20 000 000 20 000 000 - During the 2006 financial period the North West Provincial Revenue Fund bought the preference shares from Standard Bank of South Africa Limited for R20 000 000. However the North West Development Corporation SOC Ltd still has an option to purchase the shares but now from NWPG. An agreement was negotiated between Golden Leopard Resorts SOC Ltd (Previously: Dirapeng) and the NWPG. The agreement between Golden Leopard Resorts SOC Ltd and Standard Bank has come to an end when the North West Provincial Revenue Fund took over the shares and it is of more favourable conditions, as no dividend rate is determined on the par -value of the shares till the entity can operate consistently on its own without assistance from the controlling entity, profitable. Then repayment terms will also be determined.

Preference shares	20 000	20 000	-	-

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

20 600 000 - During the 2006 financial period the North West Provincial Revenue Fund bought the preference shares from Standard Bank of South Africa Limited for R20 000 000. However, the North West Development Corporation SOC Ltd still has an option to purchase the shares but now from NWPG. An agreement was negotiated between Golden Leopard Resorts SOC Ltd (Previously: Dirapeng) and the NWPG. The agreement between Golden Leopard Resorts SOC Ltd and Standard Bank has come to an end when the North West Provincial Revenue Fund took over the shares and it is of more favourable conditions, as no dividend rate is determined on the par-value of the shares till the entity can operate consistently on its own without assistance from the controlling entity, profitable. Then repayment terms will also be determined.

Public Investment Corporation	8 800	8 800	-	-

The above loan was provided by the Public Investment Commission to Signal Development with the suretyship of Government. Repayment terms were originally R3 million repayable 1 June 1994 and R5 million repayable 1 June 1995. Due to financial difficulty the re-payment terms could not be met. Interest rate would have been determined by the Minister of Finance and from time to time calculated and payable six monthly. To date, once-off, interest of 10% was levied.

Public Investment Corporation	10 082	10 082		

The entire liability originated from the settlement by NWPG of entity debts resulting from guarantees issued by the former Bophuthatswana Government. The loan consists of three loans that were called up by the creditors and were paid by NWPG. The loan does not bear interest and has no fixed terms of repayment. The NWPG will not claim repayment of the loan or a part of the amount until the assets of Signal Development SOC Ltd fairy valued, exceeds its liabilities.

EXPOSURE TO CREDIT RISK

The carrying amounts of financial liabilities at fair value, in Rand, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Other financial risk	92 830	95 902	-	-

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

17. DEFERRED TAX

Balance as at year end	201 360	202 869	201 360	202 869

18. TRADE PAYABLES AND OTHER PAYABLES

Trade payables	65 071	71 366	22 216	27 561
SARS: PAYE, UIF and SDL	32 668	34 691	-	-
Other payables	83 567	29 228	80 224	22 317
Accrued leave pay	1 056	1 056	-	-
Deposits received	20 005	17 980	20 005	17 980
VAT	8 452	8 069	-	-
	210 819	**162 390**	**122 445**	**67 858**

19. ADVANCED DEPOSITS

Current portion	4 680	7 122	-	-
	4 680	**7 122**	**-**	**-**

20. REVENUE

Revenue from contracts with customers

Sale of goods/Rental income	209 933	197 703	143 174	131 732

21. COST OF SALES

Sale of goods	8 660	2 774	-	-

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
22. OTHER INCOME				
Curio & souvenirs	116	160	-	-
Fees earned	586	1	586	-
Timeshare rentals	-	-	-	-
Timeshare recharge	4 323	5 732	-	-
Security services	38 418	34 909	38 418	34 909
Conditional grant revenue	32 412	77 022	32 412	77 022
Uncnditional grants revenue	44 801	47 893	44 801	47 893
	120 656	**165 718**	**116 217**	**159 824**
23. INTEREST INCOME				
Bank and other deposits	22 539	17 459	22 124	16 708
24. FINANCE COSTS				
Current borrowing & late payments	15 394	13 109	5 720	4 112
25. EMPLOYEE RELATED COSTS				
Basic salaries and allowances	100 081	101 480	63 644	60 553
Defined contribution plans	260	299	-	-
Long service awards	9 415	9 700	9 394	9 660
Other contributions	10 192	12 988	7 206	9 673
	119 948	**124 466**	**80 244**	**79 886**

