NORTH WEST DEVELOPMENT CORPORATION

Annual Report

2020/2021

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Annual Report

North West Development Corporation

PART A

General Information

1) GENERAL INFORMATION

Country of Incorporation and Domicile
South Africa

Legal Form of the Entity
State Owned Entity

Nature of Business and principal activities
Trade and Investment Facilitation
SMME Finance and Development
Property and Project Management

Directors North West Development Corporation SOC Ltd
Mr KK Konopi (Chairperson)
Ms MK Sentle
Ms MJ Msiza
Dr S Nokaneng
Mr R Malapane
Mr B Ncongolo
Ms N Phadu-More
Mr M Mojaki
Ms MET Malaka
Ms SM Maleka
Ms M Matuba
Mr S Motlambi

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

2) LIST OF ABBREVIATIONS

AGSA	Auditor-General South Africa
BEE	Black Economic Empowerment
CASR	Christiana All Seasons Resort
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Properties Commission
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DEDECT	Department of Economic Development, Environment, Conservation & Tourism
DFI	Development Finance Institutions
DSM	Decision Support Model
DTI	Department of Trade and Industry
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
GAAP	Generally Accepted Accounting Principles
GLR	Golden Leopard Resorts SOC Ltd
GRAP	Generally Recognised Accounting Practices
HDI	Historically Disadvantaged Individuals
IAS	International Accounting Standards
ICT	Information, Communication & Technology
IFRS	International Financial Reporting Standards
M&E	Monitoring & Evaluation
MTSF	Medium Term Strategic Framework

NCR	National Credit Regulator
NDP	National Development Plan
NWDC	North West Development Corporation SOC Ltd
NWPG	North West Provincial Government
NWU	North West University
PAYE	Pay As You Earn
PFMA	Public Finance Management Act
READ	Department of Rural, Environment and Agricultural Development
SADC	Southern African Development Community
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
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprises
SOC	State Owned Company
SOPA	State of the Province Address
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

3) Foreword
by the Chairperson of the Board

The notion of navigating unchartered territory is a metaphor used often to describe a season of venturing into the unknown.

This rings particularly true for the year 2020. It saw an entire globe and the world-wide fraternity of companies, organisations and governments learning to navigate the novel and unknown waters brought about by the COVID-19 pandemic.

This was no different for the North West Development Corporation.

The corporation and its leadership displayed remarkable resilience in how swiftly it transitioned the NWDC workforce to work remotely, thanks to systems already in place prior to the pandemic reaching our shores. The result was an almost seamless experience on the side of our clients. I sincerely thank our executives and the NWDC employees for the manner in which they adapted during those uncertain months; to the benefit of our stakeholders.

A highlight of the year, albeit unplanned, was the corporation's implementation of the North West COVID-19 SMME Relief Fund. Conceptualised by our shareholder, DEDECT, the fund was launched on 1 June 2020. Its aim was to facilitate financial relief for the formal and informal businesses in the province. The NWDC was the executing agency, processing and evaluating the more than six thousand applications received. Administering the fund has been an extensive journey, marked by a fair amount of challenges, but also with successes, as recipients started to receive their pay-outs.

Juxtaposed against the highlights, the enclosed annual report for the year 2020/2021 bears testimony to the severe impact the COVID-19 pandemic had on the operations of the NWDC. Hardest hit was the NWDC's cash flow ratio. The inability of our tenants to honour their rental agreements, and of SMMEs to repay loans owed and thus greatly increasing the debt book, were major contributors. This is exacerbated by an ageing and dilapidated property portfolio, which requires dire intervention.

The financial year that was, has been unprecedented in many aspects. Amid an unplanned project and operational challenges, the NWDC team pulled through and laboured towards fulfilling its mandate to the best of its abilities. For this I sincerely thank each and every NWDC employee, the executive management, the board of directors and our Shareholder for its leadership and direction. We have navigated the unchartered territories of the year that was, and now set our sights firmly on the new fiscal that should see our country and globe gradually return to a new normal.

Mr KK Konopi
Chairperson of the Board

4) Board of Directors

North West Development Corporation SOC Ltd Group

Mr KK Konopi
Chairperson

Ms MK Sentle
Director

Mr ME Mojaki
Director

Dr S Nokaneng
Director

Ms MJ Msiza
Director

Ms N Phadu-More
Director

Board of Directors

North West Development Corporation SOC Ltd Group


Mr S Ncongolo
Director


Ms S Maleka
Director


Ms MET Malaka
Director


Ms M Matuba
Director


Mr S Motlambi
Director


Mr T Phetla
CEO


Mr R Malapane
Acting CFO


Mr K Mafokwane
Company Secretary

Board of Directors

Golden Leopard Resorts SOC Ltd

Mr SF Kgodumo
Chairperson of the Board

Prof Dr LTB Jackson
Director

Ms J Nyathi
Director

Mr T Phiri
Director

Ms K Knock
Acting Company Secretary

Ms S Tshehla
Acting Chief Executive Officer

5) Report
of the Chief Executive Officer

No science fiction novel, feature film, stage play or far-fetched children's book could have prepared us for the year that was.

In 2020 and 2021 every one of us lived through real-time history, experiencing the magnitude of a global, and thus also a local pandemic, unfolding right in front of our eyes.

In a year in which no South African would ever forget the gravitas, emotion, and implication of the words “My fellow South Africans...”, corporations and organisations had to find ways to keep on keeping on. At the NWDC we not only transferred our workforce to work remotely in a very short space of time, but also launched the massive undertaking of announcing and administering the North West COVID-19 SMME Relief Fund on behalf of our Shareholder to the benefit of formal and informal business owners of our province.

To merely claim that the previous fiscal had been challenging, would be an understatement. NWDC was stretched in terms of its financial and human resources, exacerbated by the slowdown in both rental income and SMME loan repayments, as the enclosed annual report testifies. The large number of staff vacancies and resultant acting positions, coupled with our ageing and dilapidated property infrastructure and growing debt, is posing a threat to our operations and going concern status.

Decisive and tangible action is required to turn the NWDC around and restore it to the competent, profitable and self-sufficient state owned entity it once was.

The board-approved 2021/2022 Corporate Plan of the NWDC outlines the turn-around strategy in its Annexure F. The swift and effective implementation of the turn-around strategy in the coming fiscal is absolutely crucial to the survival of the North West Development Corporation.

By the time of writing this foreword well into 2021, the COVID-19 pandemic is nowhere near abating; and so, to ensure the sustainability of the NWDC, its assets and the morale of its staff, it simply cannot be business as usual.

Mr T Phetla
Chief Executive Officer

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

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2021.

Mr KK Konopi
Chairperson of the Board

7) Strategic Overview

7.1 Vision

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

7.2 Mission

To contribute to the inclusive 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) programme management

7.3 Values

STRATEGIC

Respect: To behave with utmost respect will guide us in all our decisions

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

8) Legislative and Other Mandates

8.1 Legislative Mandates

8.1.1 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.

8.1.2 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

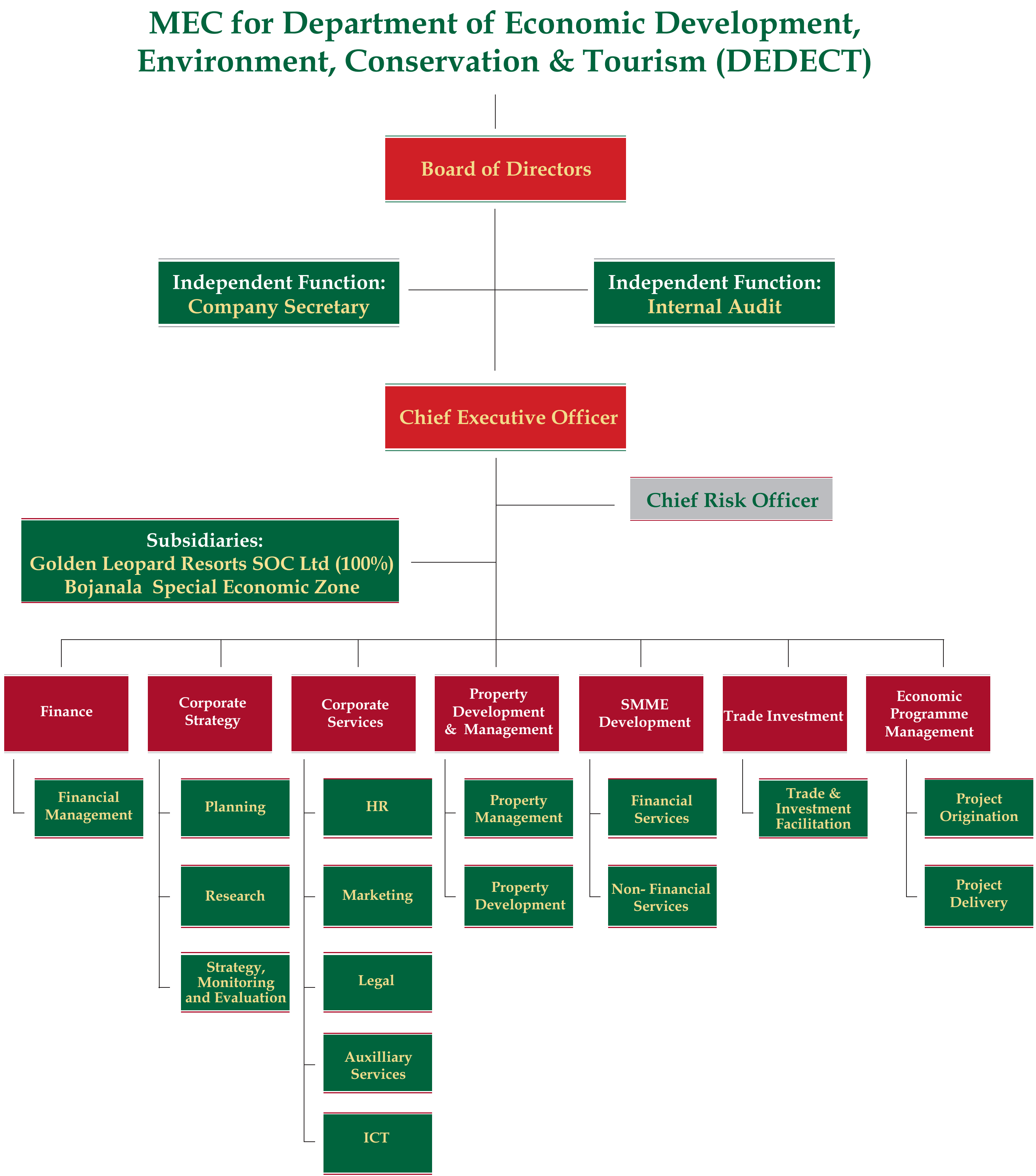
e)The extensions, limitations, substitutions or variations set out in Memorandum of Incorporation

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, which 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.

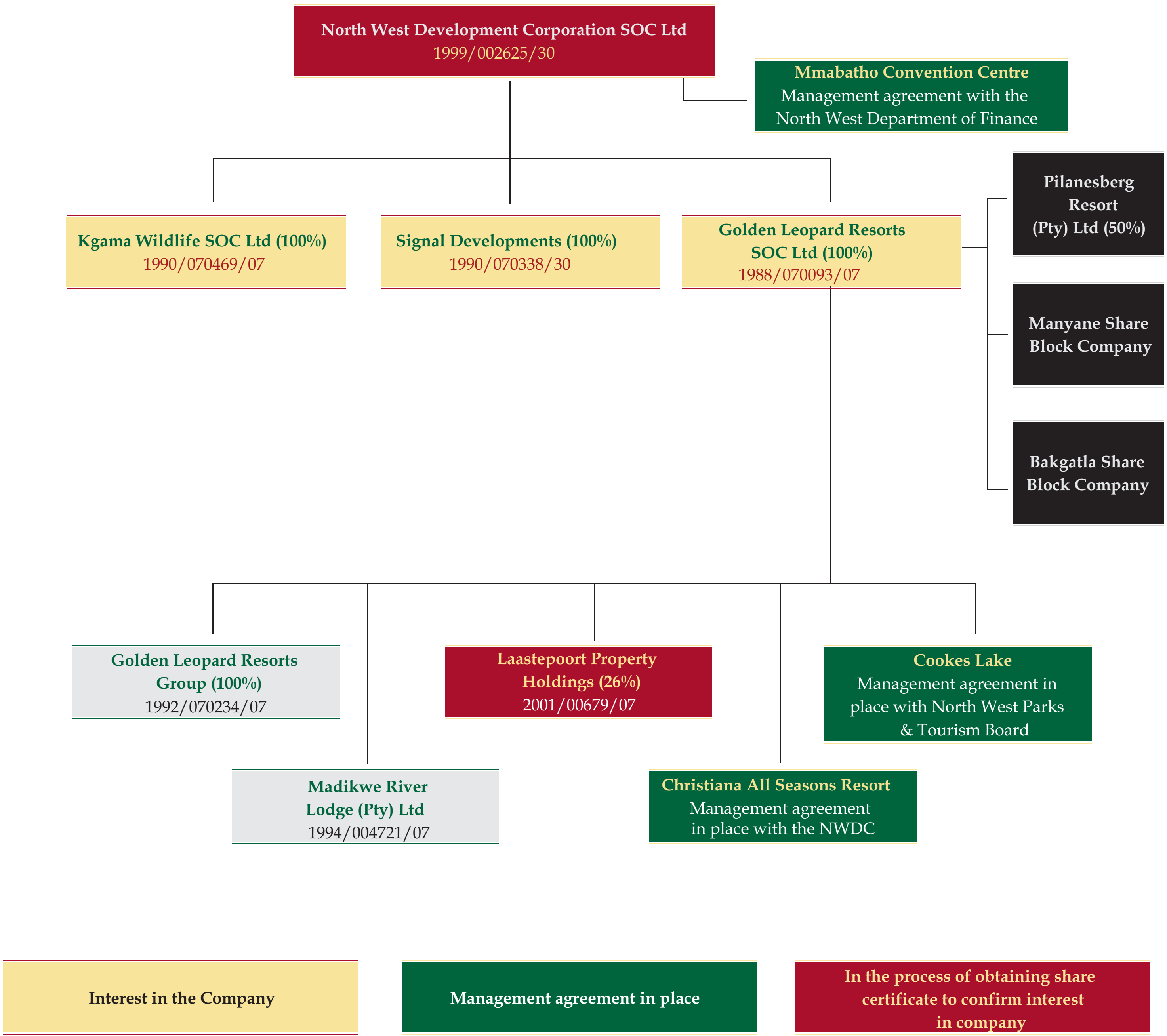
There is no provision of the Memorandum of Incorporation which constitutes a restrictive condition as contemplated in section 15(2) (b) of the Companies Act.

9) Organisational Structure

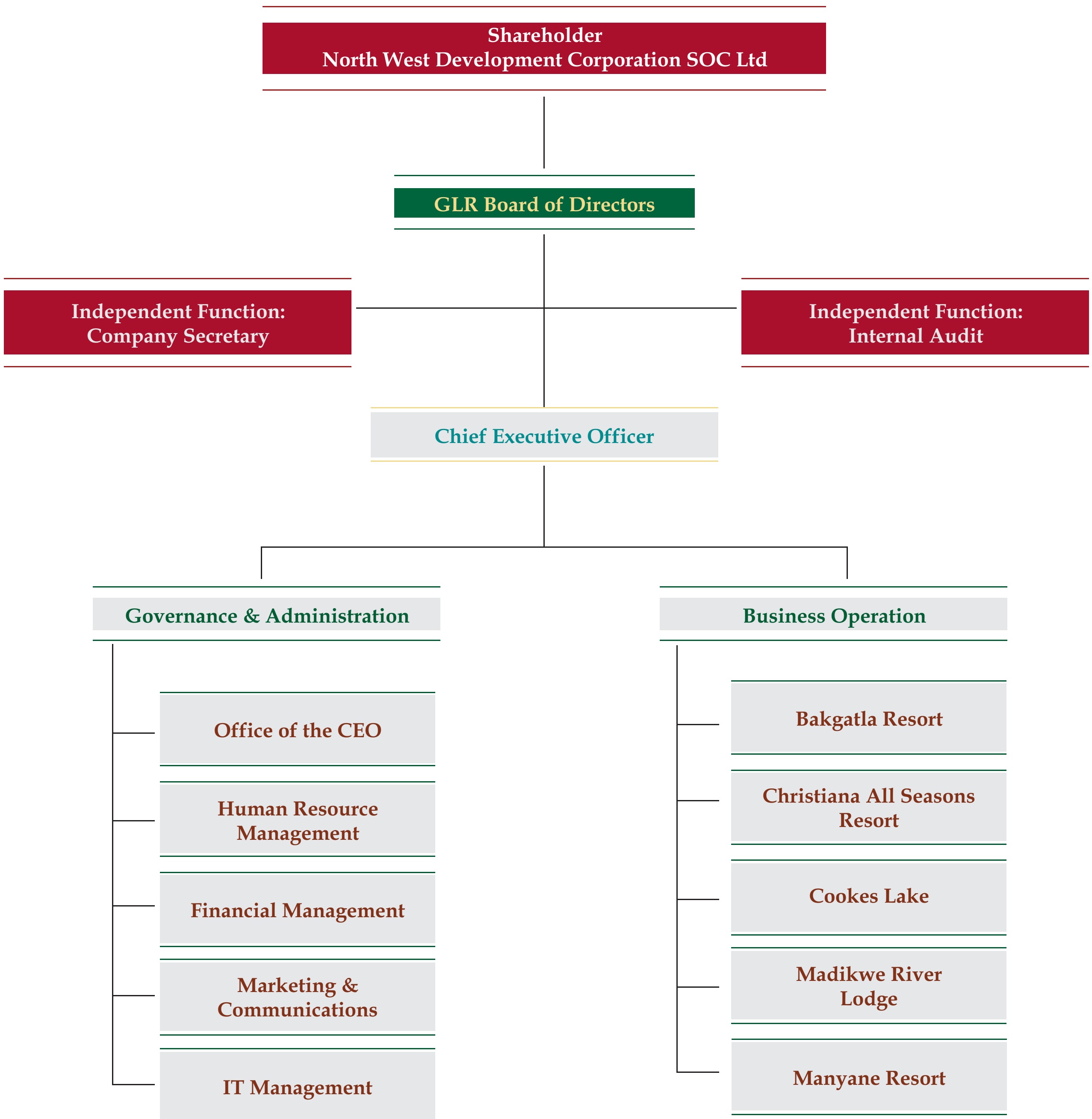
9.1 The Structure of the NWDC



9.2 The Structure of the NWDC Subsidiaries



9.3 Golden Leopard Resorts SOC Ltd Structure



10) Entities reporting to the NWDC

The legislative mandate of the NWDC Subsidiaries are to expand the investment envelope through unlocking the potential of local community to position the organisation as an investment vehicle in the Hospitality and Tourism sector, and to promote economic development in the North West Province. The below table reflects the financial relationship and nature of the operations of the entities reporting to the NWDC:

Name of Entity	Financial Relationship	Nature of Operations
Golden Leopard Resorts SOC Ltd	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial assistance	• Accommodation • Food & Beverage • Camping & Caravan • Conferencing
Madikwe River Lodge (Pty) Ltd	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Game drives
Christiana All Seasons Resorts	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Game Drives • Camping & Caravan • Conferencing
Cookes Lake	• Transfer payment • Free services • Partnership agreements • Human resources support • Financial Assistance	• Accommodation • Food & Beverage • Conferencing

Annual Report

North West Development Corporation

PART B

PERFORMANCE INFORMATION

1) Auditor-General's Report: Predetermined Objectives

The Auditor-General South Africa (AGSA) currently performs certain 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 page 86, paragraphs 31 to 35, of the Auditors Report, published as Part E: Financial Information.

