Annual Report

2022/2023

NORTH WEST
DEVELOPMENT
CORPORATION

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PART A

GENERAL INFORMATION

1. GENERAL Information

Registered Name of the Entity

North West Development Corporation SOC Ltd

Registration Number

1999/0026525/07

Registered Office Address

22 James Watt Crescent
Industrial Sites
MAHIKENG
2745

Postal Address

PO Box 3011
MMABATHO
2735

Contact Telephone Number

(018) 381-3663

Email Address

nwdc@nwdc.co.za

Website Address

www.nwdc.co.za

External Auditors

Auditor-General of South Africa
Chartered Accountants (SA)
Registered Auditors

Bankers

ABSA, First National Bank and Standard Bank

Company Secretary

Ms M Seleke (Acting)

2. LIST OF Abbreviations

AGSA	Auditor-General South Africa
ARC	Audit and Risk Committee
B-BBEE	Broad - Based Black Economic Empowerment
CASR	Christiana All Seasons Resort
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Properties Commission
COVID	Coronavirus Disease
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DEDECT	Department of Economic Development, Environment, Conservation and Tourism
DTIC	Department of Trade, Industry and Competition
EXCO	Executive Committee
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
GLR	Golden Leopard Resorts SOC Ltd
GRAP	Generally Recognised Accounting Practices
HOD	Head of Department
HR	Human Resource
HR & REMCO	Human Resource and Remuneration Committee
IAA	Internal Audit Activity
ISA	International Standard of Accounting
ICT	Information, Communication and Technology
LED	Long Economic Development
LSA	Long Service Award

2. LIST OF Abbreviations

MTSF	Medium Term Strategic Framework
NB	Nota Bene
NWDC	North West Development Corporation SOC Ltd
NWP	North West Province
PAA	Public Audit Act
PAAP	Public Audit Action Plan
PFMA	Public Finance Management Act
READ	Department of Rural, Environment and Agricultural Development
SACPVP	South African Council for the Property Valuers Profession
SARS	South African Revenue Service
SCM	Supply Chain Management
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprises
SOC	State Owned Company
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
VAT	Value Added Tax

3. FOREWORD BY THE Chairperson

It is a humbling experience to reflect on a journey that has passed. It fills one with appreciation to gaze back upon the road travelled, acknowledging how far one has come thanks to the staunch support of allies along the way.

For the North West Development Corporation the journey of the 2022/2023 financial year is reflected upon in this Annual Report. Its allies are our stakeholders, loyal staff, the Board of Directors and our ever-supportive Shareholder.

We reflect with gratitude that we were able to record progress in realising the entity's inclusive economic growth strategy as a schedule 3D business enterprise under the North West Provincial Government, specifically the Department of Economic Development, Environment, Conservation and Tourism.

In executing our programmes in the year that was, it remained the NWDC's purpose to contribute towards the growth and transformation of the North West economy. Highlights on our journey include major strides towards designating the Bojanala Special Economic Zone, improving on audit and governance matters, and assisting and empowering North West companies and SMMEs.

In terms of the Bojanala SEZ, we are elated to report that investments valued at R3.536bn were secured for the SEZ during the financial year. This exceeds the target set by R3.036bn. The total value of investments secured for the Bojanala SEZ now stands at R7,516bn with a total of 13 investment projects. In addition, the Bojanala Special Economic Zone Company was established, land was secured with the Moses Kotane local municipality, its Infrastructure Master Plan was developed, and a Site Master Plan and architectural designs were produced.

During the reporting period, the NWDC supported 638 SMMEs with non-financial services, while 46 SMMEs were supported with financial services. In addition, we participated and assisted in five trade and investment initiatives with municipalities and have also empowered 42 companies through export development workshops.

We were strengthened in attaining these achievements thanks to the NWDC's strategic relationships with vital role players. We acknowledge district and local municipalities, provincial departments, especially DEDECT, National Departments such as the Departments of Trade, Industry and Competition and Small Business Development, the North West University and various special purpose groupings such as business chambers, CEO Forums and a Stakeholders Forum comprising of LED offices in various local municipalities, which the NWDC is pioneering.

The year was, however, marked by several challenges, most of which were brought about by a challenging economic environment, exacerbated by the national electricity supply crisis. The board acknowledges that the entity's operating environment was characterised by slow economic growth, high unemployment and struggling SMMEs. These conditions affected NWDC directly through SMME tenants' inability to honour their rental agreements as well as investor scepticism towards South Africa.

The entity's property portfolio remains in dire need of upgrade and maintenance. Severe financial constraints has hampered the NWDC's ability to meet creditor obligations and effect necessary renovations and improvement on its properties. It is the group's intention to continuously lobby for funding to enable the facilities to compete successfully against private sector competitors.

The Corporation developed a strategy and a business model to respond to these challenges. The strategy was developed at the back of the principle that NWDC should achieve sustainability. Central to this is the entity's five-year strategic plan, with partnerships with the private sector being one of the key initiatives, supported by a skills audit, and systematic reviews of the operating model and organisational structure, among other.

The enclosed performance report, complete with its achievements and formulated strategies to overcome areas that require improvement, are the fruits of human labour. Behind the figures is a passionate team dedicated to the goals of the NWDC. I convey my heartfelt thanks to every NWDC employee for their contribution towards fulfilling our mission of economic growth for the people of the North West Province.

To the Executive Management, Board of Directors and Board Sub-Committees – I acknowledge your immense contribution in leading the entity, developing solutions, embracing change and forging ahead.

We are forever grateful towards our Shareholder for entrusting the entity with its economic development programmes and projects. With your continued support, we look forward to delivering the flagship project for the Province, which is the official designation of the Bojanala Special Economic Zone.

Mr K Konopi
Chairperson of the Board

4. BOARD OF Directors

Mr KK Konopi
Chairperson

Ms MK Sentle
Director

Ms MJ Msiza
Director

Dr SN Nokaneng
Director

Mr ME Mojaki
Director

Mr B Ncongolo
Director

Ms N Phadu-More
Director

Ms MET Malaka
Director

Ms SM Maleka
Director

Ms M Seleke
Company Secretary (Acting)

NB: The Shareholder made changes to the Board of Directors towards the end of July 2023. Information of the newly appointed directors will be published in the next edition of the NWDC Annual Report.

5. REPORT OF THE Chief Executive Officer (Acting)

"In today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility. That's it because nothing else is sustainable."

How aptly do these words by Jeff Bezos, founder of Amazon, encapsulate the forced transformation that businesses and individuals alike experienced during the tumultuous calendar years of 2022 and 2023.

The operational and financial performance of the NWDC in the 2022/2023 fiscal provide evidence of a challenging, unpredictable and at times stormy environment.

The 2022/23 financial year was a testing time for the North West Development Corporation (NWDC). Already operating under a seriously ailing economy, exacerbated by consecutive repo rate increases and high inflation, albeit not alone, the NWDC experienced resources and financial constraints that affected its ability to meet targets against certain strategic objectives.

With regards to its overall financial position, the current ratio is unfavourable with a very high creditors' book. The spending trends of the entity were mainly defined by employee related costs and property related costs (security and rates and taxes).