26. FINANCIAL INSTRUMENT DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets

At amortised cost

	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
Trade and other receivables	137 357	123 043	128 175	119 235
Loans to group companies	-	-	28 850	-
Operating lease asset	521	521	521	521
Cash and cash equivalent	35 840	127 343	31 146	124 677

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
Total				
Trade end other receivables	137 357	123 043	128 175	119 235
Loans to group companies	-	-	28 850	-
Operating lease asset	521	521	521	521
Cash and cash equivalent	35 840	127 343	31 146	124 677
Financial liabilities				
At amortised cost				
Loans from economic entities	-	2000	2000	2000
Other financial liabilities	68 225	91 297	49 343	52 415
Bank overdraft	187	180	-	44
Unspent grants	35 852	108 825	35 852	108 825
Preference shares	20 000	20 000	-	-
Trade and other payables	235 071	139 630	122 445	67 858
Total				
Loans from economic entities	-	2000	2000	2000
Other financial liabilities	68 225	91 297	49 343	52 415
Bank overdraft	187	180	-	44
Unspent grants	35 852	108 825	35 852	108 825
Preference shares	20 000	20 000	-	-
Trade and other payables	235 071	139 630	122 445	67 858

NORTH WEST DEVELOPMENT CORPORATION

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)

Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

27. RELATED PARTIES

RELATIONSHIPS

Shareholder: North West Provincial Government

RELATED PARTIES WITH BALANCES:

Economic Development and Tourism	2 052	1 931	2 052	1 930
Department of Human Settlements (NW)	3 981	2 251	3 981	2 251
Department of tourism	2 044	501	2 044	501
Department of SAMAF (Vacated 30-06-2013)	(44)	(44)	(44)	(44)
SASSA	284	837	284	837
Department of Finance	41	41	41	41
Gambling Board (Vacated 31-08-2017)	35	196	35	196
Department of Traditional Affairs	199	199	199	199
Department of Social Development	541	184	541	184
SASSA	81	57	81	57
Department of Health (Arrears - Vacated 28-03-2014)	79	79	79	79
Department of Health (Arrears - Vacated 28-03-2014)	16	16	16	16
Department of Social Development	46	36	46	36
Department of Public Works (Correctional Services)	676	587	676	587
Department of Public Works (Correctional Se Deparment of Public)	163	21	163	21
Department of Education (East)	198	101	198	101
Moses Kotane Local Municipality	813	302	813	302
Moses Kotane Local Municipality	2 597	2 176	2 597	2 176
Moses Kotane Local Municipality (Vacated 31/07/2018)	504	447	504	447
Moses Kotane Local Municipality	91	51	91	51
Moses Kotane Local Municipality (Anears- Vacated 31-03-2008)	59	59	59	59
Department of Education (West)	571	50	571	50
Department of Social Development	1 127	494	1 127	494
Department of Roads and Public Works	245	205	245	205
SASSA	84	(47)	84	(47)
City of Tswane Municipality	4 008	2 265	4 008	2 265
	20 490	12 997	20 490	12 997

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

28. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balances	58 268	53 419	36 593	35 240
Add: Fruitless and wasteful expenditure	836	4 849	836	1 353
Add: Additional amounts identified - prior period error	39 098	16 745	-	-
	98 202	**75 013**	**37 429**	**36 593**

No investigations have been performed

Details of fruitless and wasteful expenditure

Interest on penalties - SARS	-	10	-	10
Interest on penalties - Municipalities	520	-	520	1 341
Interest on penalties - Eskom	270	-	270	-
Interest on penalties - Telkom	-	-	-	-
Interest on penalties - Auditor General	-	-	-	1
Interest on penalties - other suppliers	5 654	2 474	46	1
Interest on penalties - CIPC annual returns	-	-	-	-
	5 654	**2 474**	**836**	**1 353**

29. IRREGULAR EXPENDITURE

Opening balances	403 527	316 100	373 298	248 759
Add: irregular expenditure	64 645	87 427	-	124 539
Add: Additional amounts identified - prior period error	-	-	-	-
	468 172	**403 527**	**373 298**	**373 298**