2) Overview of the Performance

2.1 Service Delivery Environment

2.1.1 Economic Overview

It is important to place NWDC within a macro economic environment.

a) The period under review was severely affected by the COVID-19 pandemic and impacted on the World Economic Outlook where the economic growth forecast of South Africa is plotted with major global projections.

b) Although recent vaccine approvals have raised hopes of turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. After an estimated contraction of -3.3% in 2020, the global economy is projected to grow at 6% in 2021, moderating to 4.4% in 2022. Global growth is expected to moderate to 3.3% over the medium term.

c) It must be noted that negative impacts of the pandemic have hit the very clients of economic development the hardest including youth, women, workers with relatively lower educational attainment, and the informally employed. Further income inequality is likely to increase significantly and learning losses have been more severe in low-income and developing countries, and unequal setbacks to schooling could further amplify income inequality.

d) The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spill overs, and structural characteristics entering the crisis.

e) Policy actions should ensure effective support until the recovery is firmly underway, with an emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all, and accelerating the transition to lower carbon dependence. As noted in the October 2020 World Economic Outlook , a green investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession.

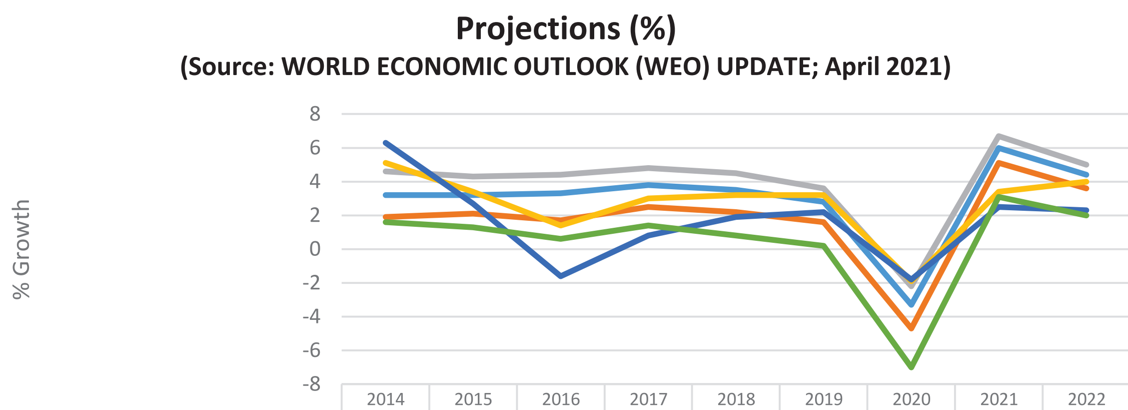
f) Future developments will depend on the path of the health crisis, including:

- Whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic;
- The effectiveness of policy actions to limit persistent economic damage (scarring);
- The evolution of financial conditions and commodity prices; and
- The adjustment capacity of the economy.

g) It is therefore crucial to prioritise policies that would be prudent, regardless of the state of the world that prevails including:

- Strengthening social protection with wider eligibility for unemployment insurance to cover the self-employed and informally employed;
- Ensuring adequate resources for health care, early childhood development programmes, education, and vocational training; and
- Investing in green infrastructure to hasten the transition to lower carbon dependence.

Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%) (Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; April 2021



	2014	2015	2016	2017	2018	2019	2020	2021	2022
World Output	3.2	3.2	3.3	3.8	3.5	2.8	-3.3	6	4.4
Advanced Economies	1.9	2.1	1.7	2.5	2.2	1.6	-4.7	5.1	3.6
Emerging Market and Developing Economies	4.6	4.3	4.4	4.8	4.5	3.6	-2.2	6.7	5
Sub-Saharan Africa	5.1	3.4	1.4	3	3.2	3.2	-1.9	3.4	4
Nigeria	6.3	2.7	-1.6	0.8	1.9	2.2	-1.8	2.5	2.3
South Africa	1.6	1.3	0.6	1.4	0.8	0.2	-7	3.1	2

- The South African economy recorded a decrease of 7% in its growth in 2020, with projected growth of 3.1% in 2021 and moderating to 2% in 2022 as reported by the IMF in April 2021;
- According to the Reserve Bank domestic GDP is expected to grow by 3.8% in 2021 (Jan: 3.6%), and in 2022 and 2023 at 2.4% and 2.5% respectively;
- Sharply lower public and private investment last year and continued weakness in 2021 will weigh on growth prospects;
- The South African average Consumer Price Index for 2020 was 3.3%, the lowest since 2004; and
- The Reserve Bank also kept the interest rates at 3.5% for most of 2020 implying that the prime lending rate of commercial banks remained at a more than four decade low of 7%.

2.1.2 North West Province Economic Overview

Quick facts of the North West Province:

- Land area 116,320 km²;
- Population 4.14 million (7.02% of SA's total population);
- GDP R3.4 billion which comprise 6% of the National GDP;
- The NWP improved in schooling and education;
- Employs 927 000 people which is 5.66% of total employment in SA;
- Income levels are below the national average;
- In 2019, the unemployment rate in NWP (based on the official definition of unemployment) was 28.79%, which is an increase of 2.36 percentage points;
- The per capita income for the NWP (R54,100) is lower than that of SA as a whole which is R60,800;
- Gini coefficient indicated that the level of inequality decreased from 0.60 in 2009 to 0.613 in 2019;
- 2.51 million people living in poverty;
- Index of Buying Power has also increased and was 0.06 in 2019;
- In terms of trade, the merchandise export from NWP amounts to R103 billion and as a percentage of total national exports constitutes about 7.94%. The exports from North West
- Province constitute 33.99% of total NWP's GDP;
- Merchandise imports of R6.24 billion constitute about 0.49% of the national imports. Total trade within North West is about 4.27% of total national trade. NWP had a positive trade balance in 2019 to the value of R97.2 billion;
- The NWP economy is made up of various industries.

The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its value-add produced in the local economy.

Table 2: Gross Value Added (GVA) by Broad Economic Sectors of the North West Province, 2019 (R Billions, Current Prices) Source: IHS Markit Regional eXplorer version 1923

	North West	National Total	North West as % of national
Agriculture	6.3	95.7	*6.6%*
Mining	91.7	376.4	*24.4%*
Manufacturing	14.3	598.2	*2.4%*
Electricity	10.4	173.4	*6.0%*
Construction	6.9	172.2	*4.0%*
Trade	31.8	685.3	*4.6%*
Transport	16.3	442.1	*3.7%*
Finance	33.5	889.3	*3.8%*
Community services	60.1	1,091.2	*5.5%*
Total Industries	271.2	4,523.6	*6.0%*

2.2 Service Delivery Environment

a) Across South Africa, the impact of the announcement of the national lockdown on 26 March 2020 cannot be underplayed.

b) The financial year under review commenced on 1 April 2020, with a nation under Level 5 of a hard lockdown. The inability to trade or render services severely affected businesses and tenants of the NWDC, in particular those whose industries were not classified as essential. This reality perpetuated multiple requests for rental holidays. Some tenants who could still marginally operate paid 50% whilst the vast majority abstained from payment of rentals.

c) To fully understand this impact, the NWDC as a schedule 3D organisation is for the most part fully self-funded by rental income from its vast property portfolio. The above scenario thereby directly impacted not only on the ability of the NWDC to meet its most basic expenses but to deliver meaningful programmes to the province at a time when it was most needed due to financial constraints. In real terms, the NWDC, through the provision of rental holidays, gave back to communities, SMMEs and clients, millions of Rands over and above what was administered through the North West COVID-19 SMME Relief Fund.

d) Continued and sustained efforts to engage tenants as well as SMMEs housed in our properties and in the province yielded positive outcomes. It served as a reminder that we were all in the storm together.

e) Through our Trade and Investment Facilitation unit, a scoping of the proposed Bakubung Smart City project was undertaken.

f) Tisella presented to the NWDC an expression of interest for the establishment of a Special Purpose Vehicle to be jointly formed between the NWDC and Tisella Investment Group. The proposed framework is for the implementation of a new private hospital investment next to Sun City, situated in the Moses Kotane Local Municipality. The licence has already been submitted and obtained. NWDC has been invited to take up a 30% equity shareholding in the Bakubung Private Hospital. The team is currently conducting a due diligence on the feasibility of the proposed investment.

g) Furthermore, desktop due diligence was done on two additional strategic projects for the North West Province. For these projects, the NWDC is considering directly participation as opposed to merely facilitating the investment. These are:

- Ivora Developments 24 (Pty) Ltd's opportunity presented to NWDC to acquire 30% shareholding in 400 hectares of prime approved and zoned development land at Hartebeespoort Dam;
- Ratans Pride invitation to NWDC to become an equity partner with an investment of R100 million for a 25% shareholding in the entire proposed project to create a vertically integrated value chain in the poultry industry across the North West Province

h) The Bojanala SEZ succeeded to secure three investment commitments despite the tough investment environment brought about by the COVID-19 pandemic. Letters of intent/commitment and one agreement signed by the DTI, DBSA and the NWDC are as follows:

- The Department of Trade and Industry provided, through CIP, funds towards to the construction or provision of infrastructure that will enable the establishment of new or upgrading (revamping/resuscitating) existing infrastructure and upgrading of security in the Mogwase Industrial Park amounting to R28,095 million.

- Opal Mining made a commitment to invest in the Bojanala SEZ through its flagship project Manotshe. This entails R2 million in historical expenditure and a total value of investment amounting to R5,4 billion which is projected to create 1,100 new jobs.

- NH Oil & Gas committed to establish a Petroleum Processing Plant in the earmarked Bojanala SEZ with an investment of US$20 million to supply lubricants and other petroleum products in the Southern Africa region covering South Africa, Botswana, Zimbabwe, Namibia, Angola as well as Zambia, over a 45-year period.

i) In the midst of the pandemic, the North West Provincial Government established a R36 million North West COVID-19 SMME Relief Fund to assist ailing organisations in both formal and informal sectors across the Province. There was overwhelming response to the fund and therefore a cap had to be applied to different sectors so as to allow the maximum number of beneficiaries to be assisted with pay-outs. As outlined in the formal news release on the fund's outcome, issued jointly by the NWDC and DEDECT on 24 February 2021, a total of 6,362 fund applications were received and processed. This resulted in a total of 3,876 beneficiaries receiving pay-outs, of which 2,978 applicants were from the informal sector and 898 from the formal sector. At that time, a further 1,493 applications were pending finalisation.

j) Some businesses who have been fund recipients have been profiled. One of these includes the Mini Me Beauty Parlour in Potchefstroom. The dynamic young female owner-entrepreneur expressed tremendous appreciation for the funds availed which in her words “was something better than nothing” at a time when all options were exhausted.

k) Whilst it was not possible to pay out larger amounts due to limited funds, the aim was to assist as many businesses as possible.

l) The global COVID-19 pandemic and the lessons thus far have taught us that much can be accomplished from "virtually" anywhere. Though the wheels were turning slower, we are proud to say they did not come to a stop.

m) In its relentless efforts to assist communities, NWDC continuously disseminated information and safety tips on its various online platforms, as we strongly believe that information is wealth.

2.3 COVID-19 Steering Committee Activities

The NWDC as an entity of the State, has established the COVID-19 Steering Committee which is overseen and chaired by the Office of the CEO in line with the legislation and regulations issued. The following indicates the activities in place:

a) The Committee meets every Thursday and is fully empowered to practice oversight over all matters related to COVID-19.

b) COVID-19 Compliance Officers for each branch have been identified.

c) The COVID-19 portal where all cases must be reported has been established and is accessed by three key people nominated by the Committee.

d) The Procurement of all items in line with COVID-19 protocols is on-going to ensure complete compliance.

e) Return-to-work Plans and all the necessary policy and procedures pertinent to COVID-19 have been drafted, approved and are implemented by the Committee.

2.4 Organisational Environment

a) The North West Development Corporation SOC Ltd is the development agency for the North West Province and its Shareholder being the Department of Economic Development, Environment, Conservation and Tourism.

b) The NWDC Group must play a leadership and catalytic role in transformation and development. The NWDC Group needs to implement projects in line with the provincial developmental agenda and needs to prioritise projects that shall yield the biggest impact in terms of job creation and enterprise development.

c) To be able to carry out its mandate the NWDC has organised itself along line functions as follows:

- Administration and Governance, Financial Management and Corporate Services;
- Property Development and Management;
- Bojanala Special Economic Zone;
- SMME Development and Management;
- Trade and Investment Facilitation;
- Economic Programme Management; and
- Tourism.

d) The following developments internal to the entity have impacted the NWDCs ability to deliver on its mandate:

- Financial constraints and cash flow challenges;
- Reserve funds depleted;
- High staff vacancy rate of 20%
- The organisational design/structure which needs to be aligned to the strategy;
- Funding for refurbishments of dilapidated infrastructure to maximise rental collection;
- Unfavourable audit opinions;
- Hierarchy inclined with many silos;
- Unskilled and incorrectly placed employees; and
- Suspension of employees in key positions.

e) The challenges that the NWDC is faced with will be remedied as follows:

- Clear business strategy that will address the assessment and implementation of viable and financially beneficial projects;
- Alignment of the organisational design/structure;
- Optimum utilisation of human capital;
- Attract new skills;
- Develop standard operating procedures;
- Appointment of strategic leaders in key positions; and
- Finalisation of legal processes with regards to suspended employees.

2.5 Key Policy Developments and Legislative Changes

No major changes to relevant policies or legislation that may have affected the NWDC's operations were made during the period under review.

3) Strategic Outcome Oriented Goal

3.1 Strategic Outcome Oriented Goal and Strategic Objectives:

Strategic Outcome Oriented Goal of the NWDC

Improved economic growth

Strategic Objectives of the NWDC

Maintain the going concern of the NWDC Group by achieving sustainability ratios annually

Contribute annually to the economic growth and transformation of the North West Province through multiplying initiatives

Ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually

3.2 The Medium Term Strategic Framework 2019-2024

The Medium Term Strategic Framework (MTSF) is a five-year plan of government that is intended to implement the electoral mandate and National Development Plan (NDP) Vision 2030. The NDP is our vision leading to 2030. It calls all of us to work together to deal with poverty, unemployment and inequality. The MTSF 2019-2024 will be implemented through the joint efforts of government, the private sector and civil society.

3.3 Amended Corporate Plan 2020/2021

As a result of the pronouncement by the President on the National State of Disaster, there was a need for the NWDC to amend/review their Corporate Plan 2020/2021 to reflect on programmes/projects/targets that were set for implementation in the response to the COVID-19 pandemic. The performance indicators as set out in paragraph 3 will reflect the amended targets and performance during the period under review.

4) Performance Information by Programme

4.1 Programme 1: Property Development & Management

4.1.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Strategic Objective
To optimise the development and management of the property portfolio	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually and contribute to the economic growth and transformation of the NWP through multiplying initiatives

4.1.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Value of current rental collected	R96m	R119,306,370.27	(R23,306,370.27)	**Target exceeded**	The adoption of the no rental payment and no supply of water and electricity supply strategy by the NWDC, has forced the tenants to meet rental commitments. The unit has also solved the long overdue problems with some of the tenants which result ed in them servicing the rental accounts
Occupancy percentage of rented properties	70%	68.34%	1.66%	**Underachievement** Some of the tenants absconded their premises and the delay with renovations, due to the cash flow challenges, by the NWDC resulted in tenants who vacated the premises. The NWDC also experienced a high rate of lease cancellations	Agreements entered into with tenants to renovate some of the properties at own costs and given them rental holidays in return. To ensure signing of new lease agreements which will improve the occupancy level
Number of vacant sites earmarked for development	0	0	0	The property market was severely affected by the COVID-19 pandemic	Market research into viable sectors post COVID -19 and lockdown

4.1.3 Narrative

The property unit increased tenant visitations and follow-ups during levels 2 and 3 of the COVID-19 lockdown, which yielded better results with regards to rent collection. Tenants were shown the importance of servicing their rental accounts in order for the NWDC to, in turn, meet its obligations to pay overhead expenses, such as rates and taxes. Accounts for some large chain stores such as Pepkor, Shoprite and Russels, were reconciled and lump sum payments were received.

Cash flow remains a serious challenge and as a result the NWDC could not renovate property sites to ensure occupancy thereof.

The occupancy rate declined as a result of the following:

- Tenants who absconded as a result of high debts accumulated over the lockdown period;
- Leasing documents took a long time to be processed which resulted in a slow allocation of units to clients;
- The delay in the renovation of vacant sites for potential tenants had a negative outcome on the occupancy; and
- Some of the residential tenants cancelled their lease agreements due to their expectations of receiving rental incentives such as the SMME Relief Fund.

4.1.4 Strategy to Overcome Areas of Underperformance

The unit implemented the following methods which contributed to the collection of rental:

- The interruption of services to non-payers;
- Blacklisting of defaulters;
- Instituting garnishee orders as from the third quarter; and
- Concentration on outstanding rentals owed by major clients and Government Departments;

The development of a client retention strategy and incorporation of SMME development services might assist current tenants who are struggling to keep their businesses functioning without financial assistance.

The unit will also enter into negotiations with tenants to carry out some of the property renovations at their own cost and then be granted rental incentives in return at a later stage. This will assist to retain existing, and attract new tenants.

4.1.5 Linking Performance with Budgets

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

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Property Development & Management	154 270 000	109 870 000	44 398 000	175 462 000	90 403 000	85 059 000
TOTAL	**154 270 000**	**109 870 000**	**44 398 000**	**175 462 000**	**90 403 000**	**85 059 000**

4.2 Programme 2: Special Economic Zone (SEZ)

4.2.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Strategic Objective
To build commercial industrial infrastructure and attract new investment into the SEZ	Contribute annually to the GDP economic growth and transformation of the NWDC through multiplying initiatives

4.2.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Number of letters of intent concluded to invest in the SEZ	3	3	0	**Achieved**	None

4.2.3 Narrative

The NWDC Bojanala SEZ unit is pleased with the achievement given the challenging environment South Africa went through in the investment space.

It is encouraging that the SEZ unit continued to receive enquiries on new potential investment both locally and regionally.

There has been significant progress in engagements with the mining industry to complement their operations in the area of enterprise development, SMME development and hosting of their suppliers. This development provides the North West Province with an opportunity to plan and implement massive infrastructure and facilities that could respond to the new developments.

4.2.4 Strategy to Overcome Areas of Underperformance

The next challenge will be to establish processes to build capacity to respond to new investments that come through. The North West Province should be able to provide all the required services to all investors in a seamless way, including incentives provided at municipal, provincial and national level.

Plans are at an advanced stage to establish the Bojanala SEZ Company. This is required to ensure governance, as well as institutional and operational capacity for the execution of plans in the immediate, medium and long term.

4.2.5 Linking Performance with Budgets

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

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Bojanala Special Economic Zone	5 900 000	2 576 000	3 324 000	5 398 000	4 335 000	1 063 000
TOTAL	**5 900 000**	**2 576 000**	**3 324 000**	**5 398 000**	**4 335 000**	**1 063 000**

4.3 Programme 3: SMME Development & Management

4.3.1 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 and contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

4.3.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Value of loans disbursed	R2.5m	R637,389.55	R1,862,610.45	**Underachievement** The lack of funding to disburse loans to SMMEs remained a challenge	The appointment of a debt collector is intended to improve the collections and increase the funds to be disbursed
Amount recovered from collections	R1m	R336,097.57	R663,902.43	**Underachievement** The SMMEs struggled to make regular payments due to the COVID-19 pandemic which affected their businesses during the national lockdown	The majority of the clients owing the NWDC was been handed over for legal collection. The appointment of a debt collector is intended to improve the collections from clients owing the NWDC
Value of COVID-19 Relief Fund disbursed	R36m	R17,882,495.00	R18,117,505.00	**Underachievement** Funding for the disbursement of the COVID-19 Relief Fund were received late in Q2. Submission of incomplete grant applications and non - submission of supporting documents contributed to the delay and underachievement of the target	The unit extensively focused on the processing of the applications and efforts have been stepped up to call for submission of outstanding supporting documentation

4.3.3 Narrative

The lack of funding to disburse loans to applicants remained a challenge. The pandemic also created serious challenges with regards to the recovery of loans due to the lockdown and clients not being able to make payments as per the agreements entered into. The funding for the COVID-19 Relief Fund was received during quarter 2.