The year that was, was certainly not without capacity constraints, and hence we faced a fair number of challenges. The most notable were that the NWDC operated in a very challenging economic environment during the reporting year. It was characterised by slow economic growth, high unemployment and struggling SMMEs. These conditions affected the NWDC directly through SMMEs tenants' inability to pay their rentals on time. The constrained asset portfolio exacerbated by a number of ailing properties remains of concern given budgetary limitations to address interventions proposed towards implementing proactive maintenance schedules.

In the year under review, the North West Development Corporation focused on core programmes such as the Small Business Development services, Properties and of course the Special Economic Zone.

The year that was, saw NWDC make great strides in reducing the number of vacancies in key positions and welcomed new talent and resources to the organisation. In so doing, the NWDC is confident in streamlining efforts across the organisation towards achievement of all targets.

In the year under review, the North West Development Corporation continued robust efforts in reducing the debt book by proceeding with a debt collection service provider, to stimulate liquidity going forward. The analysis of properties is underway to consider disposing properties that are not adding value to the portfolio. At the North West Development Corporation, we pride ourselves in a solid, streamlined, and compliant Supply Chain Management (SCM) function. The SCM unit only processed small procurement for goods and services for business continuity. Tenders concluded for the 2022/2023 fiscal were for the establishment of the Mahikeng Trade Market and the appointment of a debt collection service provider.

Moving to the audit report, the entity received a modified audit opinion from the Auditor-General South Africa. There were notable improvements which resulted in the entity getting a qualified audit opinion, compared to the adverse audit opinion for the previous financial year. The entity is developing and implementing further financial reporting controls to improve the status of records going forward.

In looking to the future, with renewed vigour, enthusiasm and the abundance of new skills added, I can confidently say that we have steadied the ship and are on track to not just reach, but surpass milestones. We look toward the future with confidence and optimism that we will be able to address and overcome the entity's financial challenges. With regards to action plans to address financial challenges, it is the Group's intention to continuously lobby for funding to enable the facilities to compete successfully against private sector competitors. The Group, through prudent financial management, will continue to engage in systematic maintenance of its facilities.

When looking at the economic viability of the North West Development Corporation, our stakeholders can rest assured that as an entity of government, North West Development Corporation will continue to operate in a manner true to our mandate of economic development and stimulation. With the continued support of the Provincial Government, it is a firm belief that the NWDC will make tremendous strides in positive intentional impact that benefits the vast majority of our people.

One does not re-engineer an organisation without a resilient and supportive team. We acknowledge our Shareholder, DEDECT and in particular MEC Virginia Tlhapi for her vision and guidance. MEC Tlhapi leads the North West Development Corporation with both passion and action, evident from her hands-on approach as demonstrated by oversight visits and community engagements.

I thank our Chairperson and Board of Directors for their leadership and support; and the NWDC management team for demonstrating relentless resilience and vigour. As Mahatma Gandhi famously said, *"the best way to find yourself is to lose yourself in the service of others"*. Through servant leadership we are moving forward together.

My sincere expression of gratitude is directed to the NWDC staff: *"Great things in business are never done by one person but by a team of people"* – Steve Jobs. Thank you for being the engine room that runs the machinery that is NWDC.

As we close the chapter that was 2022/2023, we look to the future, having learnt many lessons all the more keener and confident in achieving our plans for the new year.

Kabelo Mafokwane
Acting 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 F) have been prepared in accordance with GRAP standards and the relevant frameworks and guidelines issued by 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 controls 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.
    - report findings regarding reported performance information against pre determined objectives for the selected programs as presented in the Annual Performance Report.
    - report material findings on the entity's compliance with key legislation relating to financial matters, financial management and other related matters.
    - report significant dificincies in internal controls
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

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:

- industrial development;
- commercial investment;
- property development and management;
- development of sustainable enterprises;
- trade and investment attraction;
- economic programme management

7.3 Values

STRATEGIC	OPERATIONAL
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	**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

Applicable legislation governing the North West Development Corporation SOC Ltd derives its governing powers from the following legislation:

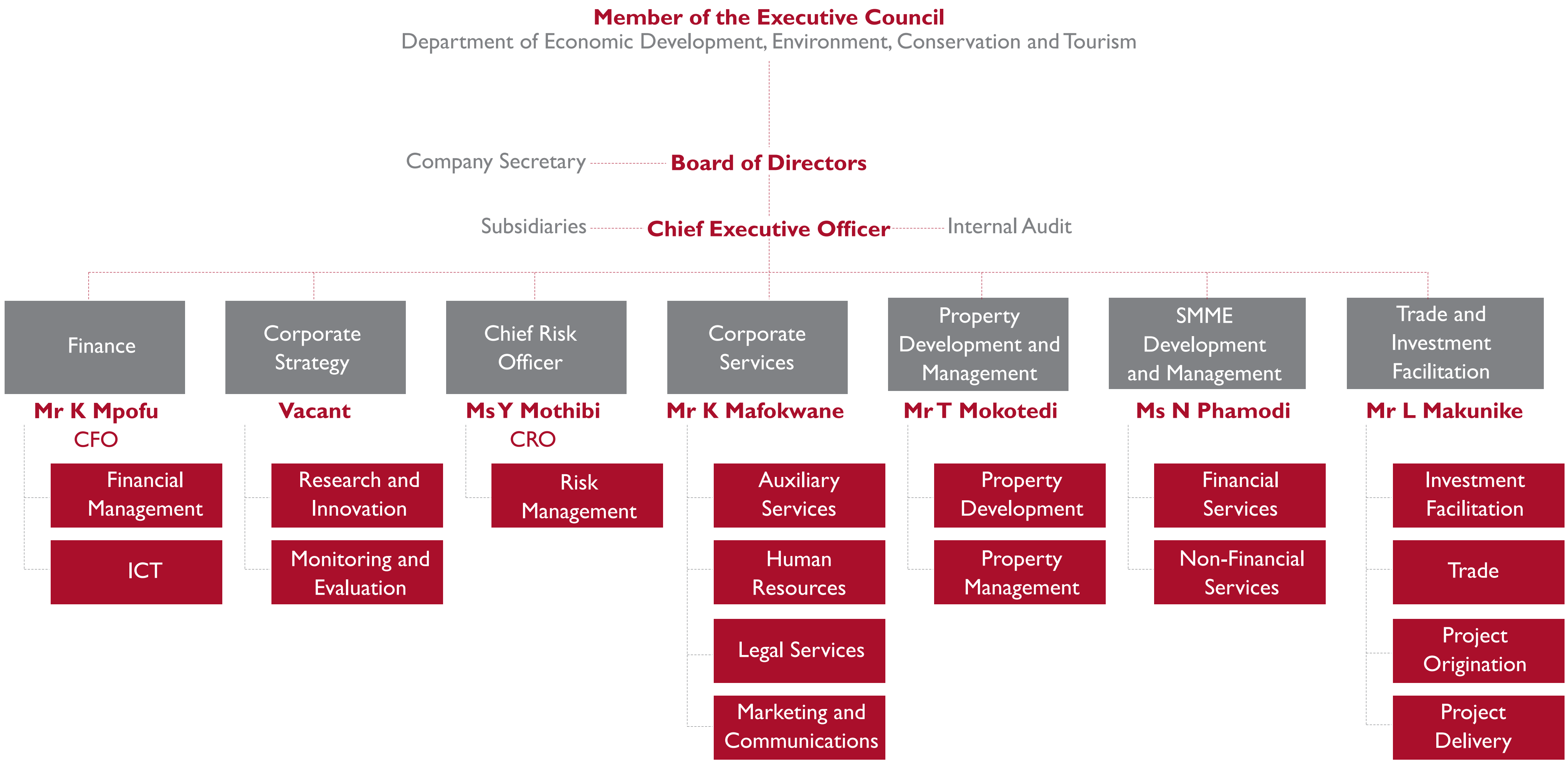
- The NWDC Act No 6 of 1995;
- Companies Act as amended;
- Public Finance Management Act as amended (and its treasury regulations); and