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

30. CASH USED IN OPERATIONS

Loss before taxation	137 815	(256 068)	(49 534)	(256 414)
Adjusted for:				
Depreciation and amortisation	32 413	287 963	21 030	277 816
Loss on disposals and scrapping	-	-	-	-
Interest income	(415)	(751)	(22 124)	(16 708)
Finance costs	9 674	8 997	5 720	4 112
Net impairment and movement in credit loss allowance	1 057	28 220	-	-
Movement in provisions	-	-	-	-
Change in working capital				
Increase (decrease) in inventories	(941)	1 009	-	-
Trade and other receivables	(4 586)	1 615	(24 318)	(30 893)
Trade and other payables	(6 119)	10 392	54 587	(18 762)
	168 898	**81 378**	**(14 639)**	**(40 849)**

31. AUDITORS' REMUNERATION

Fees	11 927	11 878	7 748	5 099

Notes to the Financial Statements

32. OTHER OPERATING EXPENSES

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018
Accommodation	-	(7)	-	-
Advertising	(1 085)	(1 830)	(1 084)	(1 003)
Auditors remuneration	(7 755)	(11 878)	(7 748)	(5 099)
Armortisation	-	-	(87)	(82)
Bank charges	(415)	(2 213)	(416)	(817)
Cleaning	-	(478)	-	(3)
Commission paid	-	(254)	-	-
Consulting and professional fees	(27 274)	(11 076)	(27 271)	(11 053)
Consumable	-	(1 137)	-	-
Employee Costs	(119 948)	(124 466)	(80 244)	(79 886)
Depreciation	(32 413)	(287 963)	(21 030)	(267 428)
Entertainment	(54)	(25)	-	(5)
Flowers	-	-	-	-
Fuel and oil	-	(36)	-	-
Hire	-	(33)	-	-
IT expenses	-	(431)	-	-
Insurance	(7 691)	(7 388)	(7 681)	(6 455)
Laundry Services	-	(514)	-	-
Medical expenses	-	(124)	-	-
Motor vehicle expenses	(199)	(474)	(199)	(223)
Other expenses	(162)	(167)	(162)	(167)
Postage and courier	-	(3)	-	-
Printing and stationery	(695)	(1 041)	(694)	(766)
Replacement linen	-	(13)	-	-
Royalties and licence fees	-	(35)	-	-
Security	-	(151)	-	-
Sewerage and waste disposal	-	(71)	-	-
Staff welfare	(203)	(2 015)	(203)	(176)
Subscriptions and membership fees	(564)	(491)	(564)	(432)
Travel-local	(4 344)	(4 139)	(4 340)	(3 340)
Subsistence and travel	-	(154)	-	-
Sundry expenses	-	(45)	-	-
Telephone and fax	(1 909)	(4 074)	(1 905)	(2 300)
Training	(555)	(638)	(553)	(660)
Transport and freight	-	(459)	-	-
Other Operating Expense	(200 461)	(211 161)	(159 833)	(170 050)
	(405 727)	**(674 841)**	**(314 014)**	**(549 945)**

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018		COMPANY 2019	RESTATED 2018

33. CONTINGENCIES

1 The Court dismissed the NVVDC's application on a technicality, which led to a warrant to remove the attached goods served on the NWDC in March. The NWDC has since brought an urgent appication to stop the sale in execution pending the finalisation of the main case. The matter was heard on the 4 April, we are awaiting the correspondent's report.

2 Service provider was hired for accounting services, there is currently a dispute on the amount charged by the service provider. The case is before the courts.

3 The Service Provider has sent NWDC a letter of demand. NWDC is currently in process of investigating the claim.

4 The services of Fidelity Security were procured without following the due process.

5 The matter has been defended, the NWDC has filed their plea to Dijalo's Particulars of Claim.

6 Settlements negotiations are underway. However, the NWDC is constantly receiving letters of Demand from the City.

7 The municipality is suing the NWDC for failure to pay rates and taxes. Both parties are currently in negotiations to reach an amicable settlement.

8 The Service Provider has sent NWDC a letter of demand. NWDC is currently in process of investigating the claim.

9 The Service Provider has sent NWDC a letter of demand. NWDC is currently in process of investigating the claim.

10 The claimant did not pursue the matter after the response from NWDC legal team. The related project was also discontinued.