4.3.4 Strategy to Overcome Areas of Underperformance

The appointment of a debt collector will assist in collecting long outstanding loans owed to the NWDC. The funds collected could then be distributed to successful loan applicants. Focusing solely on bridging finance loans will ensure that the monies owed are paid into the NWDC bank account and not directly to the clients.

4.3.5 Linking Performance with Budgets

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

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
SMME Development & Management	13 333 000	7 187 000	6 146 000	12 653 000	6 940 000	5 713 000
TOTAL	**13 333 000**	**7 187 000**	**6 146 000**	**12 653 000**	**6 940 000**	**5 713 000**

4.4 Programme 4: Trade & Investment Facilitation

4.4.1 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 economic growth and transformation of the NWP through multiplying initiatives

4.4.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Value of successful investment projects facilitated into the NWP	R50m	R0	R50m	**Underachievement** Bringing projects to financial closure has been difficult under the current economic circumstances	To redouble the efforts to push identified bankable projects to financial closure and identify additional funding partners
Number of trade and investment initiatives with local and district municipalities	4	2	2	**Underachievement** Some of the planned and approved trade and investment initiatives were postponed due to COVID-19	To implement the already planned initiatives as soon as the situation fully permits

4.4.3 Narrative

The unit proposes to advocate for direct provincial participation through initial assessment of projects at board level in high value, high impact projects flagged for the 2021/2022 financial year namely:

- Ivora Developments 24 (Pty) Ltd's Smart City Property Development Portfolio at Hartebeespoort Dam, Madibeng;
- Tisella Investment Group's Bakubung Smart City next to Sun City in Moses Kotane Local Municipality; and
- The N12 Property Developments in Matlosana. The pre-development works for the Matlosana development were approved and they now await release of funds to break ground.

4.4.4 Strategy to Overcome Areas of Underperformance

- Seek and identify additional funding options to increase the possibility of investment in the identified projects in the pipeline; and
- Plan direct participation by the NWDC on behalf of the NWP in identified strategic projects

4.4.5 Linking Performance with Budgets

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

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Trade & Investment Facilitation	10 103 000	2 197 000	7 906 000	8 704 000	4 585 000	4 119 000
TOTAL	**10 103 000**	**2 197 000**	**7 906 000**	**8 704 000**	**4 585 000**	**4 119 000**

4.5 Programme 5: Economic Programme Management

4.5.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Strategic Objective
To facilitate and implement funded projects	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

4.5.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Number of funded projects to be implemented	2	0	2	**Underachievement** • Failure by service providers to deliver on its mandate; • The delay of the site amendment approval by EXCO and the Council of one of the Municipalities; and • Suspension of one of the projects	To fast track processed to ensure implementation of the projects

4.5.3 Narrative

During the period under review, the unit faced the following challenges:

- The construction of the Stella Library was delayed due to the awaited approval of the site amendment by EXCO and the Council of the Naledi Municipality;
- The Tshepang Bakery in Magogoe was delayed due to local unrests and the appointment of a service provider who failed to deliver on its mandate according to the appointment;
- The unit remained constrained due to the lack of resources (project managers); and
- The Board has suspended the implementation of the Retail Economy Programme in the Bojanala District pending finalisation of the following:
    - The forensic investigation into the appointment of the consultant contracted for the roll-out;
    - Investigation into the allegations obtained through the review performed by the NWDC; and
    - Consideration of recovery procedures of NWDC resources as part of consequence management.

4.5.4 Strategy to Overcome Areas of Underperformance

The unit will fast-track the handover of the Stella Library and the Tshepang Bakery to be concluded during Q1 of 2021/2022. The unit also needs to be resourced through the appointment of a project manager to oversee the project processes and implementation thereof.

4.5.5 Linking Performance with Budgets

The financial information as presented in the table below outlines the Economic Programme Management unit's expenditure:

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Economic Programme Management	9 301 000	-	9 301 000	58 280 000	12 467 000	45 813 000
TOTAL	**9 301 000**	**-**	**9 301 000**	**58 280 000**	**12 467 000**	**45 813 000**

4.6 Programme 6: Tourism

4.6.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Strategic Objective
To improve business operations of the Group for the benefit of revenue generation and profitability	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually and ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually

4.6.2 Performance Indicators

Performance Indicator	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from Planned Target to Actual Achievement 2020/2021	Comment on Deviations	Remedial Action
Nett profit margin	2%	-59.14%	61.14%	**Underachievement** The resorts have been operating as quarantine sites and due to lower levels of contacts traced and quarantined, there has been a reduction in revenue whilst fixed expenses remained constant	Closure of the resorts from operating as quarantine sites and return to normal business thereby generating revenue from all streams including retail
Percentage increase in revenue for the quarter measured against prior year same period	10%	-12.40%	22.40%		

4.6.3 Narrative

The COVID-19 pandemic impacted on the tourism division as follows:

- Resorts operated as quarantine sites for the Department of Health, and did not generate revenue because they were dependent upon the number of contacts sent by the Department;
- Only three of the five resorts operated as quarantine sites;
- The number of persons accommodated was very low and charges were therefore limited to persons accommodated;
- Other revenue streams were not operational and business was only limited to chalets accommodation; and
- Restriction of countries on international travel impacted on the revenue generation of the two properties able to operate as normal tourism businesses.

4.6.4 Strategies to Overcome Underperformance

The GLR Group needs to implement the following strategies:

- Promotion and marketing of the resorts to local guests with attractive packages;
- Changing of the business model to improve marketability and competetive edge whilst increasing profitability;
- Obtain funding to assist in settling the outstanding debts;
- Seek funding for major refurbishments to reduce negative reviews about the dilapidated infrastructure; and
- Renegotiation of the quarantine sites payment structures with the Department of Health.

4.6.5 Linking Performance with Budgets

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

Programme Name	2020/2021			2019/2020		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Tourism	-	-	-	-	-	-
TOTAL	-	-	-	**-**	**-**	**-**

5) Summary of Financial Information

5.1 Revenue Collection

Sources of Revenue	2020/2021			2019/2020		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Revenue	237 277 000	123 494 000	113 783 000	202 659 000	167 509 000	35 150 000
Grants	73 588 000	40 588 000	33 000 000	136 750 000	74 072 000	62 678 000
Investment & Other Income	-	-	-	-	-	-
Other Gains & Losses	-	-	-	-	-	-
TOTAL	**310 865 000**	**164 082 000**	**146 783 000**	**339 409 000**	**241 581 000**	**97 828 000**

5.2 Programme Expenditure

Programme Name	2020/2021			2019/2020		
	Budget	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Office of the CEO*	-	-	-	-	-	-
Property Development and Management	154 270 000	109 872 000	44 398 000	175 462 000	90 403 000	85 059 000
Bojanala Special Economic Zone (SEZ)	5 900 000	2 576 000	3 324 000	5 398 000	4 335 000	1 063 000
SMME Development and Management	13 333 000	7 187 000	6 146 000	12 653 000	6 940 000	5 713 000
Trade and Investment Facilitation	10 103 000	2 197 000	7 906 000	8 704 000	4 585 000	4 119 000
Economic Programme Management	9 301 000	-	9 301 000	58 280 000	12 467 000	45 813 000
Mining	-	-	-	-	-	-
Tourism	-	-	-	-	-	-
Financial Management	44 106 000	31 845 000	12 261 000	40 166 000	27 543 000	12 623 000
Corporate Services	66 852 000	37 477 000	29 375 000	60 920 000	47 390 000	13 530 000
TOTAL	**303 865 000**	**191 154 000**	**112 711 000**	**361 583 000**	**193 663 000**	**167 920 000**

** CEO included in Corporate Services*

5.3 Capital Investment, Maintenance and Asset Management Plan

The following table presents the maintenance and repairs:

Infrastructure Projects	2020/2021			2019/2020		
	Final Appropriation	**Actual Expenditure**	**(Over)/Under Expenditure**	**Final Appropriation**	**Actual Expenditure**	**(Over)/Under Expenditure**
New and replacement assets				-	-	-
Existing infrastructure assets				-	-	-
• **Upgrades and additions**				-	-	-
• **Rehabilitation, renovations and refurbishments**				-	-	-
• **Maintenance and repairs**				8 250 000	6 277 000	1 973 000
Infrastructure transfer				-	-	-
Current				-	-	-
Capital				-	-	-
TOTAL				**8 250 000**	**6 277 000**	**1 973 000**

Mr KK Konopi
Chairperson of the Board

Annual Report

North West Development Corporation

C

PART C

Corporate Governance

1) 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 Economic Development, Environment, Conservation & Tourism and the Board of Directors, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2) 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.

The general objectives of risk management at the NWDC is to ensure that all decision making processes and business approaches are founded on a solid Risk Management Framework and that employees are risk-attuned. To achieve the said objectives, the NWDC adopted a risk management process that included:

2.1 Risk Assessment: Strategic

The strategic risk assessment was conducted on 20 June 2020 and 11 risks were identified and incorporated in the Corporate Plan 2020/2021.

2.2 Risk Assessment: Operational

The operational risk assessment was conducted per individual unit with effect from 20 July 2020. Risk Assessments at locations were limited due to COVID-19, however COVID-19 risk assessments were conducted and training provided on the assessments. These engagements were motivated by the identification of risks. The Risk Management Policies were workshopped and the Operational Risk Register was drafted and incorporated into the operational plans of all the units within the NWDC.

2.3 Mitigation Plans

The Risk Management Unit needs to adopt a more assertive approach to ensure that risks are mitigated and continuously monitored. To this end, the Risk Management Unit will implement a system of issuing requests for information to units and continue to serve notices to hold units accountable and answerable to the risks identified.

3) 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.

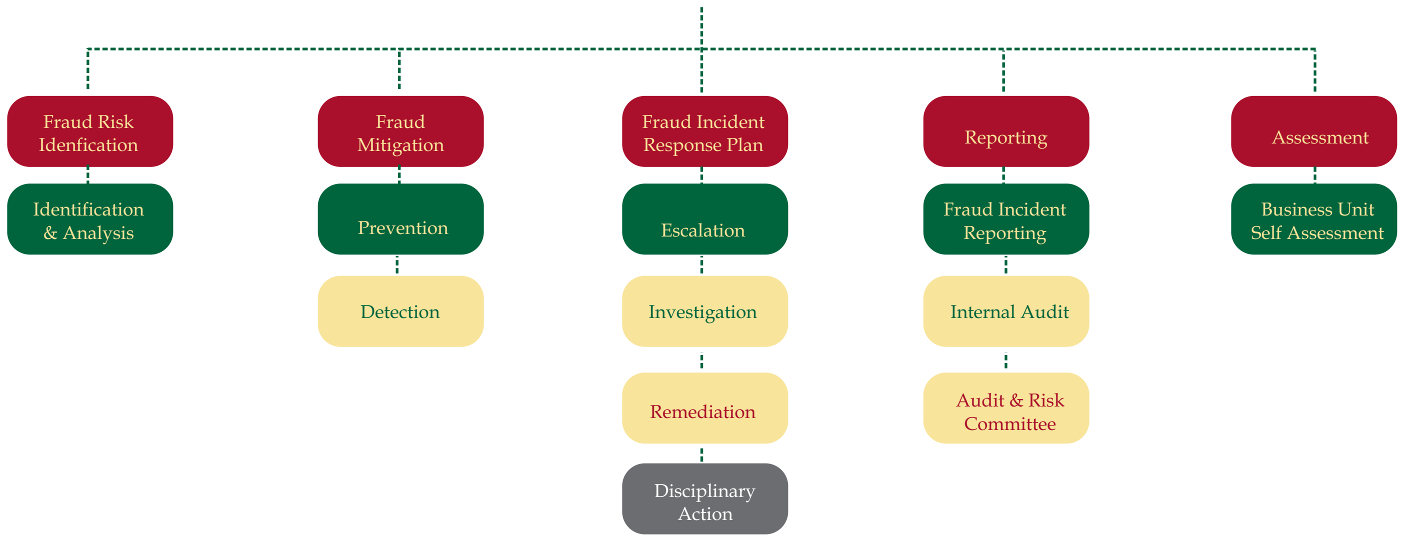
The strategy and policies on fraud and corruption has thus been established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instances of fraud and corruption be identified. The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

- Prevention of Fraud and Corruption Policy;
- Anti-Fraud and Corruption Strategy; and
- Whistle Blowing Policy.

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.

Fraud Control Framework



The NWDC Group has a telecommunication channel where concerns may be raised by leaving an anonymous message through the fraud hotline number 0861 323 469.

4) 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.

5) 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.

6) Health, Safety and Environmental Issues

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

6.2 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.

6.3 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.

6.4 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.

7) Portfolio Committees

The Portfolio Committee exercises oversight over the service delivery performance of the entity and in this regard, the NWDC tabled all its relevant Reports, as prescribed by the PFMA, and honoured several invitations. The Portfolio Committee adopted the following Reports during the year under review:

- Q4 of 2019/2020;
- Corporate Plan 2020/2021;
- Q1 of 2020/2021;
- Q2 of 2020/2021;
- Annual Report 2019/2020; and
- Q3 of 2020/2021.

8) Prior Modifications to Audit Reports

The North West Development Corporation has put in place to resolve the matters reported by the Auditor-General South Africa in the previous financial year. The following matters gave rise to a disclaimer:

Basis for Disclaimer of Opinion	Financial Year in which it first arose	Progress made in clearing/resolving the matter
Accumulated surplus	2020	Resolved
Cash flow statement	2020	Resolved
Deferred tax	2017	Resolved
Expenditure	2020	Resolved
Fair value adjustment	2020	Resolved
Government grants and subsidiaries	2020	Resolved
Investment property	2015	Resolved
Loans to economic entities	2020	Resolved
Payables from exchange transactions	2020	Resolved
Prior year adjustments	2020	Resolved
Prior period errors	2016	Resolved
Property, plant and equipment	2015	Resolved
Receivables from exchange transactions	2020	Resolved
Statement of cash flows	2019	Resolved
Sundry income	2020	Resolved

9) Executive Authority

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

- Approved Corporate Plan and Budget for 2020/2021;
- Signed Shareholders Compact 2020/2021 with the Shareholder;
- Approved Quarterly Reports for 2020/2021 of the NWDC; and
- Approved and Printed Annual Report 2019/2020

10) The Accounting Authority: The Board

10.1 The Role of the Board

The Board of Directors Charter is reviewed annually to ensure compliance with the below principles. The Board should:

Leadership, Ethics and Corporate Citizenship

a) Lead ethically and effectively;

b) Govern the ethics of the entity in a way that supports the establishment of an ethical culture;

c) Ensure that the entity is and is seen to be a responsible corporate citizen;

Strategy, Performance and Reporting

d) Appreciate that the entity's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process;

e) Ensure that reports issued by the entity enable stakeholders to make informed assessments of the entity's performance, and its short, medium and long term prospects;

Governing Structures and Delegation

f) Serve as the focal point and custodian of corporate governance in the entity;

g) Comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively;

h) Ensure that its arrangements for delegation within its own structure promote independent judgement, and assist with balance of power and the effective discharge of its duties;

i) Ensure that the evaluation of its own performance that that of its committees, its chairperson and its individual members, support continues improvement in its performance and effectiveness;

j) Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities;

Governance Functional Areas

k) Govern risk in a way that supports the entity in setting and achieving its strategic objectives;

l) Govern technology and information in a way that supports the entity setting and achieving its strategic objectives;

m) Govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the entity being ethical and a good corporate citizen;

n) Ensure that the entity remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term;

o) Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the entity's external reports;

Stakeholder Relationships

p) Adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the entity over time; and

q) Ensure that responsible investment is practised by the entity to promote the good governance and the creation of value by the companies in which it invests.

10.2 The Board Charter

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

- Approved Strategic Risk Register and Risk Management Strategy 2020/2021;
- Approved the Corporate Plan and Budget for 2020/2021;
- Signed the Shareholders Compact 2020/2021 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;
- Evaluated the Performance of the Chief Executive Officer and Chief Finance Officer;
- Approved the Annual Report 2019/2020; and
- Approved Business Code of Ethics Policy.

10.3 Composition of the Board

The Member of the Executive Council (MEC) of the Department of Economic Development, Environment, Conservation and Tourism appoint the members of the Board.

Members of the Board (Executive and Non-Executive)

Name	Role	Date Appointed
Ms MK Sentle	Non-Executive Director	9 December 2019
Ms KA Dikgole	Non-Executive Director	Appointed 1 July 2016 and resigned 31 March 2021
Prof Dr LTB Jackson	Non-Executive Director	Appointed 1 July 2016 and resigned 31 March 2021
Ms M Chokoe	Non-Executive Director	Appointed 1 July 2016 and resigned 31 March 2021
Ms G Moyo	Non-Executive Director	Appointed 9 December 2019 resigned 31 March 2021
Mr R Malapane	Non-Executive Director	9 December 2019
Mr T Phiri	Non-Executive Director	Appointed 9 December 2019 resigned 31 March 2021
Mr SF Kgodumo	Non-Executive Director	Appointed 9 December 2019 resigned 31 March 2021
Mr ME Mojaki	Non-Executive Director	9 December 2019
Ms J Nyathi	Non-Executive Director	Appointed 18 March 2020 and resigned 31 March 2021
Mr MI Motala	Non-Executive Director	Appointed 9 December 2019 resigned 2 August 2020
Ms B Lamola	Non- Executive Director	Appointed 9 December 2019 resigned 29 October 2020
Mr KK Konopi (Chairperson)	Non- Executive Director	1 April 2021 and appointed as Chairperson of the board on 8 September 2021
Ms MET Malaka	Non-Executive Director	1 April 2021
Ms SM Maleke	Non-Executive Director	1 April 2021
Ms Phadu-More	Non-Executive Director	1 April 2021
Ms MJ Msiza	Non-Executive Director	1 April 2021
Dr S Nokaneng	Non-Executive Director	1 April 2021
Mr SW Ncongolo	Non-Executive Director	1 April 2021
Ms M Matuba	Non-Executive Director	6 September 2021
Mr S Motlambi	Non-Executive Director	6 September 2021

Qualifications and Expertise

Name	Qualifications	Areas of Expertise
Ms MK Sentle	MBA, Magister Educationist: Master Degree Management, B Ed Honours Degree: Training and Development Further Diploma: Management,Diploma: Business Management; University Diploma: Teaching, National Certificate: Information Technology, Business Rescue Practitioner (current), Software Specialist (to complete), Matric	• Leadership and Management • Corporate Governance • Project Management • Leadership and Training Development • SMME Development Projects • Projects Management • Operations Management • Risk Management • Investment Management • Mergers & Acquisition • Human Resource Management • Policy Development • Financial Decision Making • Financial Reporting & Management • International Finance • Advanced Research • Stakeholder Relations • Community Development • ICT Project Management • Information Technology Management
Mr KK Konopi (Chairperson)	Certificate in Education, Matric	• Training and Development • Labour Relations • Corporate Governance • Conflict Resolution • Negotiation Skills • Drafting of Proposals • Human Resource Management • Budgeting and Budget Control • Compilation and Presentation of Reports • Political Economy
Mr R Malapane	CA (SA), B.Com Honours Degree, B.Com Degree: Financial Accounting, Matric	• Development Finance from IDC and SEFA • Auditing, Accounting and Financial Reporting from Auditor General • Supply Chain Management • ICT Governance • Risk Management • Financial Management • Monitoring and Evaluation gained from Public Sector CFO role
Mr ME Mojaki	MBA, Preferential Procurement Programme, Bachelor of Science Degree, Diploma in Animal Health, Matric	• Project Management • Operations Management • Economist
Ms SM Maleka	Bachelors of Arts, National Diploma:Marketing and Management, International Executive Development Programme, Executive Risk Management Programme, Executive Legal Liability Training, Strategy Development Course, Matric	• Strategy Formulation • Financial Planning and Management • Project Management • International Trade Facilitation • Investor and Stakeholder Management • Risk Management • SMME Support Management • Corporate Governance and Communications • Corporate Social Responsibility • Human Resource Management