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

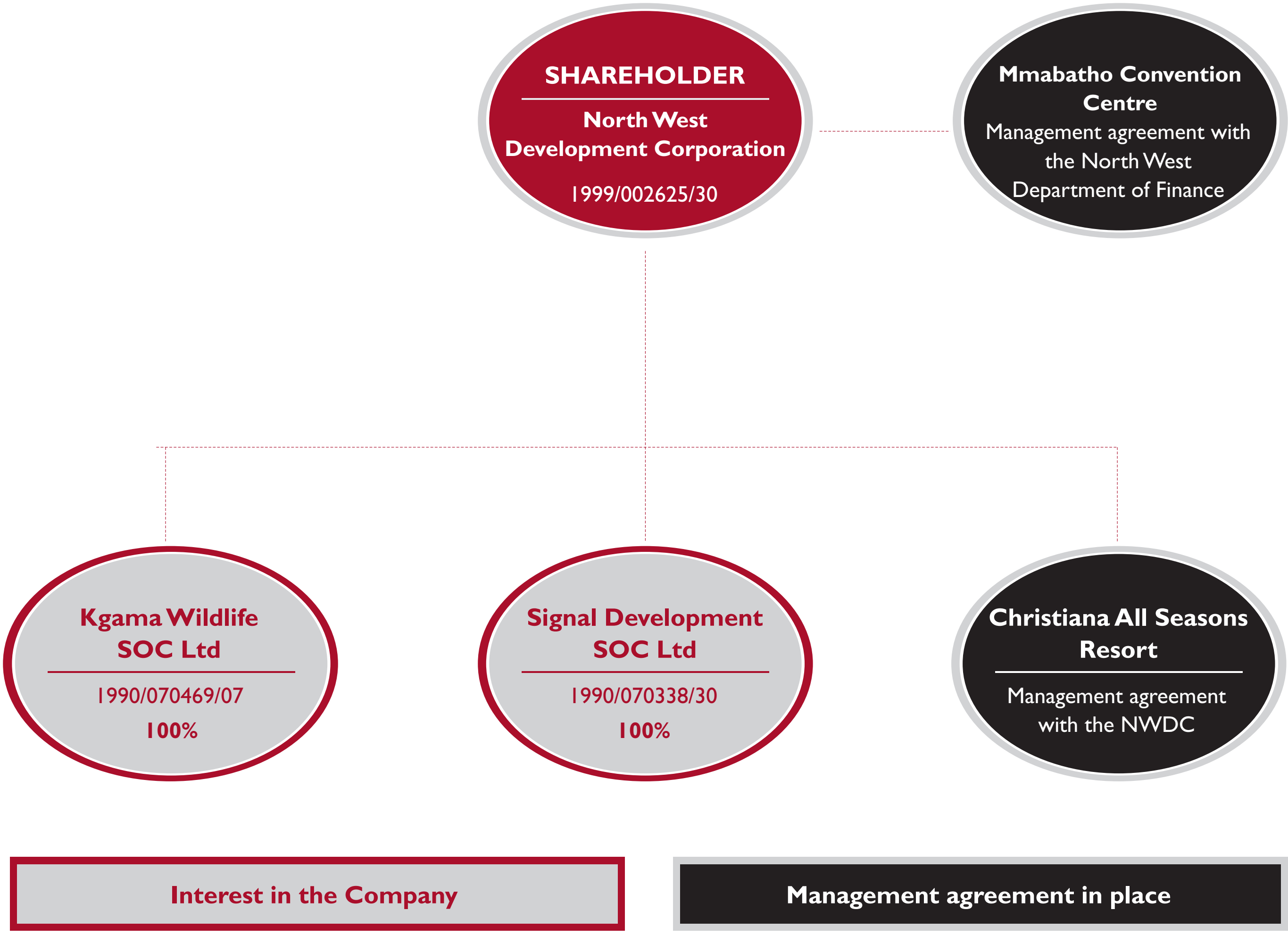
There is no provision of the Memorandum of Incorporation which constitutes a restrictive condition as contemplated in section 15(2)(b) of the Companies Act.

9. ORGANISATIONAL Structure

9.1 The Administrative Structure of the NWDC Group



9.2 The Structure of the NWDC Subsidiaries



9.3 Executive Management of the NWDC Group

Mr K Mafokwane
Acting Chief Executive Officer

Mr K Mpofu
Chief Financial Officer

Mr T Mokotedi
Executive Manager:
Property Development and Management

Ms N Phamodi
Executive Manager:
SMME Development and Management

Ms Y Mothibi
Chief Risk Officer

Mr A Tau
Executive Manager: Bojanala SEZ

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 findings regarding the performance information against the predetermined objectives. The audit conclusion on performance against predetermined objectives is included in the Report to Management, with material findings being reported under the report on the audit of the annual performance report section of the Auditor's Report.

Refer to pages 75 to 77, paragraph 22 to 33, of the Auditors Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment

The NWDC continued operated under a very challenging economic environment during the reporting year, characterised by slow economic growth, high unemployment and struggling SMMEs. These conditions affected NWDC directly through SMMEs Tenants inability to pay us on time as well as Investor scepticism in South Africa as a whole. The Corporation developed a strategy and a business model to respond to these challenges. The strategy was developed at the back of the principle that NWDC should achieve sustainability. This strategy emanates from the national government that all SOEs should be self-sustaining and cease to be a fiscus burden.

Rising inflation and the responding consistent back-to-back increases in interest rates has contributed to a further economic downturn and has had a severe impact on all sectors of the economy, with many businesses battling to recover or non-operational. National Treasury expects a shortfall in revenue collection in 2022/2023.

The objectives of the NWDC Group: Corporate Plan 2023/2024 are:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;
- To reindustrialise the economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption through transparent and ethical business practices; and
- To improve the capability of the Province in the economic development space.

2.2 Organisational Environment

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

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.

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

- Property Development and Management;
- Bojanala Special Economic Zone
- SMME Development and Management
- Trade and Investment Facilitation
- Administration and Governance

2.3 Key Policy Developments and Legislative changes

There have been relevant policy developments and legislative changes that may have affected the NWDC's operations during the period under review. These include:

- The Medium-Term Strategic Framework (MTSF) 2019-2024
- Protection of Personal Information Act No 4 of 2014
- Property Practitioners Act 22 of 2019
- National Energy Act: Regulations: Mandatory display and submission of energy certificate for buildings

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL Impacts And Outcomes

The NWDC has embarked on a process of aligning a focused strategy with functional structure that is lean without compromising on efficiencies. It is the intention of the NWDC to ensure that its structure and strategy fully supports provincial priorities and delivers on the mandate.

Severe financial constraints have hampered the ability of the Group to meet creditor obligations and effect necessary renovations and upgrades on all its properties, with minor fixes being carried out on a daily basis. It is the Group's intention to continuously lobby for funding to enable the facilities to compete successfully against private sector competitors. The Group, through prudent financial management, will continue to engage in systematic maintenance of its facilities.