11 The matter had been settled in favour of NWDC.

12 The legal department was able to obtain the session and the matter has been settled.

13 Provincial Treasury assisted in paying some of the AG fees and NWDC also paid some of the outstanding fees.

CONTINGENCIES			CASE NUMBER		
RMA/Tongzou Consortium	-	461 134	10	-	461 134
Abiel Mohlahlo	496	996	1	496	996
Altimax	11 599	-	2	11 599	-
Dr Ross	200	200	3	200	200
Fidelity Security	115	-	4	115	-
Dijalo Valuators	2 776	2 776	5	2 776	(2 776)
City of Tswane	2 230	81 961	6	2 230	81 961
Mafikeng Recording Studio	-	(5 798)	11	-	(5 798)
Mark Du Brandt	-	131	12	-	131
Auditor General	-	10 368	13	-	-
Moses Kotane	1 579	-	7	1 579	-
Atlegang Bagaetsho	10 193	-	8	10 193	-
Leopard Park home association	54	-	9	54	-
	29 242	**551 768**		**29 242**	**535 848**

NORTH WEST DEVELOPMENT CORPORATION

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

RISK MANAGEMENT

Financial risk management

The economic entity's activities expose it to a variety of financial risks:

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consist of dept, which includes borrowings, cash and cash equivalents and equity.

There are no externally imposed capital requirements. There have been no changes on what the entity manages as capital, the strategy for capital maintanance or externally imposed capital requirements from the prior year.

Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through projected cash flows from operations. The company's objective is to balance between actual and budgeted operating expenses.

At 31 March 2019	Less than 1 yaer	Later than 1 year not exceeding 5 years
Trade and other payables	189 699	-
Unspent conditional grants	35 852	-
Loans from group companies	-	-
Other financial liabilities	(4 605)	92 830

At 31 March 2018	Less than 1 yaer	Later than 1 year not exceeding 5 years
Trade and other payables	139 630	-
Unspent conditional grants	108 825	-
Loans from group companies	2 000	-
Other financial liabilities	(4 605)	95 902

North West Development Corporation SOC Ltd Group

(Registration Number 1999/002625/07)

Trading as NWDC

NWDC Group Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

FIGURES IN RANDS '000	GROUP 2019	RESTATED 2018	COMPANY 2019	RESTATED 2018

At 31 March 2019	**Less than 1 yaer**	**Later than 1 year not exceeding 5 years**
Trade and other payables	122 445	-
Unspent conditional grants	35 852	-
Loans from group companies	2 000	-
Other financial liabilities	(4 605)	53 948

At 31 March 2018	**Less than 1 yaer**	**Later than 1 year not exceeding 5 years**
Trade and other payables	67 858	-
Unspent conditional grants	108 825	-
Loans from group companies	2 000	-
Other financial liabilities	(4 605)	57 020

Credit risk

Maximum credit risk exposure

The group performs credit checks to ensure quality of credit provided.

Activities that give rise to credit risk includes:

	At Armotised Cost	**Armotised Cost**	**At Armotised Cost**	**At Armotised Cost**
Trade and Other Receivables	136 569	123 043	128 175	119 235
Operating lease asset	521	521	521	521
Loans to Group Companies	-	-	28 850	-
Total Current Assets	**137 090**	**123 564**	**157 546**	**119 756**

Notes to the Financial Statements

Market risk

Interest rate risk

The group's exposure to risk from changes in market interest rates is at a minimum as the group only has trade and other receivables and trade and other payables, that are chatged market related interest.

Foreign exchange risk

The group only operates locally and therefore is not exposed to currency risk.

Price risk

The group is not exposed to price risk, since no listed securities are held.

35. GOING CONCERN

We draw attention to the fact that as at 31 March 2019, the economic entity had an accumulated deficit of R43 526 and that the

entity's total current liabilities exceed its current assets by R419 437 and has a deficit for the year of R4 487. This indicates the

existence of material uncertainty that may cast significant doubt on the public entity's ability to operate as a going concern.

36. EVENTS AFTER THE REPORTING PERIOD

The board members are not aware of any matter or circumstances arising since the end of the financial year.

MAHIKENG HEAD OFFICE

22 JAMES CRESCENT
INDUSTRIAL SITE
MAHIKENG
2745

•

S25.83928 E25.629612

•

PO BOX 3011
MMABATHO
2735

•

TEL: (018) 381 3663/4/5
FAX: (018) 381 2041

•

PR79/2019

www.nwdc.co.za

ISBN 978-0-621-47174-8

9 780621 471748

NORTH WEST
DEVELOPMENT
CORPORATION