Name	Qualifications	Areas of Expertise
Ms MET Malaka	Master Business Administration, BA Degree: Social Science, Certificate on Public, Private Partnerships in Infrastructure, Matric	• Public Sector Experience • Financial Management • Project Management • Strategic Leadership • Human Resource Management and Development • Stakeholder Management • Corporate Governance
Ms Phadu-More	Bachelor of Arts, Certificate in Advertising, Matric	• Facilitation • Financial Management • Leadership and Management • International Relations • Project Management • Stakeholder Management • Community Development and SMME Development • Public Relations
Ms MJ Msiza	Masters of Law, Bachelor of Law, Bachelor of Commerce, Matric	• Corporate and Commercial Law • Leveraged and Acquisition Finance • Development Finance and Project Finance • Energy and Mining • Enterprise Development • Legal Research
Dr SH Nokaneng	PhD in Economics, Master of Commerce in Economics, B Commerce Honors in Economics, BA Commerce (Ed), Management Development Programme, Matric	• Board Leadership • Corporate Governance • Public Sector SOC and Private Sector Executive Management • Audit and Risk • Financial Sector • Academia and Economic Research • Knowledge Management • Feasibility Market and Economic Studies • Economic Research Analysis and Training • Central and Commercial Banking • Economic Intelligence • Trade and Investment • Credit and Investment Management • Housing and Property Funding • Property Development • Private Equity and Corporate Finance • Financial Markets • Capital Funding • Credit and Risk Management
Ms SW Ncongolo	B.Com Economics, National Diploma: Cost Management, Diploma: Public Finance, Matric	• Public Finance • Local Government Finance • Economics • Community Development • Communication • Project Management
Mr S Motlambi	Matric	• PLO Deputy Director (Community Safety and Transport Management) • Parliamentary Work • Legislature and Budget Analysis • Community Out Reach

Name	Qualifications	Areas of Expertise
Ms M Matuba	BA Honours in Public Management and Governance, BA Commerce, Office Administration Course, Personal Development Course, Matric	• Development Planning • Strategic Management • Human Resources Management • Business Management • Local Government Administration • IT and Operations • Research • Financial and Performance Management • Administration • Stock Controlling

Meeting Attendance

Name	Number of Meetings (Normal and Special)		
	Period	Held	Attended
Ms MK Sentle	1 April 2020 to 31 March 2021	23	23
Ms KA Dikgole	1 April 2020 to 31 March 2021	23	22
Prof Dr LTB Jackson	1 April 2020 to 31 March 2021	23	22
Ms M Chokoe	1 April 2020 to 31 March 2021	23	22
Ms G Moyo	1 April 2020 to 31 March 2021	23	20
Mr R Malapane	1 April 2020 to 31 March 2021	23	23
Mr T Phiri	1 April 2020 to 31 March 2021	23	23
Mr SF Kgodumo	1 April 2020 to 31 March 2021	23	23
Mr ME Mojaki	1 April 2020 to 31 March 2021	23	23
Ms J Nyathi	1 April 2020 to 31 March 2021	23	19

10.4 Committees

10.4.1 Audit and Risk Committee

a) 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.

b) The duties and responsibilities of the members of the Audit and Risk Committee as set out 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.

c) The Audit and Risk Committee should provide independent oversight of, among others:

- The effectiveness of the entity's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the finance function;

- The integrity of the annual financial statements and, to the extent delegated by the Board, other external reports issued by the entity;
- The Audit and Risk Committee has the power to make decisions regarding its statutory duties, and is accountable for its performance in this regard. In addition to its statutory duties, the Board may delegate other responsibilities to the committee, such as the approval of the annual financial statements, but the Board remains ultimately accountable for such delegated responsibilities;
- Oversee the management of financial and other risks that affect the integrity of external reports issued by the entity;
- Members should, as a whole, have the necessary financial literacy, skills and experience to execute their duties effectively;
- Members should be independent, non-executive members;
- The Board should appoint an independent, non-executive member to chair the Committee;
- The Committee should meet, at least, annually with the internal and external auditors respectively, without management being present, to facilitate and exchange of views and concerns that may not be appropriate for discussion in an open forum;
- Significant matters that the Committee has considered in relation to the annual financial statements, and how these were addressed by the Committee;
- Views of the quality of the external audit, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators;
- Views of the effectiveness of the chief audit executive and the arrangements for internal audit;
- Views on the effectiveness of the design and implementation of internal financial controls, and on the nature and extent of any significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error;
- Views on the effectiveness of the CFO and finance function; and
- The arrangements in place for combined assurance and the Committee's views on its effectiveness.

d) The Audit and Risk Committee should also disclose a statement as to whether the Committee is satisfied that the external auditors is independent of the entity. The statement should specifically address:

- The policy and controls that address the provision of non-audit services by the external auditors, and the nature and extent of such services rendered during the financial year;
- The tenure of the external audit firm and, in the event of the firm having been involved in a merger or acquisition, including the tenure of the predecessor firm;
- The rotation of the designated external audit partner; and
- Significant changes in the management of the entity during the external audit firm's tenure which may mitigate the attendant risk of familiarity between the external auditor and management

Members of the Committee

Name	Role	Internal or External Member	Date Appointed
Mr S Ngobeni	Chairperson	External Member	Appointed as External Member of the ARC on 1 September 2016 and appointed as ARC Chairperson on 27 August 2019
Ms M Chokoe	Member	Non-Executive Director	Appointed 1 July 2016 and resigned on 31 March 2021
Ms K Dikgole	Member	Non-Executive Director	Appointed 1 July 2016 and resigned on 31 March 2021
Mr T Phiri	Member	Non-Executive Director	Appointed 9 Dec 2019 and resigned on 31 March 2021

Meeting Attendance

Name	Number of Meetings (Normal and Special)	
	Held	Attended
Mr S Ngobeni	15	13
Ms M Chokoe	15	14
Ms K Dikgole	15	14
Mr T Phiri	2	2

10.4.2 Finance and 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; and
- 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 ME Mojaki	Chairperson	Non-Executive Director	9 December 2019
Ms MK Sentle	Member	Non-Executive Director	9 December 2019
Ms G Moyo	Member	Non-Executive Director	Appointed 9 December 2019 and resigned on 31 March 2021
Ms J Nyathi	Member	Non-Executive Director	Appointed 18 March 2020 and resigned on 31 March 2021

Meeting Attendance

Name	Number of Meetings (Normal and Special)	
	Held	Attended
Mr ME Mojaki	9	9
Ms MK Sentle	9	9
Ms G Moyo	9	9
Ms J Nyathi	7	5

10.4.3 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 below. The Committee is established to:

Human Resources

a) Oversee the overall human resources strategy for the Company and its subsidiaries, which is designed to provide high calibre talent, diversity of employees, training and development and a high performance culture and employee engagement that will drive organisational success;

b) 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) Oversee the establishment of programmes 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) 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) Review the results of the implementation of the HR policies for whether these policies promote the achievement of strategic objectives and encourage individual performance;

g) Monitor employment equity plans;

h) Receive on quarterly basis the report on the employee relations within the group and to monitor the results of the employee surveys conducted.

Remuneration

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

j) 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;

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

l) 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

m) Consider on regular basis the appropriate mix of knowledge, skills and experience in the Board and its Committees.

Nomination

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

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

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

q) 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
Mrs M Chokoe	Member	Non-Executive Director	Appointed 2 July 2016 and resigned on 31 March 2021
Mr S Kgodumo	Member	Non-Executive Director	Appointed 9 December 2019 and resigned on 31 March 2021
Prof LTB Jackson	Member	Non-Executive Director	Appointed 2 July 2016 and resigned on 31 March 2021
Mr M Mojaki	Member	Non-Executive Director	9 December 2019
Ms M Sentle	Member	Non-Executive Director	9 December 2019

Meeting Attendance

Name	Number of Meetings (Normal and Special)	
	Held	Attended
Ms M Chokoe	4	3
Mr S Kgodumo	4	4
Prof LBT Jackson	4	4
Mr M Mojaki	4	4
Ms M Sentle	4	3

10.4.4 Social and 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:

a) Monitor 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 organisation 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
Prof LTB Jackson	Chairperson	Non-Executive Director	Appointed 1 July 2016 and resigned on 31 March 2021
Mr T Phiri	Member	Non-Executive Director	Appointed 9 December 2019 and resigned on 31 March 2021
Ms G Moyo	Member	Non-Executive Director	Appointed 9 December 2019 and resigned on 31 March 2021
Ms K Dikgole	Member	Non-Executive Director	Appointed 1 July 2016 and resigned on 31 March 2021

Meeting Attendance

Name	Number of Meetings (Normal and Special)	
	Held	Attended
Prof L TB Jackson	2	2
Mr T Phiri	2	2
Ms G Moyo	2	2
Ms K Dikgole	2	1

10.5 Remuneration of Board Members

The power to approve the Board remuneration is solely that of the Executive 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 Executive Authority after the recommendations made by National Treasury. It is within the power of the Executive 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 Executive Authority, in consultation with the Accounting Authority of Finance, to state the reasons for variation from the National Treasury recommendations.

Disclosure of Board Remuneration

In terms of the National Treasury Regulation 28.1: Financial Statements (Section 55 of the PFMA) 28.1.1:

The Annual Financial Statements must, include a report by the Directors or controlling body which must also include a disclosure of all Directors' and Officers' emoluments of the holding company and its subsidiaries in accordance with the reporting standards determined by the National Treasury.

Remuneration: Board of Directors

The table below reflects the remuneration paid to the Board of Directors and External Members of the Audit and Risk Committee during the 2020/2021 financial year:

Name	Remuneration	Travelling Expenses	Other re-imbursements	TOTAL
Ms MK Sentle	489,026.00	53,633.36	-	542,659.36
Ms K Dikgole	313.267.00	5,833.20	-	319,100.20
Ms M Chokoe	399,407.00	60,024.88	-	459,431.88
Prof LTB Jackson	261,468.00	18,492.00	-	279,960.00
Ms G Moyo	179,334.00	19,838.86	-	199,172.86
Mr T Phiri	291,848.00	68,908.86	-	360,756.86
Mr S Kgodumo	350,218.00	65,267.62	-	415,485.62
Mr ME Mojaki	333,396.00	142,850.86	-	476,246.86
Ms J Nyathi	204,120.00	3,920.14	-	208,040.14
Mr S Ngobeni	362,391.00	48,711.80	-	411,102.80
			TOTAL	**3,671,956.58**

Remuneration: Executive Management

The table below reflects the remuneration paid to the Executive Management during the 2020/2021 financial year:

Name	Position	Remuneration	Travelling Expenses	TOTAL
Mr T Phetla	Chief Executive Officer (suspended)	2,236,520.82	16,900.96	2,253,421.78
Mr R Malapane	Acting Chief Executive Officer	2,746,734.73	71,411.15	2,818,145.88
Ms L Sonqishe	Chief Financial Officer (suspended)	1,767,261.70	7,404.46	1,774,666.16
Mr T Pitso	Acting Chief Financial Officer	1,656,515.88	-	1,656,515.88
Ms T Shai	Acting Executive Manager Economic Programme Management	310,141.60	30,483.32	340,624.92
Ms N Matlala	Company Secretary	639,927.08	8,469.60	648,396.68
Ms N Phamodi	Executive Manager SMME Development and Management	1,153,998.26	-	1,153,998.26
Ms M Matabane	Executive Manager Property Development and Management	956,895.89	4,917.02	961,812.91
Ms H Hoogkamer	Acting Chief Risk Officer	1,198,388.35	23,299.75	1,221,688.10
Ms B Mabale	Chief Risk Officer (seconded to North West Gambling Board)	1,343,091.89	2,535.63	1,345,627.52
TOTAL		**14,009,476.20**	**165,421.89**	**14,174,898.09**

11) 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 and 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.

12) Company Secretary

The Board has access to professional services and independent guidance provided by the Company Secretary. The statutory duties of the Company Secretary are:

According to Section 88 of the Companies Act No 71 of 2008, as amended

a) To be accountable to the company's board;

b) To provide the directors of the company with guidance as to their duties, responsibilities and powers;

c) To make the directors aware of any law relevant to or affecting the company;

d) To report to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or this Act;

e) To ensure that minutes of all shareholders meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with the Companies Act;

f) To certify in the company's annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date;

g) To ensure that a copy of the company's annual financial statements is sent to every person who is entitled to it in terms of the Companies Act;

h) To carry out the functions, where necessary, of a person who is responsible for the company's compliance with the filing of the annual returns in terms of the Companies Act.

In terms of King IV

i) The company secretary should assist in the proper induction, orientation, ongoing training and education of directors, including assessing the specific training needs of directors and executive management in their fiduciary and other governance responsibilities;

j) The individual directors, and the board collectively, should look to the company secretary for guidance on their responsibilities and duties and how such responsibilities and duties should be properly discharged in the best interests of the company;

k) The company secretary should provide a central source of guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation;

l) The company secretary should have a direct channel of communication to the chairman and should be available to provide comprehensive practical support and guidance to directors, with particular emphasis on supporting the non-executive directors, the chairman of the board and the chairman of committees and the audit committee;

m) The company secretary should ensure that the board and board committee charters and terms of reference are kept up to date;

n) The company secretary should be responsible for ensuring the proper compilation and timely circulation of board papers and for assisting the chairperson of the board and committees with drafting of yearly work plans;

o) The company secretary should have the duty to obtain appropriate responses and feedback to specific agenda items and matters arising from earlier meetings in board and board committee deliberations;

p) The company secretary's role should also be to raise matters that may warrant the attention of the board;

q) The company secretary should ensure that the proceedings of board and committee meetings are properly recorded and that minutes of meetings are circulated to the directors in a timely manner, after the approval of the chairman of the board or relevant board committee; and

r) The company secretary should assist the board with the yearly evaluation of the board, its individual directors and senior management.

13) Social Responsibility

During the 2020/2021 financial year, the NWDC offered to the community, in a form of donations, the following:

Beneficiary	Donation
Solidary Fund	Three month voluntary contributions by Management
NWDC Tenant Rental Holiday: COVID-19 Relief	Rental holiday identified tenants to the amount of trees consumed
Environmental Impact Initiative	Paper cut NG to reduce paper and amount of trees consumed
"Friend of Baki" Fundraiser Marathon in association with Megopo Car Wash (Lehurutshe Shopping Centre)	Venue sponsorship (parking area)
Mabeskraal Community Development Trust	Donation of the Mabeskraal Shopping Complex

14) Internal Audit

14.1 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. However, the internal Audit Manager was appointed 1 February 2021. 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;
- Reports to the Audit and Risk Committee detailing its performance against the plan to allow effective monitoring and intervention when necessary; and
- 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 timeously accounted for;
- Assets and resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved; and
- Applicable laws and regulations are complied with.

Annual Report

North West Development Corporation

PART D

HUMAN RESOURCE MANAGEMENT

1) Introduction

The 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.

2) Human Resource Oversight Statistics

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

3) 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:

Table 3.1: Personnel cost by salary band for the period 1 April 2020 to 31 March 2021

Programme	Personnel Expenditure (R'000)	% of Total Personnel Cost	Number of employees	Average Personnel cost per Employee (R'000)
Top Management	8,646,849.62	12%	5	1,729,369.92
Senior Management	14,946,187.54	20%	17	879,187.50
Professional Qualified	16,652,919 .59	23%	36	462,581.10
Skilled	20,113330.47	27%	38	529,298.17
Semi-Skilled	11,919,074.32	16%	49	243,246.41
Lower Skilled	1,471,797.91	2%	13	113,215.22
TOTALS	**73,750,159.45**	**100%**	**158**	**466,773.16**

Table 3.2: Salaries, Overtime and Medical Assistance by Programme for the period 1 April 2020 to 31 March 2021

Programme	Salaries		Overtime		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	Medical Aid as a % of personnel costs
Top Management	8,646,849.62	11.72%	-	0%	94,172.00	1.09%
Senior Management	14,946,187.54	20.27%	-	0%	361,184.00	2.42%
Professional Qualified	16,652,919.59	22.58%	-	0%	759,050.00	4.56%
Skilled	20,113330.47	27.27%	27,130.54	0.14%	1,067,195.00	5.31%
Semi-Skilled	11,919,074.32	16.16%	144,365.06	1.21%	196,416.00	1.65%
Lower Skilled	1,471,797.91	2.00%	728.53	0.05%	-	0%
TOTALS	**73,750,159.45**	**100%**	**172,224.13**	**0.23%**	**2,478,017.00**	**3.36%**

4) Employment and Vacancies

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

Table 4.1: Employment and Vacancies by Salary Band

Programme	Number of Posts	Number of Posts Filled	Number of Vacant Posts	Vacancy Rate %	Number of Posts filled additional to the Organisation
Top Management	4	5	-1	-0.49%	1
Senior Management	28	17	11	5.42%	1
Professional Qualified	35	36	-1	-0.49%	1
Skilled	74	38	36	17.73%	1
Semi-Skilled	45	49	-4	-1.97%	3
Unskilled	17	13	4	2%	0
TOTALS	**203**	**158**	**45**	**22.17%**	**7**

5) 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 provides a summary of turnover rates by salary band:

Table 5.1: Annual Turnover rates by Salary Band for the period 1 April 2020 to 31 March 2021

Salary Band	Number of Employees as at 1 April 2020	Appointments and transfers into the Establishment	Terminations and Transfers out of the Establishment	Turnover Rate based on Terminations and Transfers out
Top Management	5	1	3	60%
Senior Management	17	1	2	12%
Professional Qualified	36	0	1	3%
Skilled	38	0	0	0%
Semi-Skilled	49	0	4	8%
Unskilled	13	3	0	0%
TOTALS	**158**	**5**	**10**	**6.33%**

Table 5.2: Reasons for Employees leaving the Organisation

The table below identifies the major reasons why staff left the organisation.

Termination Type	Number	Percentage of Total Number of Employees Leaving Resignations
Death	2	20%
Resignation	3	30%
Expiry of Contract	0	0%
Dismissal (Operational Changes)	0	0%
Dismissal (Misconduct)	2	20%
Dismissal (Inefficiency)	0	0%
Discharged due to Ill Health	0	0%
Retirement	3	30%
Transfers to other Public Entities	0	0%
Other	0	0%
TOTAL	**10**	**100%**
Total Number of Employees who left as a % of the total employment		**6.33%**

6) Employment Equity

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

Table 6.1: Total number of Employees in each of the following occupational categories at 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	2	0	0	0	3	0	0	0
Senior Management	10	0	0	1	2	2	1	1
Professional Qualified	22	1	1	0	45	2	0	3
Skilled	0	0	0	0	3	0	0	0
Semi-Skilled	39	0	0	0	6	0	0	0
Unskilled	0	0	0	0	13	0	0	0
People with Disability	1	0	0	0	0	0	0	0
TOTALS	**74**	**1**	**1**	**1**	**72**	**4**	**1**	**4**

Table 6.2: Recruitment for the period 1 April 2020 to 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	1	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0
Professional Qualified	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
People with Disability	0	0	0	0	0	0	0	0
TOTALS	**2**	**0**	**0**	**0**	**3**	**0**	**0**	**0**

Table 6.3: Terminations for the period 1 April 2020 to 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	1	0	0	0	2	0	0	0
Senior Management	1	0	0	0	1	0	0	0
Professional Qualified	1	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	4	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
People with Disability	0	0	0	0	0	0	0	0
TOTALS	**7**	**0**	**0**	**0**	**3**	**0**	**0**	**0**

Table 6.4: Disciplinary Action for the period 1 April 2020 to 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	1	0	0	0	1	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional Qualified	1	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
People with Disability	0	0	0	0	0	0	0	0
TOTALS	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 6.5: Skills Development for the period 1 April 2020 to 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	1	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional Qualified	0	0	0	0	6	0	0	1
Skilled	0	0	0	0	2	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
People with Disability	0	0	0	0	0	0	0	0
TOTALS	**1**	**0**	**0**	**0**	**8**	**0**	**0**	**1**

Table 6.6: Promotions for the period 1 April 2020 to 31 March 2021

Level	MALE				FEMALE			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional Qualified	0	0	0	0	3	1	0	0
Skilled	1	0	0	0	0	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
People with Disability	0	0	0	0	0	0	0	0
TOTALS	**1**	**0**	**0**	**0**	**3**	**1**	**0**	**0**

7) Performance Rewards

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

8) Signing of Performance Agreements

Table 8.1: Signing of Performance Agreements for the period 1 April 2020 to 31 March 2021

Level	Total Number of Employees	Total Number of signed Performance Agreements	Signed Performance Agreements as % of Total Number of Employees
Top Management	4	2	50%
Senior Management	21	11	52%
Professional Qualified	23	12	52%
Skilled	54	44	81%
Semi-Skilled	51	45	88%
Unskilled	12	6	50%
TOTALS	**165**	**120**	**73%**

Table 8.2: Reasons for not having concluded Performance Agreements for the period 1 April 2020 to 31 March 2021

Performance Agreements should annually be entered into between the North West Development Corporation SOC Ltd and its employees to ensure delivery on the organisation's mandate.