NWDC streamlined its efforts and aligned its performance management practices with that of the Shareholder expectation to ensure best practices are adhered to. In the reporting year, NWDC can proudly list a few of its successes:

- At the end of the financial year 2022/2023, the NWDC managed to reduce the irregular expenditure by 76% measured against the prior financial year 2021/2022.
- Addressed 75% of the audit findings Post Audit Action Plan (PAAP).
- Established the Bojanala Special Economic Zone Company (SEZ).
- Secured land for the Bojanala SEZ.
- The Bojanala SEZ Infrastructure Master Plan was developed.
- SEZ Site Master Plan and Architectural Designs produced.
- Value of R3.536bn attracted into the Bojanala SEZ.
- The NWDC participated and assisted five trade and investment initiative with Municipalities.
- Taken 42 companies through export development.

4. PERFORMANCE Information By Programme

4.1 Programme 1: Administration

4.1.1 Purpose of the Programme and Outcome Applicable

Purpose of the Programme	Outcome Applicable
To provide administrative leadership to the NWDC in accordance with relevant legislations, regulations and policies and ensures appropriate support services to all programmes	Ensure consistent improvement in the quality of services rendered by the NWDC Group; and to maintain the going concer of the NWDC Group by achieving sustainability ratios annually

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Under/(Over) Achievement 2022/2023	Reasons for Deviations
Percentage of audit findings in the Post Audit Action Plan (PAAP) addressed	83%	75%	75%	0%	Target achieved
Percentage compliance with legislative prescripts (as set out in the Legislative Prescripts Framework)	72%	100%	86%	14%	• Liquidity challenges resulted in creditors being not paid within 30 days. • The Organisational Structure was not reviewed because there was no triggering reason to review the structure, the operations remained the same. • The list of banking accounts was not submitted to National Treasury as prescribed in Sections 7(2) and (3) of the PFMA and Treasury Regulation 31.2.1. The entity's bank accounts did not change, and management was of the view that it is irrelevant to share the bank accounts as they had remained the same since the previous submission.

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Under/(Over) Achievement 2022/2023	Reasons for Deviations
Percentage reduction of Irregular Expenditure	-85%	75%	80%	(5%)	Not applicable
Number of Board Oversight Reports produces	New Output Indicator	4	4	0	Target achieved

4.1.2 Narrative

Severe liquidity constraints have been paralysing the operations through:

- Inability to settle creditors as they fall resulting in poor credit history and inconveniences for operations.
- The inability to implement the turnaround strategy (hiring professionals, keeping up with operational costs for properties etc).
- The image of the entity and loss of goodwill, also affecting the morale of employees.

The shortage of skills has had pervasive ramifications impacting the financial reporting, revenue generation and the general internal control environment of the entity.

The macroeconomic environment has not made the situation any easier. The effects of the energy crisis have direct effects on the entity's revenue generation and cash flows, the rental business is amongst the most affected sectors of the economy. The tenants are vacating the premises due to their inability to keep their businesses viable amid the reduced turnovers as a result of the slowdown caused by the power cuts. The monetary policy with the high inflation has had direct effects on the discretionary income for individuals and businesses, which had barely recovered from the COVID-19 pandemic, are finding the gradient too steep to sustain. The NWDC as a 3D public entity, just like any other business, will have to implement robust turnaround measures to remain sustainable.

4.1.3 Strategy to overcome areas of under-performance

The areas of under-performance will be remedied as follows:

- Implementation of the five-year strategic plan, with the attraction of investors (partnerships with the private sector) being one of the key initiatives;
- Turnaround strategy of the NWDC;
- Job evaluations and skills audit and/or development;
- A systematic review of the operating model;
- Organizational structure, and programs and optimum utilization of human capital;
- The review and development of a strategically aligned funding model;
- Ringfencing of budgets to the structure/funding model;
- Reducing the excessive debtors' balance and debtors' days; and
- Building capacity in capital, revenue generation, and venture creation.

4.1.4 Linking performance with budgets

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

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Financial Management	26 078 250	26 078 250	-	21 406 000	28 986 000	(7 580 000)
Corporate Services	17 385 500	17 385 500	-	36 624 000	28 549 000	8 075 000
TOTAL	**43 463 750**	**43 463 750**	**-**	**58 030 000**	**57 535 000**	**495 000**

4.2 Programme 2: Property Development and Management

4.2.1 Purpose of the Programme and Outcome Applicable

Purpose of the Programme	Outcome Applicable
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 annually to the economic growth and transformation of the NWP through multiplying initiatives

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Under/(Over) Achievement 2022/2023	Reasons for Deviations
Percentage occupancy on available lettable areas (properties)	New Output Indicator	90%	75.44%	14.57%	The slow recovery of the economic environment is causing a slow recovery for new clients and/or occupants to occupy the current vacant properties
Conditional Assessment of the property portfolio performed	New Output Indicator	1	0	1	The conditional assessment was partially done and not fully conducted on all the properties of the NWDC
Business case developed for the remainder of Mmaba tho Unit 11 (Signal Development)	New Output Indicator	1	0	1	The business case was not advertised, evaluated or appointed due to legal challenges faced by the Signal Development
Business Case developed for the Tlhabane and Mogwase properties	New Output Indicator	1	0	1	Site Briefing Sessions were held on 19 and 20 October 2022 at Itsoseng, Lehurutshe and Mogwase. The Tender closing date of submission was extended to 24 January 2023, however, the service provider was not yet appointed at 31 March 2023. The evaluation com mittee referred the matter back to the specifications committee to rectify different aspects of the tender.

4.2.2 Narrative

- Occupancy continued to increase over the last five financial years, despite the fact that no maintenance was done or capital injections were received. Although the occupancy target was not achieved, more occupancy would be possible going forward as more maintenance is done and illegal and defaulting occupants are removed. The NWDC property portfolio is in dire need of a phased maintenance plan to increase the percentage of lettable properties;
- The migration from Nicor to the MRI Property Management System presented the organisation with some challenges regarding data migration and accuracy of data. Improved measurement of occupancy data is expected to increase the credibility of property data going forward;
- An Executive Manager was appointed on a five year contract on 1 September 2022, which allowed the incumbent only six months to understand and manage the portfolio and influence the targets. Various acting roles in the period before the appointment led to inconsistencies in managing the portfolio; and
- On the formulation of the Business Case Tenders it was found that specifications were lacking clarity, and hence the decision was taken to revisit their content to ensure better formulation of specifications. The tenders will be readvertised, after some of the aspects of the tender will be rectified, to ensure a credible turn-out of interested bidders.

4.2.3 Strategy to overcome areas of under-performance

- Under the leadership of the appointed Executive Manager: Property Management and Development, the unit will be able to formulate realistic occupancy targets for the next fiscal taking into consideration the realistic state of the NWDC properties;
- The data clean-up process is expected to be concluded in the first quarter of the next financial year, which will enable the organisation to have a better sense of lettable and habitable floor space;
- The strategy going forward will entail investigating and solving legacy issues influencing the performance of the property portfolio. Matters in question will include the Tshwane debt and building compliance in the unit; and
- Concrete measures will be developed and enforced to increase accountability of staff in the property management unit.