During the period under review 73% of the employees signed Performance Agreements. No valid reasons were given from those employees who have not concluded Performance Agreements.

Table 8.3: Disciplinary Steps taken against Senior Management for not having concluded Performance Agreements for the period 1 April 2020 to 31 March 2021

No disciplinary action was taken against Senior Management who have not concluded Performance Agreements for the period under review.

9) 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.

Table 9.1: Sick Leave: 1 April 2020 to 31 March 2021

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	16	56.25%	2	40.00%	8	111,124.17
Senior Management	37	8.11%	11	64.71%	3.36	130,642.32
Professional Qualified	95	76.84%	18	50.00%	5.28	176,486.76
Skilled	0	0%	0	0%	0	-
Semi-Skilled	9	0%	6	12.24%	1.5	8,792.04
Unskilled	7	100%	1	7.69%	7	3,182.76
TOTALS	**164**	**56.10%**	**38**	**23.17%**	**4.32**	**307,432.93**

Table 9.2: Disability Leave (temporary and permanent): 1 April 2020 to 31 March 2021

- None during the period under review

Table 9.3: Annual Leave: 1 April 2020 to 31 March 2021

Level	Total Days Taken	Number of Employees using Annual Leave	Average per Employee
Top Management	10	2	5.00
Senior Management	131	10	13.10
Highly Skilled Supervision	408	29	14.07
Highly Skilled Production	133	18	7.39
Skilled	372	17	21.88
Lower Skilled	95	11	8.64
TOTALS	**1,149**	**87**	**13.21**

Table 9.4: Capped Leave: 1 April 2020 to 31 March 2021

- None

Table 9.5: Leave pay-outs for the period 1 April 2020 to 31 March 2021

Reason	Total Amount	Number of Employees	Average Payment per Employee
Leave paid for 2020/2021 due to non-utilisation of leave for the previous cycle	-	0	0
Capped leave paid on termination of service for 2020/2021	-	0	0
Current leave paid on termination of service for 2020/2021	833,392.59	7	119,056.08
TOTALS	**833,392.59**	**7**	**119,056.08**

10) Labour Relations

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

Table 10.1: Misconduct and Disciplinary Hearings finalised for the period 1 April 2020 to 31 March 2021

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional Counselling	0	0
Verbal Warning	0	0
Written Warning	0	0
Final Written Warning	0	0
Suspended without Pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	2	100%
Not Guilty	0	0
Case Withdrawn	0	0
TOTALS	**2**	**100%**

Table 10.2: Types of Misconduct addressed at Disciplinary Hearings for the period 1 April 2020 to 31 March 2021

Type of Misconduct	Number	Percentage of Total
Gross misrepresentation of facts to the Board (Final Negligence)	1	33%
Act of Fraud and Dishonesty	2	67%
TOTALS	**3**	**100%**

Table 10.3: Grievances lodged for the period 1 April 2020 to 31 March 2021

No grievances were lodged.

Table 10.4: Disputes lodged for the period 1 April 2020 to 31 March 2021

	Number	Percentage of Total
Number of disputes upheld	3	100%
Number of disputes dismissed	0	0
Total number of disputes lodged	**3**	**100%**

Table 10.5: Strike actions for the period 1 April 2020 to 31 March 2021

None

Table 10.6: Suspensions for the period 1 April 2020 to 31 March 20

Number of employees suspended	3
Number of employees who's suspension exceeded 30 days	3
Average number of days suspended	366
Cost of suspension (R'000)	**5,016,837.89**

11) Skills Development

This section highlights the efforts of the NWDC with regard to skills development:

Table 11.1: Training needs identified for the period 1 April 2020 to 31 March 2021

No training needs were identified during this period.

Table 11.2: Training provided for the period 1 April 2020 to 31 March 2021

During the 2020/2021 financial year, three employees have been provided with Sage 300 People training.

12) Injury on Duty

The NWDC has not reported any injury on duty during the year under review

13) Utilisation of Consultants

The following tables relate to information on the utilisation of consultantsin the NWDC:

Table 13.1: Report on Consultant appointments using appropriated funds for the period 1 April 2020 to 31 March 2021

Project Title	Total Number of Consultants that worked on the Project	Duration: Work Days	Contract Value in Rand
Deloitte Organisational Development	3	5	1,297,554.43
TOTAL	**3**	**5**	**1,297,554.43**

Annual Report

North West Development Corporation

PART E

Financial Information

1) General Information

Country of Incorporation and Domicile
South Africa

Legal Form of the Entity
State Owned Entity

Nature of Business and principal activities
Trade and Investment Facilitation
SMME Finance and Development
Property and Project Management

Directors North West Development Corporation SOC Ltd
Mr KK Konopi (Chairperson)
Ms MK Sentle
Ms MJ Msiza
Dr S Nokaneng
Mr R Malapane
Mr B Ncongolo
Ms N Phadu-More
Mr M Mojaki
Ms MET Malaka
Ms SM Maleka
Ms M Matuba
Mr S Motlambi

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

2) Board's Responsibilities and Approval

The board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the board to ensure that the consolidated annual 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. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The board 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 board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 circumstances 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 board is 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

3) Board's Responsibilities and Approval

The board has reviewed the group's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, it is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The group is wholly dependent on the group for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the group is a going concern and that the group has neither the intention nor the need to liquidate or curtail materially the scale of the group.

The annual financial statements set out from page 91, which have been prepared on the going concern basis, were approved by the board on 31 May 2021 and were signed on its behalf by:

Mr KK Konopi
Chairperson of the Board

4) Report of the Audit and Risk Committee

We are pleased to present its report for the financial year ended 31 March 2021.

1. Audit and Risk Committee responsibility

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

2. Audit and Risk Committee members and attendance

The Audit and Risk Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Name	Number of Meetings (Normal and Special)	
	Held	Attended
Mr S Ngobeni	15	13
Ms M Chokoe	15	14
Ms K Dikgole	15	14
Mr T Phiri	2	2

3. Effectiveness of internal control

Based on the results of the formal documented review of the design, implementation and effectiveness of the entity's system of internal controls conducted by the internal audit and AGSA during the financial year ended 31 March 2021, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Audit and Risk Committee concluded that the entity's system of internal financial controls is ineffective and material internal control breaches come to the Committee's attention.

4. In-year management and monthly/quarterly report

Based on the quarterly review of in-year monitoring systems and reports, the Audit and Risk Committee is not happy with the quality, accuracy, usefulness, reliability, appropriateness and adequacy of the entity in-year reporting systems.

4) Report of the Audit and Risk Committee

5. Performance management

The AC reviewed functionality of the performance management system and it appears to be not fully functional, however there is room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timeously.

6. Risk management

The Audit and Risk Committee reviewed the entity's policies on risk management and strategy (including IT Governance) and monitored the implementation of risk management policy and strategy and concluded that entity's risk management maturity level is not satisfactory.

7. Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by Audit and Risk Committee, AGSA, and Internal Audit during the year. Thus there is a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

8. Internal Audit

The entity did not have internal audit for more than six months during the year under review, as result the Audit and Risk Committee is unable to assess the internal audit's effectiveness.

9. Progress in implementation of AGSA findings from prior year

AGSA recommendations were fully implemented by management at the time of this report. There is room for improvement in this regard and the Audit and Risk Committee recommended to the entity to prioritise the implementation of recommendations by AGSA.

10. Implementations of Audit and Risk Committee Recommendations by management

A material number of Audit and Risk Committee recommendations to management were not implemented. There is room for improvement in this regard and thus, Audit and Risk Committee recommended to the entity to fast track the implementation of recommendations by the Audit and Risk Committee.

4) Report of the Audit and Risk Committee

11. Evaluation of Annual Financial Statements

Following the review by the Audit and Risk Committee of the annual financial statements for the year ended 31 March 2021 before and after the audit, the committee is of the view that, in all material respects, complied with the relevant provisions of the PFMA and GRAP and fairly presents the financial position at that date and the results of its operations and cash flows for the year then ended.

12. Evaluation of Annual Performance Report

Following the review by the Audit and Risk Committee of the annual performance report for the year ended 31 March 2021 before and after the audit, the committee is of the view that, in all material respects, the entity complied with the relevant provisions of the PFMA and Framework for Managing Programme Performance Information (FMPPI) and not fairly presents the performance of the entity at that date. Furthermore, the Audit and Risk Committee concurs with reasons for deviations and measures proposed to address the under achievements contained in the report.

13. Final Auditor-General's Report

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and annual performance reports, which is the disclaimer audit opinion with findings. Consequently, the Audit and Risk Committee is of the opinion that the audited annual financial statements and annual performance report be accepted and read together with the report of the Auditor-General.

14. COVID-19 Outbreak (Post Subsequent Events)

Based on the review of the entity's COVID-19 outbreak response and management response strategy and plan (include Business Continuity Plan), the Audit and Risk Committee concluded that entity plan and strategy is not adequate and resilient.

15. Conclusion

The Audit and Risk Committee wishes to acknowledge the commitment from Board, management and staff of the entity. The stability in terms of the political and administrative leadership of the entity has contributed to these improvements report above. We would also like to thank the Board Chairperson for her support, Board members, and management for their efforts and internal audit for their contribution.

Mr S Ngobeni
Chairperson of the Audit and Risk Committee

5) Board's Report

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

1. Review of activities

Main business and operations

The economic entity is engaged in trade and investment facilitation, SMME finance and development,property management and project management, 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.

2. Going concern

We draw attention to the fact that at 31 March 2021, the group had an accumulated a surplus of R 746 287 000 and that the group's total assets exceed its liabilities by R1 311 462 000.

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

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continues to procure funding for the ongoing operations for the group. Furthermore, as an entity of government, North West Developement Corporation is to some extent reliant on government for assistance. There has been no indication from government of its intention to discontinue the operations of NWDC or to materially change its operations. The provincial government has also committed to the continous support of the NWDC.

3. Subsequent events

The Board is not aware of any matter or circumstance arising since the end of the financial year.

4. Share capital/contributed capital

There were no changes in the authorised or issued share capital of the economic entity during the year under review.

5) Director's Report

5. Board

The members of the entity during the year and to the date of this report are as follows:

Name
Mr KK Konopi (Chairperson of the Board)
Ms MK Sentle
Ms MJ Msiza
Dr S Nokaneng
Mr S Malapane
Mr B Ncongolo
Ms N Phadu-More
Mr M Mojaki
Ms MET Malaka
Ms SM Maleka
Ms M Matuba
Mr S Motlambi

The annual financial statements set out from page 91, which have been prepared on the going concern basis, were approved by the Board on 31 May 2021 and were signed on its behalf by:

Mr KK Konopi
Chairperson of the Board

6) Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Mr K Mafokwane
Company Secretary

Report of the auditor-general to the North West Provincial Legislature on the North West Development Corporation SOC Limited

Report on the audit of the consolidated and separate financial statements

Qualified opinion on the separate financial statements

1. I have audited the separate financial statements of the North West Development Corporation SOC Limited set out on pages 91 to 151, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the separate financial statements present fairly, in all material respects, the separate financial position of the North West Development Corporation SOC Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standard of GRAP), and the requirements of the Public Finance Management 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Disclaimer of opinion on the consolidated financial statements

3. I was engaged to audit the consolidated financial statements of the North West Development Corporation SOC Limited and its subsidiaries (the group) set out on pages 91 to 151, which comprise the consolidated statement of financial position as at 31 March 2021, consolidated statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
4. I do not express an opinion on the consolidated financial statements. 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 financial statements.

Basis for qualified opinion on the separate financial statements and disclaimer of opinion on the consolidated financial statements

Property, plant and equipment

5. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of the subsidiaries due to the financial statements not agreeing with the underlying accounting

records. I was unable to confirm property, plant and equipment by alternative means. In addition, the subsidiaries did not assess the remaining useful lives, residual values and impairment in accordance with the GRAP 17, *Property, plant and equipment* as no conditional assessments were performed although impairment indicators have been identified. I was unable to quantify the resultant misstatement of property, plant and equipment of the subsidiaries as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments to property, plant, and equipment of R285 868 000 (2020: R323 963 000) as disclosed in note 3 or the depreciation expense of R32 268 000 (2020: R19 843 000) as disclosed in the consolidated financial statements were necessary.

Investments in associates

6. The group did not disclose the investment in associate as held by Golden Leopard Resorts to the consolidated financial statements as required by GRAP 35, *Consolidated financial statements.* Consequently, I was unable to determine the full extent of the misstatement not disclosed in the consolidated financial statements as it was impractical to do so.

Receivables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions as the group did not have adequate systems to maintain records to support financial information. I was unable to confirm these receivables from exchange transactions by alternative means. In addition, the entity did not correctly calculate the provision for doubtful debts as required by GRAP 104, *Financial instrument*s, revenue has not been charged in accordance with the lease agreement and difference has been identified between the accounting records and supporting debtor's statement. Receivables from exchange transactions have been understated with R15 177 119. Consequently, I was unable to determine whether any adjustment to the receivables from exchange transactions of R38 313 000 (2020: R49 027 000) and R33 933 000 (2020: R38 525 000) as disclosed in note 9 to the consolidated and separate financial statements respectively was necessary.

Loans to economic entities

8. During 2020, I was unable to obtain sufficient appropriate audit evidence for the loan to Golden Leopard Resorts as the entity did not have adequate systems to maintain records to support financial information relating to these loans. Consequently, I was unable to determine whether any adjustment relating to the loan to Golden Leopard Resorts of R45 873 000 included in loans to economic entities as disclosed in note 5 to the separate financial statements was necessary. My audit opinion on the financial statements for the period ended 31 March 2020 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the loans to economic entities for the current year.

Payables from exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions as the subsidiaries did not have adequate systems to maintain records to support financial information relating to the corresponding figures. I was unable to confirm these payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to payables from exchange transactions of R144 147 000 in 2020 as disclosed in note 19 to the consolidated financial statements was necessary. My opinion on the current year's financial statements is also modified because of the possible

effect of this matter on the comparability of the payables from exchange transactions for the current year.

Deferred tax

10. The entity did not correctly calculate and assessed the deferred tax amount as required by IAS 12, *Income taxes.* Consequently, deferred tax was overstated, and taxation were understated by R95 052 486 (2020: R67 337 124) and R22 805 115 as disclosed in note 6 and 37 respectively to the consolidated and separate financial statements. Additionally, there was a resultant impact on the deficit for the period and the accumulated surplus.

Revaluation reserve

11. I was unable to obtain sufficient appropriate audit evidence for revaluation reserve as the subsidiaries did not have adequate systems to maintain records to support financial information. I was unable to confirm the revaluation reserves by alternative means. Consequently, I was unable to determine whether any adjustment relating to revaluation reserves of R409 197 000 (2020: R417 436 000) as disclosed in note 14 to the consolidated financial statements was necessary.

Sale of goods

12. I was unable to obtain sufficient appropriate audit evidence for revenue from sale of goods as the subsidiaries did not have adequate systems to maintain records to support financial information. I was unable to confirm this revenue by alternative means. Consequently, I was unable to determine whether any adjustment relating to revenue from sale of goods of R34 820 000 (2020: R51 749 000) as disclosed to the consolidated financial statements was necessary.

Government grants and subsidies

13. During 2020, I was unable to obtain sufficient appropriate audit evidence for revenue from government grants of the subsidiaries due to a lack of adequate systems to maintain records to support financial information. Consequently, I was unable to determine whether any adjustment relating to government grants and subsidies of R80 572 000 disclosed in note 27 to the consolidated financial statements was necessary. My audit opinion on the financial statements for the period ended 31 March 2020 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the government grants and subsidies for the current year.

Related parties

14. The group did not disclose all the related party transactions as required by GRAP 20, *Related party disclosures* as the subsidiaries did not have adequate systems to maintain records to support financial information and the related party transactions of the subsidiaries have not been disclosed in the consolidated financial statements. I was unable to quantify the full extent of the omitted disclosure relating to the subsidiaries' related party transactions in note 43 to the consolidated financial statements as it was impracticable to do so.

Irregular expenditure

15. Section 55(2)(b)(i) of the PFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the subsidiaries did not have adequate systems to maintain records to support financial

information. I was unable to confirm the irregular expenditure by alternative means. In addition, a subsidiary made payments of R12 289 153 in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Consequently, I was unable to determine whether any further adjustment relating to irregular expenditure of R595 621 000 (2020: R533 698 000) as disclosed in note 50 to the consolidated financial statements was necessary.

Prior year adjustments

16. The group did not disclose all adjustments made to correct prior period errors as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the adjustments for prior period errors disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any further adjustment to the prior period errors as disclosed in note 45 to the consolidated and separate financial statements was necessary.

Cash flow statement

17. The group did not correctly prepare and disclose the net cash flows from operating activities, net cash flows from investing activities and cash flow from financing activities as required by GRAP 2, *Cash flow statements.* This was due to multiple errors and not all the non-cash flow items have been eliminated to determine the cash flows from operations, investing and financing activities. I was unable to determine the full extent of the errors in the cash flows from operating activities, financing activities and investing activities for the current and corresponding period for the consolidated cash flow statement and cash flow from operating activities for the separate cash flow statement as it was impractical to do so.

Context for the opinions

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

Material uncertainty relating to going concern

21. I draw attention to the matter below. My opinion is not modified in respect of this matter.
22. I draw attention to note 47 to the financial statements, which indicates that the group incurred a deficit of R121 449 000 and R91 663 000 during the year ended 31 March 2021 and, as of that date the group's current liabilities exceeded its current assets by R174 553 000 and R113 973 000 as disclosed in the consolidated and separate financial statements. As stated in

note 47, these events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Furthermore, as disclosed in note 48 in the financial statements, which deals with events after the reporting date and which states that the board of the group has taken a resolution to transfers the shares of the Golden Leopard Resorts group to North West Tourism Board. As at the reporting date the control of the Golden Leopard Resorts group remains with the North West Development Corporation and the process to transfer has been initiated.

Emphasis of matters

23. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Fruitless and wasteful expenditure

24. As disclosed in note 49 to the consolidated and separate financial statement, fruitless and wasteful expenditure of R5 794 000 and R2 840 000 was incurred in the current year and fruitless and wasteful expenditure of R64 674 000 and R40 486 000 from prior years was not investigated.

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

25. 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 Standards of GRAP and the requirements of the PFMA and the 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.
26. 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

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

30. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that 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 code.

Report on the audit of the annual performance report

Introduction and scope

31. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

32. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

33. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public auditee's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 1: Property development & management	26 – 36

34. 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.

35. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 1: Property development & management

Report on audit of compliance with legislation

Introduction and scope

36. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Financial statements

38. 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 identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

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.

40. Allegations of financial misconduct against members of the accounting authority were not investigated, as required by treasury regulation 33.1.3.

Expenditure management

41. Effective and appropriate steps were not taken to prevent irregular expenditure of R14 156 000 as disclosed in note 50 to the separate financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by contravention of SCM processes.

42. Effective steps were not taken to prevent fruitless and wasteful expenditure of R2 840 000, as disclosed in note 49 to the separate financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest charged on long outstanding amounts.

Procurement and contract management

43. Some of the quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA.

Revenue management

44. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Asset management

45. Sufficient appropriate evidence could not be provided that the loan provided to Golden Leopard Resorts was approved by way of a special resolution adopted by the shareholder within the previous two years as required by section 45(3)(a)(ii) of the Companies Act.

Liability management

46. The bank overdraft was not approved in writing by the Minister of Finance or an official authorised by the Minister of Finance, in contravention of section 66(5) of the PFMA.
47. The bank overdraft was not repaid within 30 days in contravention of treasury regulation 32.1.1(a).
48. The board did not deliver a written notice to each affected person, setting out the financial distress criteria that is applicable to the company, as referred to in 128(1)(f) of the Companies Act, and its reasons for not adopting a resolution that the company voluntarily begin business rescue proceedings and place the company under supervision as required by section 129 (7) of the Companies Act.

Other information

49. 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 and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
50. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
51. 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.
52. As a result of the disclaimer of opinion expressed on the consolidated 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 have nothing to report in this regard.

Internal control deficiencies

53. I considered internal controls 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion on the consolidated financial statements, qualified opinion on the

separate financial statements, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The instability in key leadership positions over the past years continues to prevail which impacts on the entity's ability to establish a culture in support of good governance and a sound internal control environment. Furthermore, the leadership did not implement effective human resource management to ensure that sufficiently skilled resources are in place and that roles and responsibilities are defined and allocated accordingly.
- Management did not implement proper record keeping in a timely manner to ensure that complete and accurate information is available in support of the financial reporting of the group. The lack of supporting documents and the absence of review by senior management remains a prevailing factor for many years now.
- The preparation and review of the financial statements were not properly planned and regular financial reporting has not been instilled as a good practice, but rather an annual compliance exercise. The group remains dependent on consultants to assist with the preparation of the financial statements and the financial information in support thereof.

Other reports

54. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigation

55. The Special Investigations Unit (SIU) is conducting a fraud investigation at the entity with regards to specific procurement matters which the entity entered into. This investigation was still in progress at the date of this report.

Auditor General

Rustenburg

31 August 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor's report, I also:

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

Statement of Financial Position as at 31 March 2021

		Economic entity		Controlling entity	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	8	419	1 034	-	-
Loans to economic entities	5	7 917	9 415	-	-
Operating lease asset		521	521	521	521
Receivables from exchange transactions	9	38 313	49 027	33 933	38 525
VAT receivable	11	2 970	644	1 010	644
Cash and cash equivalents	12	20 196	38 346	19 955	36 123
		69 463	**98 987**	**55 419**	**75 813**
Non-Current Assets					
Biological assets that form part of an agricultural activity		-	2 187	-	-
Investment property	2	1 537 318	1 507 379	1 537 318	1 507 379
Property, plant and equipment	3	285 416	323 963	185 965	196 584
Intangible assets	4	9 274	9 274	4	4
		1 832 460	**1 842 803**	**1 723 287**	**1 703 967**
Total Assets		**1 901 923**	**1 941 790**	**1 778 706**	**1 779 780**
Liabilities					
Current Liabilities					
Loans from economic entities	5	-	120 670	-	3 804
Other financial liabilities	15	18 882	18 882	13 331	11 389
Finance lease obligation		1	617	-	-
Payables from exchange transactions	19	205 251	144 147	155 182	75 217
Taxes and transfers payable (non-exchange)	20	96	147	-	-
VAT payable	21	3 316	7 599	42	42
Current portion of Other Financial Liabilities	17	13 331	11 389	13 331	11 389
Provisions	16	2 122	1 841	-	-
Bank overdraft	12	1 017	299	837	299
		244 016	**305 591**	**169 392**	**90 751**
Non-Current Liabilities					
Other financial liabilities	15	36 863	36 345	36 863	36 345
Finance lease obligation		3	1 947	-	-
Employee benefit obligation	7	11 055	10 235	11 055	10 235
Deferred tax	6	182 740	181 948	182 740	181 948
Provisions	16	31 521	30 583	31 521	30 328
Government Grants	17	35 673	13 325	35 673	13 325
		297 855	**274 383**	**297 852**	**272 181**
Total Liabilities		**541 871**	**579 974**	**467 244**	**362 932**
Net Assets		**1 360 052**	**1 361 816**	**1 311 462**	**1 416 848**
Share capital/contributed capital reserves	13	303 854	323 854	303 854	303 854
Revaluation reserve	14	409 197	417 436	281 800	275 044
Accumulated surplus		647 001	620 526	746 287	837 950
Total Net Assets		**1 360 652**	**1 361 816**	**1 311 462**	**1 416 848**

Statement of Financial Performance

Figures in Rand thousand	Note(s)	Economic entity 2021	Economic entity 2020 Restated*	Controlling entity 2021	Controlling entity 2020 Restated*
Revenue					
Revenue from exchange transactions					
Sale of goods		34 820	51 749	-	-
Rendering of services		-	1 961	-	-
Rental of facilities and equipment		137 876	188 212	134 392	140 537
Interest received (trading)		22 342	18 680	22 342	18 680
Rental income		172	146	172	146
Recoveries		64	33	64	33
Sundry income		1 113	63 213	1 070	62 872
Interest received - investment	26	8 845	8 902	8 840	8 799
Fair value adjustments		29 939	110 012	29 939	110 012
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method		-	2 598	-	-
Total revenue from exchange transactions		**235 171**	**445 506**	**196 819**	**341 079**
Revenue from non-exchange transactions					
Taxation revenue					
Interest, Dividends and Rent on Land	24	4	55	-	-
Transfer revenue					
Government grants & subsidies	27	66 708	80 572	66 588	74 072
Total revenue from non-exchange transactions		**66 712**	**80 627**	**66 588**	**74 072**
Total revenue	22	**301 883**	**526 133**	**263 407**	**415 151**
Expenditure					
Employee related costs	28	(120 172)	(122 591)	(89 307)	(85 254)
Depreciation and amortisation	29	(32 268)	(19 843)	(17 305)	(18 702)
Reversal of impairments	30	-	(711)	-	(711)
Finance costs	31	(8 854)	(8 702)	(6 772)	(6 227)
Lease rentals on operating lease	23	(3 999)	(4 047)	(1 643)	(1 379)
Debt Impairment	32	(46 766)	(99 023)	(47 853)	(95 416)
Bad debts written off		(5 654)	(3 365)	(5 654)	(3 365)
Actuarial losses		-	(12)	-	(12)
Sale of goods/Inventory		(4 537)	(8 090)	-	-
General Expenses	33	(200 291)	(197 344)	(185 745)	(131 144)
Total expenditure		**(422 541)**	**(463 728)**	**(354 279)**	**(342 210)**
(Deficit) surplus before taxation		**(120 658)**	**62 405**	**(90 872)**	**72 941**
Taxation	37	(791)	(703)	(791)	-
(Deficit) surplus for the year		**(121 449)**	**61 702**	**(91 663)**	**72 941**

Statement of Changes in Net Assets

Figures in Rand thousand	Share capital / contributed capital	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity				
Opening balance as previously reported	303 854	384 048	814242	1 502 144
Adjustments				
Correction of errors	-	33 388	-	33 388
Balance at 01 April 2019 as restated*	**303 854**	**417 436**	**814 242**	**1 535 532**
Changes in net assets				
Surplus for the year	-	-	68 432	68 432
Total changes	-	-	68 432	68 432
Restated* Balance at 01 April 2020	**303 854**	**417 436**	**760 398**	**1 481 688**
Changes in net assets				
Surplus for the year	-	-	(110 141)	(110 141)
Revaluation	-	6 756	-	6 756
Total changes	-	6 756	(110 141)	(103 385)
Balance at 31 March 2021	**303 854**	**424 192**	**648 629**	**1 376 675**
Note(s)	13	14		
Controlling entity				
Balance at 01 April 2019	**303 854**	**231 879**	**765 009**	**1 300 742**
Changes in net assets				
Revaluation of Infrastructure	-	18 393	-	18 393
Net income (losses) recognised directly in net assets	-	18 393	-	18 393
Surplus for the year	-	-	72 941	72 941
Total recognised income and expenses for the year	-	18 393	72 941	91 334
Total changes	-	18 393	72 941	91 334
Restated* Balance at 01 April 2020	**303 854**	**275 044**	**837 950**	**1 416 848**
Changes in net assets				
Surplus for the year	-	-	(91 663)	(91 663)
Revaluations	-	6 756	-	6 756
Total changes	-	6 756	(91 663)	(84 907)
Balance at 31 March 2021	**303 854**	**281 800**	**746 287**	**1 311 462**
Note(s)	13	14		

Statement of Cash Flows

		Economic entity		Controlling entity	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities					
Receipts					
Taxation		469 451	320 868	-	-
Sale of goods and services		-	-	139 220	231 720
Grants		-	-	88 936	74 072
Interest income		22 342	18 680	22 342	18 680
		491 793	339 548	250 498	324 472
Payments					
Employee costs		(128 135)	(122 590)	(89 307)	(85 254)
Suppliers		(369 481)	(200 392)	(107 423)	(172 736)
Finance costs		(8 266)	(8 112)	(6 772)	(6 227)
Other cash item		47 932	(83 377)	(62 358)	(61 818)
		(436 615)	(414 471)	(265 860)	(326 035)
Net cash flows from operating activities	39	**55 178**	**(74 923)**	**(37 710)**	**(1 563)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(30)	(229)	-	-
Loans advanced to economic entities		(75 676)	80 813	-	28 850
Repayment of loans from economic entities		-	-	(3 804)	-
Net cash flows from investing activities		**(75 706)**	**80 584**	**(3 804)**	**28 850**
Cash flows from financing activities					
Redemption of debentures/redeemable preference shares	13	(20 000)	20 000	-	-
Repayment of other financial liabilities		518	(11 470)	518	(11 470)
Movement in government projects		24 290	(11 139)	24 290	(11 139)
Finance lease payments		(3 148)	(590)	-	-
Net cash flows from financing activities		**1 660**	**(3 199)**	**24 808**	**(22 609)**
Net increase/(decrease) in cash and cash equivalents		**(18 868)**	**2 462**	**(16 706)**	**4 678**
Cash and cash equivalents at the beginning of the year		38 047	35 585	35 824	31 146
Cash and cash equivalents at the end of the year	12	**19 179**	**38 047**	**19 118**	**35 824**

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the economic entity.

1.2 Going concern assumption

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

1.3 Materiality

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

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

Accounting Policies

1.4 Interests in other entities

Consolidated financial statements

Consolidated annual financial statements are the annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all the controlled entities, including special purpose entities, which are controlled by the controlling entity. An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.
A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated annual financial statements from the transfer date or acquisition date as defined in the standards of GRAP on transfer of functions between entities under common control or transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's annual financial statements at the acquisition date.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity. Non-controlling interest in the net assets of the economic entity is identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Changes in a controlling entity's ownership interest in a controlled entity, which does not result in a loss of control, x are accounted for as transactions that affect net assets.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date.

When the end of the reporting dates of the controlling entity is different from that of a controlled entity, the controlled entity prepares, for consolidation purposes, additional annual financial statements as of the same date as the annual financial statements of the controlling entity unless it is impracticable to do so. When the annual financial statements of a controlled entity used in the preparation of consolidated annual financial statements are prepared as of a date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur

Accounting Policies

between that date and the date of the controlling entity's annual financial statements. In any case, the difference between the end of the reporting date of the controlled entity and that of the controlling entity is no more than three months. The length of the reporting periods and any difference between the ends of the reporting dates is the same from period to period.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity. All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Presentation of consolidated financial statements The entity as controlling entity presents consolidated annual financial statements.

The entity as controlling entity does not present consolidated annual financial statements, due to it meeting all of the following conditions:

- it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated annual financial statements and in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated annual financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate controlling entity produces annual financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

The entity as controlling entity that is an investment entity, does not present consolidated annual financial statements, due to it being required to measure all of its controlled entities at fair value.

Control

The entity determines whether it is a controlling entity by assessing whether it controls the other entity. The entity controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The entity controls another entity if the entity has all three of the following elements of control:

- power over the other entity;
- exposure, or rights, to variable benefits from its involvement with the other entity; andthe ability to use its power over
- the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

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The entity considers all facts and circumstances when assessing whether it controls another entity. The entity will reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

As an entity with decision making rights, the entity determines whether it is a principal or an agent in undertaking transactions with third parties. The entity also determines whether another entity with decision making rights is acting as an agent for the entity. An agent is a party primarily engaged to undertake transactions with third parties on behalf of and for the benefit of another party or parties (the principal(s)) and therefore does not control the other entity when it exercises its decision making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.

Accounting requirements

The entity as a controlling entity prepares consolidated annual financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Consolidation of a controlled entity begins from the date the entity obtains control of the other entity and ceases when the entity loses control of the other entity.

Reporting dates

The financial statements of the entity as controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as at the same reporting date. When the end of the reporting period of the controlling entity is different from that of a controlled entity, the controlling entity either:

- obtains, for consolidation purposes, additional financial information as of the same date as the annual financial statements of the controlling entity; or
- uses the most recent annual financial statements of the controlled entity at the time of preparing the consolidation, adjusted for the effects of significant transactions or events that occur between the date of those annual financial statements and the date of the consolidated annual financial statements.

Loss of control

If the entity as controlling entity loses control of a controlled entity, the entity:

- derecognises the assets and liabilities of the former controlled entity from the consolidated statement of financial position;
- recognises any investment retained in the former controlled entity and subsequently accounts for it and for any amounts owed by or to the former controlled entity in accordance with the relevant Standards of GRAP. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with Standard of GRAP on Financial Instruments or the cost on initial recognition of an investment in an associate or joint venture; and
- recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Accounting Policies

If the entity as controlling entity loses control of a controlled entity, it:

- derecognise the assets and liabilities of the controlled entity at their carrying amounts at the date when control is lost, and the carrying amount of any non-controlling interests in the former controlled entity at the date when control is lost (including any gain or loss recognised directly in net assets attributable to them).
- recognise the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control, if the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the controlled entity to owners in their capacity as owners, that distribution and any investment retained in the former controlled entity at its fair value at the date when control is lost.
- transfer directly to accumulated surplus/deficit, if required by other Standards of GRAP, the amounts recognised directly in net assets in relation to the controlled entity on the basis described in paragraph .56.
- recognise any resulting difference as a gain or loss in surplus or deficit (see GRAP 106), or in accumulated surplus or deficit (see GRAP 105) attributable to the controlling entity.

If the entity as the controlling entity loses control of a controlled entity, the entity as the controlling entity accounts for all amounts previously recognised directly in net assets in relation to that controlled entity on the same basis as would be required if the controlling entity had directly disposed of the related assets or liabilities. If a revaluation surplus previously recognised directly in net assets would be transferred directly to accumulated surplus or deficit on the disposal of the asset, the entity as the controlling entity transfers the revaluation surplus directly to accumulated surplus or deficit when it loses control of the controlled entity.

Investments in associates and/or joint ventures

An associate is an entity over which the investor has significant influence.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the annual financial statements of an economic entity in which assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

Significant influence is the power to participate in the financial and operating policy decisions of another entity, but it does not represent control or joint control of those policies.

Accounting Policies

Equity method

On initial recognition, the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the entity as investor's share of the surplus or deficit of the investee after the date of acquisition. The entity as investor's share of the investee's surplus or deficit is recognised in the entity as investor's surplus or deficit. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the entity as investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's surplus or deficit. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The entity as investor's share of those changes is recognised in net assets of the entity as investor.

An investment in an associate or a joint venture accounted for using the equity method is classified as a non-current asset.

The entity with joint control of, or significant influence over, an investee, accounts for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption.

1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Taxation

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.6 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Accounting Policies

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Accounting Policies

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

The economic entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

1.8 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Accounting Policies

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment – Infrastructure is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

Accounting Policies

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

Item	**Depreciation Method**	**Average useful life**
Land	Straight-line	Indefinite
Buildings	Straight-line	50 years
Leasehold property	Straight-line	50 years
Furniture and fixtures	Straight-line	5-23 years
Motor vehicles	Straight-line	6-15 years
Office equipment	Straight-line	4-7 years
Computer software	Straight-line	11 years
Leasehold improvements	Straight-line	40 years

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

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

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

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

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

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

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

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

Accounting Policies

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

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

1.9 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

Accounting Policies

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation Method	Average useful life
Computer software, other	Straight-line	3 years

1.10 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

Accounting Policies

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

Accounting Policies

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

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

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Accounting Policies

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

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value; and
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.11 Tax

Current tax assets and liabilities

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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Accounting Policies

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.12 Leases

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

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

Finance leases - lessee

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

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

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

Accounting Policies

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

Operating leases - lessor

Operating lease revenue is recognised as revenue 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 revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.13 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for:

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

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

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

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

Accounting Policies

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 formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

1.14 Discontinued Operations

Discontinued operation is a component of an economic entity that has been disposed of and:

- represents a distinguishable activity, group of activities or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- is a controlled economic entity acquired exclusively with a view to resale.

A component of an economic entity is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the economic entity.

1.15 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).
Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

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

Accounting Policies

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

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

[Specify judgements made]

1.16 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.17 Employee benefits

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

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

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

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

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

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

Accounting Policies

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Accounting Policies

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money.

Accounting Policies

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Accounting Policies

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

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

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

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

Accounting Policies

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

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

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

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

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date.

Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:

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

1.19 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Accounting Policies

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.
An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

1.21 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

Accounting Policies

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.
Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

Recognition

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

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

Measurement

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, de-recognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Accounting Policies

1.22 Cost of sales

When inventories are sold, the carrying amount of those inventories is 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 surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.
Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.23 Investment income

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

1.24 Comparative figures

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

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Accounting Policies

1.27 Research and development expenditure

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

An asset arising from development is recognised when:

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

1.28 Budget information

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

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

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

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

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

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

1.29 Related parties

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

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

Accounting Policies

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

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

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

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

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

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

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

1.30 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

2. Investment property

Economic entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 537 318	-	1 537 318	1 507 379	-	1 507 379

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 537 318	-	1 537 318	1 507 379	-	1 507 379

Reconciliation of investment property - Economic entity - 2021

	Opening balance	Fair value adjustments	Total
Investment property	1 507 379	29 939	1 537 318

Reconciliation of investment property - Economic entity - 2020

	Opening balance	Fair value adjustments	Total
Investment property	888 129	619 250	1 507 379

Reconciliation of investment property - Controlling entity - 2021

	Opening balance	Fair value adjustments	Total
Investment property	1 507 379	29 939	1 537 318

Reconciliation of investment property - Controlling entity - 2020

	Opening balance	Fair value adjustments	Total
Investment property	888 129	619 250	1 507 379

Fair value of investment properties	29 393	619 250	29 393	619 250

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

Pledged as security

There were no Investment Properties pledged as security.