4.2.4 Linking performance with budgets

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

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Property Development and Management	83 234 750	83 234 750	-	121 422 000	69 144 000	52 278 000
TOTAL	**83 234 750**	**83 234 750**	**-**	**121 422 000**	**69 144 000**	**52 278 000**

4.3 Programme 3: Bojanala Special Economic Zone (SEZ)

4.3.1 Purpose of the Programme and Outcome Applicable

Purpose of the Programme	Outcome Applicable
To build commercial industrial infrastructure and attract new investment into the SEZ	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Under/(Over) Achievement 2022/2023	Reasons for Deviations
Application for designation of Bojanala SEZ submitted to DTIC	New Output Indicator	1	0	1	Delay in EIA approval and allocation of budget for bulk infrastructure allocated.
Bojanala SEZ land secured	New Output Indicator	1	1	0	Target achieved
Institutional capacity of the SEZ built	New Output Indicator	1	0	1	• Two Management positions filled. • General Manager positions advertised.
Bojanala SEZ Company established	New Output Indicator	1	1	0	Target achieved
Infrastructure Master Plan developed	New Output Indicator	1	1	0	Target achieved
Township Establishment Approval secured	New Output Indicator	1	0	1	Awaiting Council approval from Municipality.
Environmental Impact Assessment Authorisation secured	New Output Indicator	1	0	1	• The EIA authorisation submitted. • Approval granted in May 2023.
Water Use License Authorisation secured	New Output Indicator	1	0	1	Application submitted and awaiting Department of Water Affairs and Sanitation approval.
SEZ Site Master Plan and Architectural Designs produced	New Output Indicator	1	1	0	Target achieved
Value of investments attracted into the SEZ	R1.379bn	R500m	R3.536bn	(R3.036bn)	Intensive marketing and promotion of the Bojanala SEZ at prime events such as the Mining Indaba and others led to the overachievement of the target.

4.3.2 Narrative

The following are major achievements recorded in regard to Bojanala SEZ:

- A 50-year land lease agreement has been signed with Moses Kotane Local Municipality.
- All the technical studies and work required to prepare the Application for Designation have been completed, including the following: SEZ Infrastructure Master Plan, Financial Model, Business Plan, Environmental Impact Assessment, and SEZ Site Master Plan.
- The following applications have been submitted to the relevant regulatory authorities for their consideration and approval – Environmental Impact Assessment, Water Use License, and Township Establishment.
- Bojanala SEZ SOC Ltd has been duly registered with the CIPC.
- Investments valued at R3.536 bn have been secured for the SEZ during the financial year. This exceeds the target set by R3.036 bn, and is more than twice the investment value secured in the previous financial year. The total value of investments secured for the SEZ now stands at R7.516 bn with a total number of 13 investment projects.
- A total of 39 infrastructure projects in and around the SEZ have been identified and packaged. These include bulk civil infrastructure, bulk electricity infrastructure, bulk roads infrastructure and others. These projects will not just support the SEZ but also improve service delivery in the Moses Kotane Local Municipality.
- A total of direct 10 870 jobs will be created, with a total of 7 500 direct jobs generated from the 39 SEZ infrastructure projects and 3 370 jobs generated from the 13 investment projects.

4.2.4 Strategy to overcome areas of under-performance

- Engage with DEDECT and Provincial Treasury to finalise the budget allocation for the bulk infrastructure;
- Interviews are scheduled for Q1 and Q2 of 2023/2024 to ensure filling of positions;
- Liaising with the Moses Kotane Local Municipality to expedite the processing and finalisation of the Township Establishment application; and
- Working with the Department of Water Affairs and Sanitation to expedite the Water Use License Authorisation application.

4.2.5 Linking performance with budgets

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

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Bojanala Special Economic Zone (SEZ)	35 000 000	34 771 000	229 000	31 060 000	3 184 000	27 876 000
TOTAL	**35 000 000**	**34 771 000**	**229 000**	**31 060 000**	**3 184 000**	**27 876 000**

4.4 Programme 4: SMME Development and Management

4.4.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Outcome Applicable
To develop sustainable enterprises	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Under/(Over) Achievement 2022/2023	Reasons for Deviations
Number of SMMEs supported (non-financial, CIPC registrations, annual returns, etc)	New Output Indicator	600	638	(38)	During the year under review, the NWDC partnered with other stakeholders (partnerships with Department of Social Development and Department of Agriculture), which brought positive results. The NWDC were invited to outreach programs and events which resulted in more clients that reached out to the NWDC for assistance with non-financial services (CIPC registrations of companies and annual returns).
Number of SMMEs provided with financial support	New Output Indicator	10	47	(37)	An budget allocation was made from the NWDC's operational budget surplus, and thereby enabled the SMME division to further applications with assist SMMEs with financial support.
Number of NWP Informal Traders and SMMEs Databases developed	New Output Indicator	1	1	0	Target achieved

4.4.2 Narrative

- Throughout North West Province, the NWDC is well-known by business communities who regard the entity as the first point of reference for business services. The corporation's footprint across the province, through its presence in all districts, enables it to reach out to SMMEs in numbers across the business community. Complementary to its footprint, the NWDC mobile office vehicle which brings services to community outreach events, has contributed positively to the unit reaching and exceeding its set targets.
- The capacity built internally, in terms of competent, motivated and enthusiastic officials is the hallmark by which the corporation has been entrenched across the SMME network of business chambers, hawkers associations and cooperatives forums.
- The unit's service offering, of both financial and non-financial assistance, resonates with SMMEs as these services address critical needs of SMMEs and provide practical solutions that add value to their enterprises.
- Lastly, in addition to its provincial footprint, the NWDC is pioneering a Stakeholders Forum comprising of LED offices in various local municipalities. The compilation of the SMME database was largely pioneered through stakeholder engagements. Furthermore, the Stakeholders Forum has proven effective in the critical area of facilitating outreach to various communities in the province.

4.4.3 Strategy to overcome areas of under-performance

There have been no areas of under-performance in this programme.

4.4.4 Linking performance with budgets

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

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
SMME Development and Management	8 692 750	8 692 750	-	4 733 000	6 419 000	(1 686 000)
TOTAL	**8 692 750**	**8 692 750**	**-**	**4 733 000**	**6 419 000**	**(1 686 000)**

4.5 Programme 5: Trade and Investment Facilitation

4.5.1 Purpose of the Programme and Strategic Objective

Purpose of the Programme	Outcome Applicable
To attract foreign and local direct investments into the NWP, promote exports and facilitate market access for local businesses	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Over/(Over) Achievement 2022/2023	Reasons for Deviations
Value of investment facilitated into the NWP	R33.463m	R200m	R20.962m	R179.037m	The planned targets were based on the pipeline of investments that were being facilitated. An investment of R150m for PPE manufacturing was put in abeyance because of leadership changes for the promoting company. Planned international investor targeting missions were not undertaken during the period due to budgetary constraints.
Number of jobs created with facilitated investments	123	300	43	257	The jobs are linked to facilitated investments and due to the investment of R150m for PPE manufacturing that was put in abeyance, the target of job creation could therefore not be achieved.
Number of companies assisted with access to export markets	New Output Indicator	15	13	2	The budgetary constraints did not permit the company to take prospective companies to new export markets. There was over reliance on the DTIC covering provincial companies but approvals were limited.
Number of trade and investment initiatives done with Municipalities	New Output Indicator	4	5	(1)	Initiatives with municipalities is dependent on willingness of municipalities. An additional activity was done with municipalities beyond the planned four.