A detailed investment property register is available at the company head office, situated at 22 James Watt Crescent, Industrial Investment Property valuations was conducted by Black Dot Property Consultants (Pty) Ltd at Fair Value, based on the aggregate of the net annual rental receivable from the properties, considering and analysing rentals received on similar properties in the open market, less associated costs (insurance, maintenance, repairs, management fees, rates and taxes). A capitalisation rate which reflects the specific risk inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuations. The valuations were performed before the submission of the financial statements to reflect the fair values as at the end of the financial year - 31 March 2021. The fair value adjustments in the financial statements were done as at the end of the financial year. A material fair value adjustment was made to the Investment property balance to ensure fair presentation as at the end of the financial year

3. Property, plant and equipment

Economic entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 981	-	5 981	5 981	-	5 981
Buildings	27 337	(12 245)	15 092	27 337	(11 598)	15 739
Leasehold property	23 840	(9 117)	14 723	23 840	(8 307)	15 533
Plant and machinery	1 723	(1 478)	245	1 244	(810)	434
Furniture and fixtures	15 520	(12 862)	2 658	14 503	(10 273)	4 230
Motor vehicles	15 491	(11 551)	3 940	15 491	(8 891)	6 600
Office equipment	17 025	(15 808)	1 217	18 198	(15 821)	2 377
Leasehold improvements	235 473	(138 226)	97 247	235 473	(132 146)	103 327
Infrastructure	519 422	(374 660)	144 762	516 415	(346 677)	169 738
Other property, plant and equipment	16	(13)	3	16	(12)	4
Total	**861 828**	**(575 960)**	**285 868**	**858 498**	**(534 535)**	**323 963**

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 981	-	5 981	5 981	-	5 981
Buildings	27 337	(12 245)	15 092	27 337	(11 598)	15 739
Furniture and fixtures	3 073	(2 845)	228	3 073	(2 614)	459
Motor vehicles	8 507	(6 249)	2 258	8 507	(4 372)	4 135
Office equipment	6 925	(6 829)	96	6 630	(6 098)	532
Infrastructure	536 970	(374 660)	162 310	516 415	(346 677)	169 738
Total	**588 793**	**(402 828)**	**185 965**	**567 943**	**(371 359)**	**196 584**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Revaluations	Depreciation	Impairment loss	Total
Land	5 981	-	-	-	-	5 981
Buildings	15 739	-	-	(647)	-	15 092
Leasehold property	15 533	-	-	(810)	-	14 723
Plant and machinery	434	-	-	(189)	-	245
Furniture and fixtures	4 230	-	-	(1 572)	-	2 658
Motor vehicles	6 600	-	-	(2 660)	-	3 940
Office equipment	2 377	30	-	(1 119)	(71)	1 217
Leasehold improvements	103 327	-	-	(6 080)	-	97 247
Infrastructure	152 190	-	6 756	(14 184)	-	144 762
Other property, plant and equipment	4	-	-	(1)	-	3
	306 415	**30**	**6 756**	**(32 268)**	**(71)**	**285 868**

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	5 981	-	-	-	-	-	5 981
Buildings	16 385	-	-	-	(646)	-	15 739
Leasehold property	16 343	-	-	-	(810)	-	15 533
Plant and machinery	655	-	-	-	(221)	-	434
Furniture and fixtures	7 458	151	-	(864)	(1 865)	(650)	4 230
Motor vehicles	9 556	-	-	-	(2 673)	(283)	6 600
Office equipment	5 390	78	-	(271)	(2 126)	(694)	2 377
Leasehold improvements	109 408	-	-	-	(6 081)	-	103 327
Infrastructure	164 986	-	18 936	-	(14 184)	-	169 738
Other property, plant and equipment	12	-	-	-	(8)	-	4
	336 174	**229**	**18 936**	**(1 135)**	**(28 614)**	**(1 627)**	**323 963**

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	5 981	-	-	-	-	5 981
Buildings	15 739	-	-	(647)	-	15 092
Furniture and fixtures	459	-	1	(232)	-	228
Motor vehicles	4 135	-	-	(1 877)	-	2 258
Office equipment	532	-	-	(366)	(70)	96
Infrastructure	169 738	6 755	-	(14 183)	-	162 310
	196 584	**6 755**	**1**	**(17 305)**	**(70)**	**185 965**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	5 981	-	-	-	-	5 981
Buildings	16 385	-	-	(646)	-	15 739
Furniture and fixtures	2 220	-	(865)	(246)	(650)	459
Motor vehicles	6 296	-	(1)	(1 877)	(283)	4 135
Office equipment	2 236	-	(281)	(729)	(694)	532
Infrastructure	164 986	18 394	-	(13 642)	-	169 738
	198 104	**18 394**	**(1 147)**	**(17 140)**	**(1 627)**	**196 584**

Pledged as security

No items of property, plant and equipment were pledged as collateral security

The revaluation of Infrastructure assets was performed as at 31 March and as at 31 March 2021 as well. The reason for performing the revaluation for the 2020 financial year was to address the prior year findings because the entity's policy requires the revaluations to be performed at regular three year intervals. As the most recent revaluation was done in 2017, the said revaluation was due for re-performance for the 2020 financial year. The revaluations for the 2021 and the 2020 financial years were done by using the replacement costs for the assets – using the replacement costs to estimate the fair values. The revaluation reserve is a non-distributable reserve which is expected to be recouped through use of the assets.

4. Intangible assets

Economic entity	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	173	(169)	4	173	(169)	4
Contractual Rights	17 877	(8 607)	9 270	17 877	(8 607)	9 270
Total	**18 050**	**(8 776)**	**9 274**	**18 050**	**(8 776)**	**9 274**

Controlling entity	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	173	(169)	4	173	(169)	4

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Total
Computer software, other	4	4

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Total
Computer software, other	4	4

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
5. Loans to (from) economic entities				
Controlled entities				
Golden Leopard Resorts Loan to Golden Leopard Resorts is for purposes of assisting the entity when the performance is low. The loan bears interest and is payable when the performance of the entity improves.	56 989	48 258	52 922	45 873
Signal Development Loan from Signal Development was due to the funds transferred to NWDC and not fully utilised.	(37 289)	(36 189)	-	(3 804)
Group co ID 3 Terms and conditions	(8 903)	(70 554)	-	-
	10 797	(58 485)	52 922	42 069
Impairment of loans to controlled entities	(2 880)	(46 462)	(52 922)	(45 873)
	7 917	**(104 947)**	**-**	**(3 804)**
Current assets	16 531	9 415	-	-
Current liabilities	(52 110)	(120 670)	-	(3 804)
	(35 579)	**(111 255)**	**-**	**(3 804)**

6. Deferred tax

Deferred tax liability

Property, plant and equipment	(182 740)	(181 948)	(182 740)	(181 948)

Deferred tax expense to the amount of R791 000 was recognised in the income statement for the current financial year, the said tax being a result of temporary differences. The entity has a balance of an assessed loss of R443 804 457 which resulted in a deferred tax benefit of R124 265 248. A deferred tax liability amounting to R77 012 320 was a result of the revaluation reserve, the amount of which incorporates the restatements made to the Infrastructure assets to account for the prior period errors.

Reconciliation of deferred tax asset/(liability)

At beginning of year	(181 948)	(331 175)	(181 948)	(331 175)
Prior year adjustments	-	149 227	-	149 227
Current year deferred tax movement	(792)	-	(792)	-
	(182 740)	**(181 948)**	**(182 740)**	**(181 948)**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

7. Employee benefit obligations

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

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(10 223)	(10 235)	(10 223)	(10 235)
Fair value of plan assets	(832)	-	(832)	-
	(11 055)	**(10 235)**	**(11 055)**	**(10 235)**

The plan is classified as a defined contribution plan because the entity pays fixed contributions into a separate entity. The entity's obligation is limited to the amount that it agrees to contribute to the fund. The contributions for key management are disclosed under the note for Employee rated costs, note 28

Net expense recognised in the statement of financial performance

Current service cost	820	-	820	-

8. Inventories

Curio Inventories	(101)	44	-	-
Work in progress	35	40	-	-
Diesel Stock	282	297	-	-
Food and Beverages	137	245	-	-
Other inventories for sale	44	198	-	-
Consumable stores	22	210	-	-
	419	**1 034**	**-**	**-**

9. Receivables from exchange transactions

Trade debtors	25 184	36 095	18 066	22 857
Deposits	2 966	2 648	2 966	2 648
Other Trade Debtors	(2 738)	(2 736)	-	-
Sundry Debtors	394	120	394	120
Consumer debtors	12 507	12 900	12 507	12 900
	38 313	**49 027**	**33 933**	**38 525**

No trade and other receivables have been pledged as security.

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

Trade and other receivables past due but not impaired

There are no debtors that are past due but not yet impaired.

Each debtor was assessed on an individual basis to determine the likely future cash- flows which will flow into the entity. The balance of each debtor and impairment will be assessed on an annual basis.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

The basis and considerations consisted of the review of each debtor for consistent monthly payments made for the period 1 April 2020 to 31 March 2021.

The following debtors were not considered for impairment.

- Accounts fully paid
- Debtors making consistent payments for the period 1April 2020 to 31 March 2021
- Debtors with fully paid accounts

The following debtors were included for impairment

- Debtors that did not make monthly payments throughout the year.
- Those debtors that vacated the rental properties during the financial year, but still owed an outstanding balance as at year end.
- Debtors paying haphazardly or inconsistently throughout the year.
- Management have considered policy and current performance for rental debtors. Due to the nature of loan debtors, where the current and 30-day bracket represent interest, the total amount will be fully impaired

Receivables included for impairment

Controlling entity	**2021**	**2020**
Trade detors	272 085	309 461
Allowance account for losses	(254 019)	(286 604)
Deposits	2 966	2 648
Other receivables 2	394	120
Consumer debtors	96 144	86 507
Allowance account for losses	(83 637)	(73 607)
	33 933	**38 525**

Trade and other receivables impaired

As of 31 March 2021, trade and other receivables of R44 533- (2020: R95 352) were impaired and provided for.

The amount of the provision was (R277 919) as of 31 March 2021 (2020: (R233 386)).

The ageing of these loans is as follows:				
Over 6 months	-	282 746	-	286 604

10. Receivables from non-exchange transactions

Fines	(832)	(832)	-	-
Other receivables from non-exchange revenue	832	832	-	-
	-	**-**	**-**	**-**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 38).

Past due but not yet impaired

The entity has a very low rate of collection of accounts receivables. There is a huge book book of debtors that are past due, the majority of which have been impaired. The insignificant proportion hich is part due but not yet impaired was left to allow for the possibilities of the amounts due being received.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

11. VAT receivable

VAT	2 097	644	1 010	644

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	228	208	88	88
Bank balances	19 997	37 252	19 867	36 035
Other cash and cash equivalents	69	886	-	-
Bank overdraft	(1 017)	(299)	(837)	(299)
	19 277	**38 047**	**19 118**	**35 824**
Current assets	20 196	38 346	19 955	36 123
Current liabilities	(1 017)	(299)	(837)	(299)
	19 179	**38 047**	**19 118**	**35 824**

No cash and cash equivalents were pledged as security for liabilities for the entity.

13. Share capital /contributed capital

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

There were no changes to the authorised share capital

Issued				
Ordinary	327 832	315 843	315 843	303 854
Preference	-	20 000	-	-
	327 832	**335 843**	**315 843**	**303 854**

14. Revaluation reserve

The revaluation reserve is not a distributable reserve

Opening balance	417 436	417 436	275 044	256 649
Change during the year	-	-	6 756	18 393
	417 436	**417 436**	**281 800**	**275 044**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
15. Other financial liabilities				
Designated at fair value				
Treasury Loan The entire liability originated from the settlement by NWPG of entity debts resulting from guarantees issued by the former Bophuthatswana Government. The loan consist 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 fairly valued, exceeds its liabilities.	10 082	10 082	-	-
PIC Loan Public Investment Corporate Loan The loan was provided by then Public Investment Commission to Signal Development with the suretyship of North West Provincial Government. Repayment terms were originally R3 million repaybable 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, onceoff interest of 10% was levied	8 800	8 800	-	-
	18 882	**18 882**	**-**	**-**
At amortised cost				
DBSA Loans NWDC (formerly BNDC) entered into various agreements with the Development Bank of Southern Africa (DBSA) to obtain loans. The purpose of the loan was to develop various properties and infrastructure. The DBSA and NWDC reached an agreement on 16 October 2013 that DBSA will no longer charge interest on the loan. Therefore, the loan currently bears no additional interest. The loan is repayable in monthly instalments of R614 035.30	36 863	36 345	36 863	36 345
Non-current liabilities				
At amortised cost	36 863	36 345	36 863	36 345
Current liabilities				
Designated at fair value	18 882	18 882		
	32 213	**30 271**	**13 331**	**11 389**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

16. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Total
Environmental rehabilitation	30 328	1 193	31 521
Provision	1 841	281	2 122
	32 169	**1 474**	**33 643**

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Total
Environmental rehabilitation	29 232	1 096	30 328
Provision	1 841	-	1 841
Employee benefit cost	255	-	255
	31 328	**1 096**	**32 424**

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Total
Environmental rehabilitation	30 328	1 193	31 521

Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Total
Environmental rehabilitation	29 232	1 096	30 328

Non-current liabilities	31 521	30 583	31 521	30 328
Current liabilities	2 122	1 841	-	-
	33 643	**32 424**	**31 521**	**30 328**

The provisions relate to the rehabilitation of mining pits identified on one of the company's properties (Christiana All Seasons Resort). The land is not used for mining operations nor has it ever been used for mining operations by the company, however, due to legacy mining having taken place on the land, the company has an obligation to rehabilitate the land. The timing for the settlement is unknown, the company is working on getting the funds for the rehabilitation.

The value of the provision was based on the estimated costs that would be incurred by the entity to rehabilitate. The estimation of the costs considered the costs for equipment, materials, labour and fuel that will be needed to rehabilitate the quarry. The total cost being the product of the unit prices and the equipment, quantities of the materials, labour and fuel.

17. Government Grants

Unspent government projects result from contractual agreement between the economic entity and the various government departments on an agent principal relationship. The NWDC enters into various contracts with government departments. The department will act as a principal and NWDC takes the role of the agent. The amount payable are for projects not yet completed and where the funds are repayable to the government.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

17. Government Grants (continued)

Government Projects - READ	13 325	13 325	13 325	13 325
Government Projects - COVID Relief	22 348	-	22 348	-
Subtotal	35 673	13 325	35 673	13 325
	35 673	**13 325**	**35 673**	**13 325**

18. Preference Shares

During the 2006 financial year, the North West Revenue fund bought preference shares from Standard Bank of South Africa Limited for R20 000 000. However, the Golden Leopard Resorts still has an option to purchase the shares but now from the NWPG. An agreement was negotiated between GLR and teh NWPG. The agreement between GLR and Standard Bank came to an end when the NWPG purchased and took over the shares from standard bank. The prefence shares are therefore redeemable to the NWPG

	2021	**2020**	**2021**	**2020**
Preference Shares	20 000	20 000	-	-

19. Payables from exchange transactions

Trade payables	98 027	98 986	58 300	40 916
Payments received in advanced - contract in process	2 750	2 780	-	-
Other payables	2 887	4 788	(1 026)	72
Accrued leave pay	10 912	6 369	8 850	5 170
Accrued expense	28 354	5 583	28 354	5 583
Deposits received	20 178	20 046	19 717	19 255
Other creditors	42 143	5 595	40 987	4 221
	205 251	**144 147**	**155 182**	**75 217**

20. Taxes and transfers payable (non-exchange)

Other payables from non-exchange transactions	96	147	-	-

21. VAT payable

Tax refunds payables	3 316	7 599	42	42

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
22. Revenue				
Sale of goods	34 820	51 749	-	-
Rendering of services	-	1 961	-	-
Rental of facilities and equipment	137 876	188 212	134 392	140 537
Interest received (trading)	22 342	18 680	22 342	18 680
Rental income	172	146	172	146
Recoveries	64	33	64	33
Other income	1 113	63 213	1 070	62 872
Interest received - investment	8 845	8 902	8 840	8 799
Interest, Dividends and Rent on Land	4	55	-	-
Government grants & subsidies	66 708	80 572	66 588	74 072
Share of surpluses	-	2 598	-	-
Fair value adjustment	29 939	110 012	29 939	110 012
	301 883	**526 133**	**263 407**	**415 151**
The amount included in revenue arising from exchanges of goods or services are as follows:				
Sale of goods	34 820	51 749	-	-
Rendering of services	-	1 961	-	-
Rental of facilities and equipment	137 876	188 212	134 392	140 537
Interest received (trading)	22 342	18 680	22 342	18 680
Rental income	172	146	172	146
Recoveries	64	33	64	33
Other income	1 113	63 213	1 070	62 872
Interest received - investment	8 845	8 902	8 840	8 799
	205 232	**332 896**	**166 880**	**231 067**
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Interest, Dividends and Rent on Land	4	55	-	-
Transfer revenue				
Government grants & subsidies	66 708	80 572	66 588	74 072
	66 712	**80 627**	**66 588**	**74 072**
23. Lease rentals on operating lease				
Premises				
Contractual amounts	1 915	1 549	-	-
Motor vehicles				
Contractual amounts	693	878	-	-
Lease rentals on operating lease				
Contractual amounts	1 391	1 620	1 643	1 379
	3 999	**4 047**	**1 643**	**1 379**

The economic entity leases certain motor vehicles under Finance Lease. The average lease term was 5 years and the average effective interest rate was 10% (2019:10%). Interest rates were linked to prime at the contract date. All leases have fixed repayments and no arrangement have been entered into for contigent rent. The economic entity's obligations under finance lease are secured by the lessor's charge over the leased assets.

The operating lease relate to the rental of properties for administrative purposes.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
24. Interest, dividends and Rent on Land				
Interest - Receivables	4	55	-	-
25. Other revenue				
Rental income - third party	172	146	172	146
Debt impairment recovered	-	1	-	1
Recovery	64	32	64	32
Other income	1 113	63 213	1 070	62 872
	1 349	**63 392**	**1 306**	**63 051**
26. Investment revenue				
Interest revenue				
Bank	437	1 100	432	997
Interest charged on trade and other receivables	8 408	7 802	8 408	7 802
	8 845	**8 902**	**8 840**	**8 799**
27. Government grants and subsidies				
Operating grants				
Equitable share	66 588	74 072	66 588	74 072
Government grant (operating)	120	6 500	-	-
	66 708	**80 572**	**66 588**	**74 072**
28. Employee related costs				
Basic	96 633	101 652	67 688	65 712
Bonus	246	268	-	-
Medical aid - company contributions	1 853	1 943	1 853	1 943
UIF	302	324	265	282
WCA	47	24	47	24
Other payroll levies	124	85	-	-
Leave pay provision charge	4 784	1 118	4 784	1 118
Short term benefit	1 052	1 048	708	581
Defined contribution plans	224	241	-	-
Overtime payments	172	338	172	338
Long-service awards	510	403	510	382
Acting allowances	1 786	1 422	1 786	1 422
Transport allowance (bus coupons)	987	1 037	987	1 037
Car allowance	8	8	8	8
Other	10 507	12 484	10 499	12 407
	119 235	**122 395**	**89 307**	**85 254**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
Remuneration of the Chief Executive Officer - Mr STM Phetla				
Annual Remuneration	2 237	2 238	2 237	2 238
Other short-term employee benefits	17	-	17	-
Post-employment benefits	418	417	418	417
	2 672	**2 655**	**2 672**	**2 655**
Remuneration of Chief Financial Officer - Ms. L Sonqishe				
Annual Remuneration	1 035	1 175	1 035	1 175
Other short-term employee	521	143	521	143
Post-employment benefits	209	357	209	357
	1 765	**1 675**	**1 765**	**1 675**
Remuneration of Acting Chief Financial Officer - Mr TR Pitso				
Annual Remuneration	894	868	894	868
Other short-term employee benefits	696	41	696	41
Post-employment benefits	54	53	54	53
	1 644	**962**	**1 644**	**962**
Remuneration of Acting Chief Executive Officer - Mr RS Malapane				
Annual Remuneration	2 726	-	2 726	-
Other short-term employee benefits	71	-	71	-
	2 797	**-**	**2 797**	**-**
Remuneration of Acting Property Executive - Ms N Phamodi				
Annual Remuneration	927	887	927	887
Other short- term employee benefits	45	-	45	-
Post- employment benefits	173	165	173	165
	1 145	**1 052**	**1 145**	**1 052**
Remuneration of Property Executive - Ms MR Matabane				
Annual Remuneration	716	1 409	716	1 409
Other short- term employee benefits	107	-	107	-
Post- employment benefits	134	262	134	262
	957	**1 671**	**957**	**1 671**
Remuneration of Project Manager - Mr T Shai				
Annual Remuneration	-	630	-	630
Other short- term employee benefits	-	-	-	-
Post- employment benefits	-	225	-	225
	-	**855**	**-**	**855**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

29. Depreciation and amortisation

Property, plant and equipment	32 268	19 843	17 305	18 702

30. Impairment of assets

Impairments

Property, plant and equipment Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	-	711	-	711

31. Finance costs

Trade and other payables	7	21	-	-
Finance leases	588	590	-	-
Bank	53	125	-	-
Current borrowings	1 434	1 739	-	-
Fair value adjustments: Notional interest	4 230	4 992	4 230	4 992
Other interest paid	2 542	1 235	2 542	1 235
	8 854	**8 702**	**6 772**	**6 227**

32. Debt impairment

Debt impairment	46 766	99 023	47 853	95 416

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

33. General expenses

Advertising	411	965	236	257
Auditors remuneration	6 240	10 700	1 665	6 763
Bank charges	919	1 397	421	376
Cleaning	473	1 459	-	-
Commission paid	13	5	-	-
Computer expenses	3 320	2 799	3 302	2 758
Consulting and professional fees	15 531	9 648	15 093	8 894
Consumables	684	27 783	-	27 266
Delivery expenses	-	5	-	-
Flowers	2	17	-	-
Gifts	265	497	-	-
Hire	77	172	-	-
Insurance	-	3 708	-	3 708
IT expenses	75	65	-	-
Marketing	(9)	691	-	-
Promotions and sponsorships	77	91	-	-
Magazines, books and periodicals	81	113	81	113
Medical expenses	175	344	-	-
Motor vehicle expenses	345	423	-	-
Pest control	20	26	-	-
Fuel and oil	857	1 065	720	799
Postage and courier	2	2	-	-
Printing and stationery	827	866	585	451
Promotions	25	70	-	-
Repairs and maintenance	20 410	7 490	19 425	6 156
Security (Guarding of municipal property)	10	18	-	-
Staff welfare	1 689	2 032	18	49
Subscriptions and membership fees	9	144	-	-
Telephone and fax	2 611	2 641	1 576	1 515
Transport and freight	20	106	-	-
Training	94	413	94	272
Travel - local	374	343	297	138
Refuse	42	68	-	-
Title deed search fees	146	151	-	-
Electricity	1 562	2 129	-	-
Water	3 634	2 344	-	-
Utilities	4 011	2 874	-	-
Property related expenses	112 664	59 627	131 578	56 623
Licence fees	100	31 405	15	43
Christiana Expenses	1 906	4 271	1 588	4 064
Social responsibility	1	27	-	23
Other Expenses	1 199	9 787	1 199	9 780
Communication	16	31	-	-
Banqueting	71	154	-	-
Billing charges	15	67	-	-
Fire service	-	12	-	-
Other expenses	7 989	1 569	7 852	1 096
	188 983	**190 614**	**185 745**	**131 144**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020
34. Cost of sales				
Sale of goods				
Cost of goods sold	4 537	8 090	-	-
35. Fair value adjustments				
Investment property (Fair value model)	29 939	109 099	29 939	109 099
36. Auditors' remuneration				
Fees	5 379	9 741	804	5 804
Consulting	861	959	861	959
	6 240	**10 700**	**1 665**	**6 763**
37. Taxation				
Major components of the tax expense				
Current				
Local income tax - current period	-	703	-	-
Deferred				
Deferred tax	791	-	791	-
	791	**703**	**791**	**-**
38. Operating deficit				
Operating deficit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	1 915	1 549	-	
Motor vehicles				
• Contractual amounts	693	878	-	
Lease rentals on operating lease				
• Contractual amounts	1 391	1 620	1 643	1 379
	3 999	**4 047**	**1 643**	**1 379**
Impairment on property, plant and equipment	-	711	-	711
Depreciation on property, plant and equipment	32 268	19 843	17 305	18 702
Employee costs	120 172	122 591	89 307	85 254

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

39. Cash generated from (used in) operations

(Deficit) surplus	(110 141)	68 432	(91 663)	72 941
Adjustments for:				
Depreciation and amortisation	32 268	19 843	17 305	18 702
Income from equity accounted investments	-	(2 598)	-	-
Fair value adjustments	(29 939)	(110 012)	(29 939)	(110 012)
Finance costs - Finance leases	588	590	-	-
Impairment deficit	-	711	-	711
Debt impairment	46 766	99 023	47 853	95 416
Bad debts written off	5 654	3 365	5 654	3 365
Movements in retirement benefit assets and liabilities	820	12	820	12
Movements in provisions	1 219	1 096	1 193	1 096
Other non-cash items	84 326	(83 377)	(25 271)	(52 440)
Changes in working capital:				
Inventories	615	(262)	-	-
Receivables from exchange transactions	10 714	86 625	4 592	98 440
Consumer debtors	(46 766)	(99 023)	(47 853)	(95 416)
Other recievables from non-exchange transactions	-	832	-	-
Payables from exchange transactions	61 104	(41 040)	79 965	(40 213)
VAT	(1 999)	(19 202)	(366)	5 835
Taxes and transfers (non-exchange)	(51)	62	-	-
	55 178	**(74 923)**	**(37 710)**	**(1 563)**

40. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2021

Financial assets

	At amortised cost	Total
Loans to economic entities	7 916	7 916
VAT recievable	2 097	2 097
Trade and other receivables from exchange transactions	38 313	38 313
Cash and cash equivalents	20 196	20 196
	68 522	**68 522**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	32 213	32 213
Trade and other payables from exchange transactions	205 251	205 251
Taxes and transfers payable (non-exchange)	96	96
Bank overdraft	1 017	1 017
	238 577	**238 577**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

40. Financial instruments disclosure (continued)

Economic entity - 2020

Financial assets

	At amortised cost	Total
Loans to economic entities	9 415	9 415
Trade and other receivables from exchange transactions	49 027	49 027
Cash and cash equivalents	38 346	38 346
	96 788	**96 788**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	18 882	18 882
Trade and other payables from exchange transactions	144 145	144 145
Taxes and transfers payable (non-exchange)	147	147
Bank overdraft	299	299
	163 473	**163 473**

Controlling entity - 2021

Financial assets

	At amortised cost	Total
Loans to economic entities	52 922	52 922
Receivables from exchange transactions	33 933	33 933
Cash and cash equivalents	19 955	19 955
	106 810	**106 810**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	155 182	155 182
Bank overdraft	837	837
	156 019	**156 019**

Controlling entity 2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	38 525	38 525
Cash and cash equivalents	36 123	36 123
	74 648	**74 648**

Financial liabilities

	At amortised cost	Total
Loans from economic entities	3 804	3 804
Trade and other payables from exchange transactions	75 217	75 217
Bank overdraft	299	299
	79 320	**79 320**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

41. Commitments

Authorised operational expenditure

Already contracted for but not provided for				
• Facilities management and cleaning services	11 976	18 460	11 976	18 460
• Security Services	28 263	36 301	28 263	36 301
• Valuation of Properties	1 681	9 955	1 681	9 955
	41 920	**64 716**	**41 920**	**64 716**
Total operational commitments				
Already contracted for but not provided for	41 920	64 716	41 920	64 716

This committed expenditure relates to security, cleaning and other services and will be financed by available bank facilities, retained surpluses, and funds internally generated. The entity also entered into a contracts with service provider to evaluate and value the investment properties.

42. Contingencies

The NWDC is involved in the cases listed below. The total contingent liabilities amounts to R176 272 (2020: R211 017). The details of the case are available at the company's offices in Mahikeng. The contingent liabilities are disclosed as such because the determination of whether is payable are dependent on outcome of the courts wholly outside management control. The case for the Moses Kotane Municiplaity was concluded during the 2020/2021 financial year. The municipality won the case.

Abiel Mohlahlo	1 100	860	1 100	860
City of Tshwane	140 874	95 000	140 874	95 000
Moses Kotane Local Municipality	-	44 435	-	44 435
Flexifor (Pty) Ltd	10 000	59 123	10 000	59 123
Subtotal	151 974	199 418	151 974	199 418
	151 974	**199 418**	**151 974**	**199 418**

1. Abiel Mohlahlo - The former employee was granted settlement by the CCMA. NWDC opposed the CCMA ruling and approached the labour court. The was a warrant to remove the attached goods from NWDC and NWDC brought the application to stop the sale of attached goods. The case is still pending.

2. Moses Kotane Municipality - the case has been ruled. In May 2020, the court ruled that the NWDC has to pay the above amount.

3. City of Tshwane - Negotiations between NWDC and City of Tshwane were initiated, however the NWDC still receives letters of demand from the city. This is in relations to unpaid rates for properties where NWDC dispute ownership.

4. Flexifor (Pty) Ltd - Flexiflor (Pty) Ltd is taking NWDC to court for a breach of contract regarding funding of R10 million that should have been provided but has not yet been provided to date as at 31 March 2021, the matter is still ongoing and has not yet been concluded on and thus the outcome is uncertain

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

43. Related parties

Related party balances

Loan accounts - Owing (to) by related parties				
Department of Economic Development, Environment, Conservation & Tourism			4 021	2 610
Department of Human Settlements			4 931	4 449
Department of Tourism			701	557
SAMAF			(44)	(44)
Department of Finance			404	418
Gambling Board			11	11
Department of Traditional Affairs			199	199
Department of Social Development			-	977
SASSA			805	102
SASSA			539	-
Department of Health			79	78
Department of Health			16	16
Department of Social Development			1 536	52
Department of Public Works (Correctional Services)			954	915
Department of Public Works (Labour)			240	186
Department of Education (East)			160	144
Moses Kotane Local Municipality			6 028	5 217
Department of Education (West)			129	129
Department of Social Development (Northern Cape)			1 768	2 510
Department of Roads and Public Works (NC)			1 185	538
SASSA (Garankuwa)			125	73
City of Tshwane Municipality			8 541	6 123

44. Members' emoluments

Non-executive

2021

	Members' fees	Total
Ms. MK Sentle (Chairperson of the Board)	469	469
Ms. K Dikgole	296	296
Ms. M Chokoe	390	390
Prof. LTB Jackson	252	252
Ms. G Moyo	173	173
Mr. I Motala	161	161
Mr. T Phiri	281	281
Ms. S Kgodumo	368	368
Mr. M Mojaki	227	227
Mrs. B Lamola	231	231
Ms. J Nyathi	195	195
Mr. SA Ngobeni	347	347
	3 390	**3 390**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

44. Members' emoluments (continued)

2020

	Members' fees	Total
Ms. MK Sentle (Chairperson of the Board)	101	101
Ms. K Dikgole	54	54
Ms. M Chokoe	94	94
Prof. LTB Jackson	77	77
Ms. G Moyo	88	88
Mr. I Motala	108	108
Mr. T Phiri	68	68
Mr. S Kgodumo	67	67
Mr. M Mojaki	57	57
Mrs. B Lamola	65	65
	779	**779**

45. Prior-year adjustments

1. Property, plant and equipment – Infrastructure

The infrastructure assets were restated because no valuations were performed during the previous financial year. After the performance of the valuations for the 2020 and the 2021 financial years, the comparative figures for the current financial years were restated accordingly.

2. Fair value adjustments

The entity did not perform valuations for Investment property for the 2018 and the 2019 financial years, the valuations were last done during the 2017 financial year and they resumed during the 2020 financial year. The whole fair value adjustment for the period between the 2017 financial and the 2020 financial year was incorrectly recognised and disclosed as a fair value adjustment for the 2020 financial year. As a result, the fair value adjustment for the 2020 financial year was adjusted.

3. Depreciation and amortisation

As a result of the restatements made to Infrastructure assets, depreciation was also adjusted per the new values as informed by the valuations performed.

4. General expenses

Various findings were noted during the audit for the 2020 financial year relating to cut-off for expenditure. The whole population for general expenditure was therefore revisited in a bid to rectify the problem for transactions recorded during the incorrect financial year.

5. Revaluation reserve

Due to the valuations for Infrastructure assets which were performed during the 2020 financial year, the revaluation reserve had to be adjusted to account for the new fair values.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior-year adjustments (continued)

6. Retained earnings

The resultant impact for the adjustments to the prior year period was an effect on the residual interest of the entity. The adjustments to the retained earnings are therefore the cumulative effect of the prior period adjustments.

7. Deferred tax

The other resultant impact for the restatement for Infrastructure assets was an adjustment to the deferred tax balance. More temporary differences had to be accounted for which resulted in an adjustment to deferred tax. In addition, there was an assessed loss balance taken into account in the calculations.

8. Income tax expense

The prior year adjustments for the fair value adjustments for investment property and the assessed losses resulted in an adjsutment for both the current year tax and the deferred tax impacting the income tax expense. The adjustment to property, plant and equipment had an impact on the income tax expense as well.

9. Cash flow statement

Various misstatements were identified on the cash flow statement durin the prior year audit. The cash flow statement for the current year was reconstructed to ensure that the prior year adjustments were addressed.

10. Contingencies

The disclosure note was adjusted to exclude the amount for Altimax. Altimax is rather a payable and not a contingent liability and it is already on creditors age analysis.

11. Commitments

The comparative figures were adjusted by an amount of R21 085 000, from R43 631 000 to R64 716 000 to account for the correct contract amounts and expenditures

12. Cash flow statement

The cash flow statement was adjusted as a result of the adjustments made to the line items for account balances and class of transactions.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior-year adjustments (continued)

13. Statement of changes in Net Assets

The statement of changes in net assets was adjusted as a result of the adjustments made to the line items for account balances and class of transactions.

14. Other financial liabilities

Restatements were done for the other financial liabilities to account for the split between the current portion and the non- current portion of the liability balance.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Controlling entity - 2020

	Note	As previously reported	Correction of error	Restated
Property Plant and Equipment		214 609	(18 025)	196 584
Revaluation Reserve		(265 267)	(9 777)	(275 044)
Vat Receivable		602	42	644
Vat payable		-	(42)	(42)
Other financial liabilities - Current		-	(11 389)	(11 389)
Other financial liabilities - Non Current		(47 734)	11 389	(36 345)
Deferred Tax		(331 175)	149 227	(181 948)
Accumulated Surplus		(716 525)	(121 425)	(837 950)
		(1 145 490)	**-**	**(1 145 490)**

Statement of financial performance

Controlling entity - 2020

	Note	As previously reported	Correction of error	Restated
Fair value adjustments		661 007	(550 995)	110 012
Employee Related Costs		80 893	4 361	85 254
Finance costs		6 235	(8)	6 227
Lease rental on operating lease		1 381	(2)	1 379
General expenses		156 135	(24 991)	131 144
Income tax expense		129 815	(129 815)	-
Surplus (deficit) for the year		**1 035 466**	**(701 450)**	**334 016**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

46. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. 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 consists of debt, which includes borrowings, cash and cash equivalents and equity. There are no externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the prior year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, economic entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.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 an ongoing review of future commitments and keeping the expenditure low

Economic entity

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	-	18 882	-	-
VAT	3 316	-	-	-
Trade and other payables	205 251	-	-	-
Other Financial liabilities	13 331	14 760	22 140	3 834
Finance Lease OblIgations	1	-	-	-

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	-	18 882	-	-
VAT	7 589	-	-	-
Trade and other payables	144 147	-	-	-
Other Financial Liabilities	7 380	14 760	22 140	4 448
Finance Lease Obligation	617	-	-	-

Controlling entity

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from exchange transactions	155 182	-	-	-
Other Financial Liabilities	13 331	36 863	-	-

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from exchange transactions	75 217	-	-	-
Other Financial Liabilities	11 389	36 345	-	-

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

46. Risk management (continued)

Credit risk

Credit risk consists mainly of trade and other receivables. Management evaulated credit risks relating to customers in an attempt to reduce the provision for bad debts.

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

Financial instrument	Economic entity - 2021	Economic entity - 2020	Controlling entity - 2021	Controlling entity - 2020
Cash and Cash Equivalents	20 196	38 346	19 955	36 123
Receivables from exchange Transactions	38 313	49 027	33 933	38 525

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 charged market related interest

47. Material Uncertainity Relating to Going concern and events after reporting date

We draw attention to the fact that the group made a deficit of R121 449 000 (separate - R91 663 000) for the 2021 financial year. The group had net current liability position for R174 553 000 (separate - R113 973 000) , a decrease in revenue of R210 335 000 (separate - R144 206 000) and negative operating cash flows of R55 178 000 (separate - R37 710 000) which impacts the ability of the company to continue as a going concern. This is also a reflection of the group's inability to settle the current liabilities as they fall due. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

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

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

47. Material Uncertainity Relating to Going concern and events after reporting date (continued)

Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. NWDC and the group has also not remained unaffected during these times. The holding company (NWDC) has experienced a decline in the rental income to be collected due to lockdown imposed as a measure to control the COVID-19 pandemic. This has an impact of putting additional pressure on the already cashflows of the group. NWDC and the group have determined that it's financing requirements will be met as the group is wholly owned by the provincial government and were as to date able to receive assistance from government in difficult times. The board and management have also developed a turn-around strategy that has been endorsed by the Department of Economic Development. The turnaround strategy includes the following matters that will be implemented:

1. The Department of Economic Development, Environment, Conservation and Tourism confirmed that NWDC will receive R 66 588 000 for financial assistance for the 2021/2022 financial year. They further committed to assisting NWDC to deal with its challenges including the cashflow challenges.
2. The board has resolved on disposing non-profitable properties.
3. Introduction of smart metering to ensure recovery of the costs of water and electricity that are currently not fully recovered from tenants due to lack of that infrastructure. The process to acquire the necessary infrastructure is ongoing.

Management and the board believe that the group will continue its existence for the foreseeable future based on measures in place for the turnaround strategy. These uncertainties cast significant doubt on the Group and entity's ability to continue as a going concern. However, based on the measures in place, the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Events after the reporting date

As per GRAP 14 -Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

In this regard the annual financial year end is 31 March 2021 - Cases of the COVID-19 virus in Wuhan City, China were reported to the World Health Organisation (WHO) on 31 December 2019 and it was declared to be a public health emergency of international concern on 31 January 2020. The impact is still on-going as levels of lock down change even post year end and accordingly the entity's financial statements have been adjusted to reflect the impact thereof where appropriate, i.e., collection of receivables and the provision on impairment thereof.

The Board of NWDC has taken a resolution to transfer the shares of the GLR group to North West Parks Board. As at the reporting the control of the GLR group remains with the NWDC and the process to transfer has been initiated. This is considered a non-adjusting event because at the reporting date NWDC still maintains control over the activities of GLR. There is currently no appointed board at GLR. An estimate of the financial impact of this cannot be made as at reporting date.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2021	2020	2021	2020

49. Fruitless and wasteful expenditure

Opening balance as previously reported	64 674	58 850	40 486	37 429
Correction of prior period error	-	1 380	-	1 380
Opening balance as restated	**64 674**	**60 230**	**40 486**	**38 809**
Add: Expenditure identified - current	5 794	4 444	2 840	1 677
Closing balance	**70 468**	**64 674**	**43 326**	**40 486**

The fruitless and wasteful expenditure results from interest charged on late payment by various service providers. Investigations will be instituted on all the fruitless and wasteful expenditure

Expenditure identified in the current year include those listed below:

Disciplinary steps taken/criminal proceedings				
Interest and penalties - SARS	1 453	3 606	1 453	2 219
Interest and penalties - Municipalities	562	241	562	241
Interest and penalties - Eskom	809	288	809	288
Interest and penalties - Auditor-General	32	178	3	178
Interest and penalties - Other Supplier	2 938	131	13	131
	5 794	**5 794**	**2 840**	**3 057**

50. Irregular expenditure

Opening balance as previously reported	533 698	477 954	428 958	393 254
Correction of prior period error	-	30 179	-	30 179
Opening balance as restated	**533 698**	**508 130**	**428 958**	**423 433**
Add: Irregular Expenditure - current	61 923	25 568	14 156	5 525
Closing balance	**595 621**	**533 698**	**443 114**	**428 958**

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings				
Competitive bidding not invited	The Irregular Expenditure will be investigated in accordance with the PFMA	-	5 525	-	5 525
Expenditure without budget		47 767	-	-	-
Contracts extended on a month to month	The Irregular Expenditure will be investigated in accordance with the PFMA	14 156	-	14 156	-
		61 923	**5 525**	**14 156**	**5 525**

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