Performance Indicator	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Variance Over/(Over) Achievement 2022/2023	Reasons for Deviations
Number of companies taken through export development	New Output Indicator	20	42	(22)	The NWDC planned the level of participants based on the resources that was available at hand. The response to new companies to be trained in exports was greater than anticipated by 22 extra companies because of additional DTIC support.
Number of investment conferences held to promote provincial opportunities	New Output Indicator	1	0	1	There was no budget to hold the planned conference. As a result the unit provided technical assistance for the Mining Investor Conference held jointly between DMRE and NWP at Sun City on 30 and 31 March 2023.
Number of one -stop-shops implemented with DTIC	New Output Indicator	1	0	1	The whole process depends on the application from the NWP to the DTIC. A request from the NWDC to the Department of Economic Development, Environment, Conservation and Tourism was applied and waiting finalisation of internal processes to ensure completion of the process.

4.5.2 Narrative

- It was a difficult year for new investment which calls for adequate funding to implement this function. During the year under review investment of R20.962 million was secured against a planned R200 million. One of the projects which was scheduled to be operationalised this quarter, the R150 million PPE manufacturing in the North West Province was put in abeyance due to leadership changes at the implementing company.

4.5.3 Strategy to overcome areas of under-performance

- A request for adequate funding to fully execute mandates in new financial year was submitted. Other projects to facilitate going forward, were identified to overcome the investment deficit and secure funding for investor targeting initiatives to secure new investment. More job creating investments were sourced both locally and internationally, and the for implementation of one-stop-shop with the DTIC was lobbied.

4.5.4 Linking performance with budgets

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

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Trade and Investment Facilitation	3 692 750	3 692 750	-	2 653 000	2 208 000	445 000
TOTAL	**3 692 750**	**3 692 750**	**-**	**2 653 000**	**2 208 000**	**445 000**

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Revenue Collection

Sources of Revenue	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Revenue	187 944 000	187 944 000	-	157 851 000	119 995 000	37 856 000
Grants	96 359 000	96 359 000	-	36 588 000	36 588 000	-
Investment & Other Income (SEZ)	-	-	-	31 060 000	31 060 000	-
Other Gains & Losses	154 760 000	154 760 000	-			
TOTAL	**439 063 000**	**439 063 000**	**-**	**225 499 000**	**187 643 000**	**37 856 000**

5.2 Programme Expenditure

Programme Name	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Office of the CEO *	-	-	-	-	-	-
Property Development and Management	83 234 750	83 234 750	-	121 422 000	69 144 000	52 278 000
Bojanala Special Economic Zone (SEZ)	35 000 000	35 000 000	-	31 060 000	3 184 000	27 876 000
SMME Development and Management	8 692 750	8 692 750	-	4 733 000	6 419 000	(1 686 000)
Trade and Investment	3 692 750	3 692 750	-	2 653 000	2 208 000	445 000
Economic Programme Management	-	-	-	7 601 000	2 399 000	5 202 000
Financial Management	26 078 250	26 078 250	-	21 406 000	28 986 000	(7 580 000)
Corporate Services	17 385 5000	17 385 5000	-	36 624 000	28 549 000	8 075 000
TOTAL	**173 855 000**	**173 855 000**	**-**	**225 499 000**	**140 889 000**	**84 610 000**

* CEO included in Corporate Services

Infrastructure Projects	2022/2023			2021/2022		
	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	-	-	-	-	-	-
Infrastructure transfer	-	-	-	-	-	-
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**

Mr KK Konopi
Chairperson of the Board

PART C

CORPORATE GOVERNANCE

1. INTRODUCTION

Corporate Governance embodies processes and systems by which the NWDC is directed, controlled, and held to account. In addition to legislative requirements based on the Companies Act, corporate governance with regard to the NWDC 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 and Tourism and the Board of Directors, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. 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 2021/2022;
- Corporate Plan 2022/2023;
- Q1 of 2022/2023;
- Q2 of 2022/2023;
- Annual Report 2021/2022; and
- Q3 of 2022/2023

3. EXECUTIVE AUTHORITY

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA. The PFMA governs and/or gives authority to the Executive Authority for oversight powers. The NWDC submitted the following reports to the Executive Authority:

- Approved Corporate Plan and Budget for 2022/2023;
- Signed Shareholders Compact 2022/2023 with the Shareholder;
- Approved Quarterly Reports for 2022/2023;
- Approved and Printed Annual Report 2021/2022; and
- Approved Corporate Plan and Budget for 2023/2024.

4. ACCOUNTING AUTHORITY: THE BOARD

4.1 Introduction

The Board of Directors is the accounting authority of the NWDC. The Board of the NWDC constitutes a fundamental base for the application of corporate governance principles in the entity. The NWDC is headed by and controlled by an effective and efficient Board, comprising the appropriate mix of executive and non-executive directors representing the necessary skills to strategically guide the entity. The majority of the members are non-executive to ensure independent and objectivity in decision-making. The Board has an absolute responsibility for the performance of the NWDC and is fully accountable to the NWDC for such performance. The Board also gives strategic direction to the NWDC.

4.2 The role of the Board

The role of the Board is as follows:

- It holds absolute responsibility for the performance of the NWDC.
- It retains full and effective control over the NWDC.
- It has to ensure that the NWDC complies with applicable laws, regulations, and government policy.
- It has unrestricted access to information of the NWDC.
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual, budgets, and business plans.
- It ensures that the Shareholders' performance objectives are achieved.
- It manages potential conflicts of interest.
- It develops a clear definition of levels of materiality.
- The Board must attend annual meetings.
- It ensures financial statements are prepared.
- The Board must appraise the performance of the Chairperson.
- It must ensure effective Board induction.
- Must maintain integrity, responsibility, and accountability.

4.3 The Board Charter

The Board of the NWDC is established in terms of the PFMA and the Companies Act. The NWDC is committed to the highest standards of corporate governance, including those advocated in the King Report on Governance for South Africa. The Board Charter is subject to the provisions of the Companies Act, Public Finance Management Act, NWDC Act and the NWDC Memorandum of Incorporation.

The purpose of the Charter is to set out the Board's roles and responsibilities as well as the requirements for its composition and meeting procedures.

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

- Approved Strategic Risk Register and Risk Management Strategy 2021/2022;
- Approved the Corporate Plan and Budget for 2021/2022;
- Signed the Shareholders Compact 2021/2022 with the Shareholder;
- Approved the Quarterly Reports of the NWDC;
- 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 Financial Officer;
- Approved the Annual Report 2021/2022; and
- Approved the Business Code of Ethics Policy.

4.4 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
Mr KK Konopi	Chairperson	I April 2021 Appointed as Chairperson of the Board on 8 September 2021
Ms MK Sentle	Non-Executive Director	9 December 2019 to 19 July 2023
Mr ME Mojaki	Non-Executive Director	9 December 2019 to 19 July 2023
Ms MET Malaka	Non-Executive Director	I April 2021
Ms N Phadu-More	Non-Executive Director	I April 2021
Ms MJ Msiza	Non-Executive Director	I April 2021
Ms SM Maleka	Non-Executive Director	I April 2021
Dr SH Nokaneng	Non-Executive Director	I April 2021
Mr SW Ncongolo	Non-Executive Director	I April 2021 to 19 July 2023

4.5 Qualifications and Expertise

Name	Qualifications	Areas of Expertise
Mr KK Konopi	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
Ms MK Sentle	MBA, Magister Educationist: Master's degree Management, B Ed Honours Degree: Training and Development, Further Diploma: Management; Diploma: Business Management; University Diploma: Teaching, National Certificate: Information Technology, Business Res cue 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 Man agement; Investment Management; Mergers & Acquisition; Human Resource Management; Policy Development; Financial Decision Making; Financial Reporting & Management; International Finance; Advanced Research; Stakeholder Relations; Community Development; ICT P roject Management; Information Technology Management
Mr ME Mojaki	MBA, Preferential Procurement Programme, Bachelor of Science Degree, Diploma in Animal Health, Matric	Project Management; Operations Management; Economist
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 Develo pment; Stakeholder Management; Corporate Governance

Name	Qualifications	Areas of Expertise
Ms SM Maleka	Bachelor 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 Plann ing 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
Ms N 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 Relat ions
Ms MJ Msiza	Master 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 Honours 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 Investm ent Management; Housing and Property Funding; Property Development; Private Equity and Corporate Finance; Financial Markets; Capital Funding; Credit and Risk Management
Mr SW Ncongolo	B. Com Economics, National Diploma: Cost Management, Diploma: Public F inance, Matric	Public Finance; Local Government Finance; Economics; Community Development; Communication; Project Management

4.5 Committees

4.5.1 Audit and Risk Committee (ARC)

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

The duties and responsibilities of the members of the ARC as set out below are in addition to those duties responsibilities that they have as members of the Board. The deliberations of the ARC 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.

The ARC has the following authorities, as set out in the Audit and Risk Committee Charter:

- To perform the functions as described in the charter.
- Authorised to have full, free, and unrestricted access to all relevant organisation activities, records, property, and staff to properly perform its duties and execute its powers.
- Safeguard all the information supplied to it in full compliance with the law.
- Act in accordance with its statutory duties and is authorised/delegated to perform the functions as described in the charter.
- Acquisition of outside services should be made subject to the approval of the organisation and approved procurement policies.

- The ARC has a decision-making authority in regard to its statutory duties and is accountable in this respect to the Board.
- The ARC make recommendations for approval by the Board.
- The ARC in the fulfilment of its duties has the right to call upon the chairpersons of the other Board or Board Audit and Risk Committees, the executive managers, company officers, and company secretary or assurance providers to provide it with information subject to approved processes.

Members of the Audit and Risk Committee:

Name	Role	Qualifications	Date Appointed
Mr S Ngobeni	External Member	MBA, Master in Commerce (International and Domestic Taxation), BCom pt Honours, B Com Accounting, Higher Diploma in Computer Auditing, Project Management, Portfolio Management and Investment Analysis	Appointed as External Member of the ARC on 1 September 2016 and appointed as ARC Chairperson on 27 August 2019. Reappointed ARC Chairperson on 23 April 2021
Ms SM Maleka	Non-Executive Director Committee Member	Bachelor of Arts, National Diploma: Marketing and Management, International Executive Development Programme, Executive Risk Management Programme, Executive Legal Liability Training, Strategy Development Course, Matric	06 May 2022
Ms N Phadu-More	Non-Executive Director	Bachelor of Arts, Certificate in Advertising, Matric	17 May 2021
Ms MET Malaka	Non-Executive Director	Master Business Administration, BA Degree: Social Science, Certificate on Public, Private Partnerships in Infrastructure, Matric	17 May 2021

Meeting Attendance:

Name	Number of Meetings	
	Held	Attended
Mr S Ngobeni	11	11
Ms SM Maleka	11	7
Ms N Phadu-More	11	10
Ms MET Malaka	11	11

4.5.2 Human Resource and Remuneration Committee (HR and REMCO)

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 fulfil its role as stated in the Charter.

Human Resources

- The Committee is responsible for overseeing the overall human resources strategy for the organisation and its subsidiaries.
- 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 organisation.
- Oversee the establishment of the 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 process).
- Oversee the organisation's recruitment, retention and termination policies and procedures for Executives in order to ensure a market-aligned approach to these components.
- Receive reports on performance appraisals in the Group.
- Review the results of the implementation of the HR policies for whether these policies promote the achievement of strategic objectives and encourage individual performance.
- Monitor employee equity plans.
- Receive on quarterly basis the report on the employee relations within the Group and to monitor the results of the employee surveys conducted.

Remuneration

- Oversee the establishments and implementation of remuneration policies, benefit structures and related costs concerning executive directors and other employees in the Group.
- 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.
- Ensure that key performance measures of the performance of the executive are agreed and that executive performance is assessed every year.
- 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.
- Consider on regular basis the appropriate mix of knowledge, skills and experience in the Board and its Committees.

Nomination

- Oversee the development of a formal induction programme for new directors.
- Oversee the development and implementation of continuing professional development programmes for directors.
- Oversee the annual evaluation of the performance and effectiveness of the Committees, Board, Chairperson, and individual non-executive Directors.
- Ensure that the organisation promotes diversity in all its manifestation terms of gender, disability, in the Board membership.

Members of the Human Resources and Remuneration Committee:

Name	Role	Internal or External Member	Date Appointed
Mr SW Ncongolo	Chairperson	Non-Executive Director	17 May 2021 to 19 July 2023
Mr KK Konopi	Committee Member	Non-Executive Director	17 May 2021
Ms SM Maleka	Committee Member	Non-Executive Director	17 May 2021
Ms. N Phadu-More	Committee Member	Non-Executive Director	27 October 2022

Meeting Attendance:

Name	Number of Meetings	
	Held	Attended
Mr SW Ncongolo	13	13
Mr KK Konopi	13	13
Ms SM Maleka	13	10
Ms. N Phadu-More	13	6

4.5.3 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 organisation. The Committee is established to:

- Monitor the organisation's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice.
- Social and economic development.
- Good corporate citizenship.
- Labour and employment.
- Governance of ethics.
- Drawing matters within its mandate to the attention of the Board as occasion requires.
- Reporting, through one of its members, to the shareholder of the organisation's annual general meeting on the matters within its mandate.

Members of the Social and Ethics Committee:

Name	Role	Internal or External Member	Date Appointed
Ms MET Malaka	Chairperson	Non-Executive Director	06 May 2022
Mr SW Ncongolo	Committee Member	Non-Executive Director	17 May 2021 to 19 July 2023
Ms MK Sentle	Committee Member	Non-Executive Director	12 October 2021 to 19 July 2023
Mr. N Phadu-More	Committee Member	Non-Executive Director	17 May 2021

Meeting Attendance:

Name	Number of Meetings	
	Held	Attended
Ms MET Malaka	5	4
Mr SW Ncongolo	5	3
Ms MK Sentle	5	5
Mr. N Phadu-More	5	5

4.5.4 Special Economic Zone SEZ 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 Committee shall:

- Consider and recommend to the Board the strategic framework for the planning and development of the Bojanala SEZ to ensure successful designation application.
- Monitor the performance of the NWDC in relation to the planning and development of the SEZ.
- Review policies, strategies and projects related to the planning, development, and operationalisation of the SEZ.
- Review and approve policies for desired investments within the SEZ.
- Review and approve investment projects locating within the SEZ.
- Review and approve all strategic and operational programmes and activities related to the SEZ.
- Monitor compliance with the requirements relating to the planning, development, and management of special economic zones in the country.
- Review and approve the Annual Performance Plan of the SEZ unit.
- Monitor quarterly reporting by management on the planning and development of the SEZ.
- Monitor the performance of the SEZ unit which is responsible for all strategic and operational activities related to the Bojanala SEZ.

Members of the SEZ Committee:

Name	Role	Internal or External Member	Date Appointed
Dr SH Nokaneng	Chairperson	Non-Executive Director	17 May 2021
Mr. SW Ncongolo	Committee Member	Non-Executive Director	17 May 2021 to 19 July 2023
Ms MJ Msiza	Committee Member	Non-Executive Director	17 May 2021
Mr ME Mojaki	Committee Member	Non-Executive Director	27 Oct 2022 to 19 July 2023

Meeting Attendance:

Name	Number of Meetings	
	Held	Attended
Dr SH Nokaneng	7	7
Mr. SW Ncongolo	7	6
Ms MJ Msiza	7	7
Mr ME Mojaki	7	3

5. 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 ARC 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 ARC 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 are 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:

5.1 Risk Management Committee

A Risk Management Committee was established comprising members of Exco and management with an independent chairperson. Quarterly meetings were conducted to ensure that risks were assessed and rerated.

5.2 Risk Assessment: Strategic

A Strategic Risk Assessment was conducted on 23 February 2022 and eight risks were identified and incorporated in the Corporate Plan 2022/2023. Quarterly sessions were conducted to monitor progress with mitigation plans. It must be noted that the financial position of NWDC has made it difficult to mitigate all risks.

5.3 Risk Assessment: Operational

The Operational Risk Assessments were conducted per individual unit with effect from 1 April 2022. 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.

Risk Assessments and documents were also conducted for the Bojanala SEZ and the Signal Development subsidiaries.

5.4 Mitigation Plans

The Risk Management Unit adopted a more assertive approach to ensure that risks are mitigated and continuously monitored with the establishment of the Risk Management Committee.

5.5 Provincial Risk Management Unit (PRMU)

The NWDC Risk Management Unit has also been reporting to the PRMU and submitted reports, responses letters by the CEO to the HOD of Provincial Treasury and other reports as requested.

5.6 Risk Management Training

The Risk Management Unit attended risk management training coordinated by the PRMU. The Risk Champions of NWDC were also trained by the PRMU.

5.7 Risk Maturity Assessment

The NWDC Risk Maturity was assessed and a score of 87% was achieved.

6. 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 ARC 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.

7. INTERNAL AUDIT

7.1 Key Activities and Objectives of the Internal Audit

The NWDC outsourced the Internal Audit function to an external institution with specialist audit expertise. The purpose, authority and responsibility of the internal audit function are defined in the audit charter. The Internal Audit function must, in consultation with the ARC, prepare:

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

It is also the Corporation's policy that the Internal Auditor attends the Strategic Planning Sessions and is available to report on the conduct thereof to the ARC 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 among others that:

- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely accounted for;
- Assets and resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved; and
- Applicable laws and regulations are complied with.

8. 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.

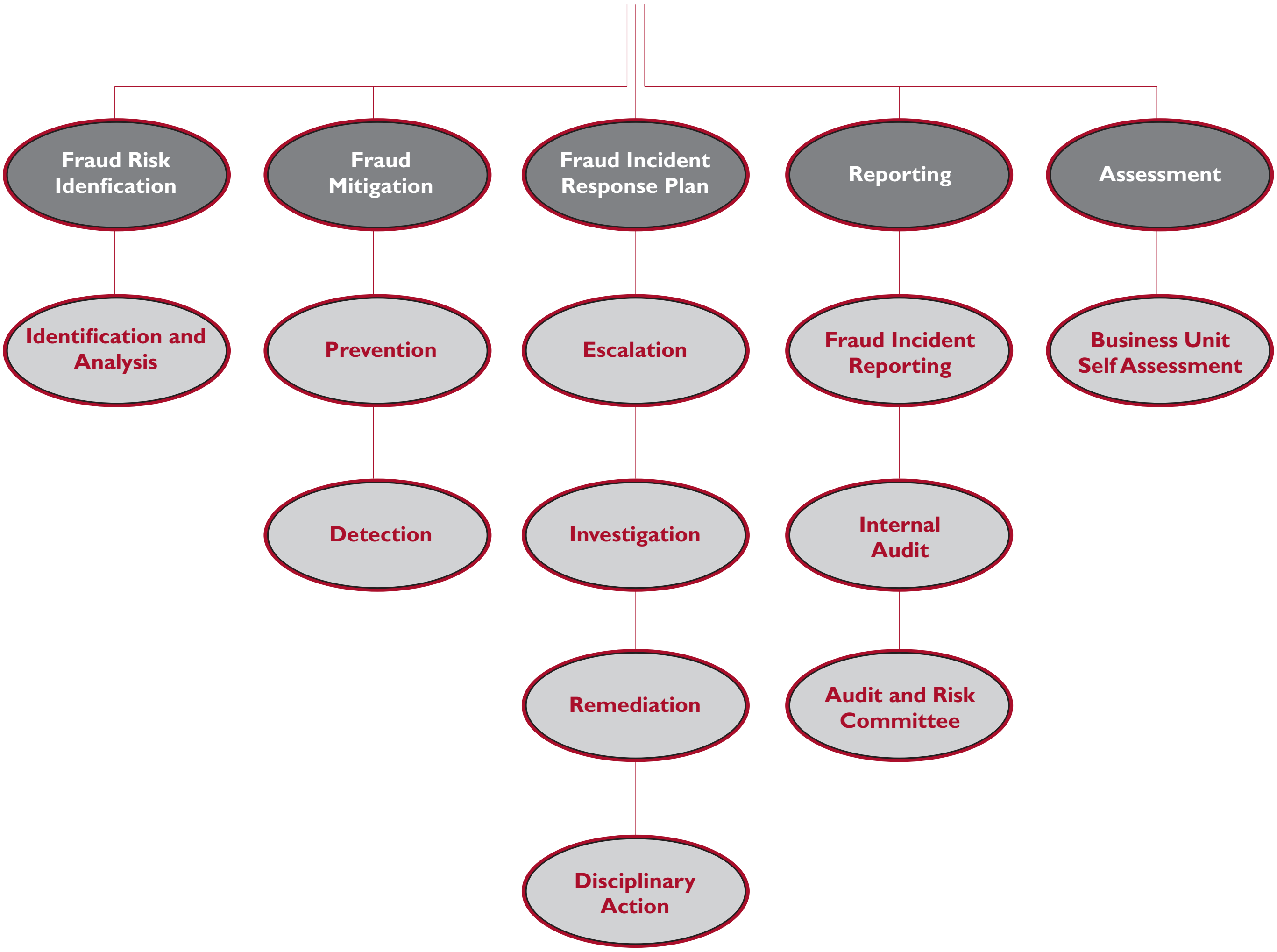
The NWDC implemented the following:

- 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



9. COMPLIANCE WITH Laws And Regulations

During the year under review the NWDC strived to adhere to all laws and regulations to ensure no damages to the organisations credibility and performance.

10. 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.

11. CODE OF CONDUCT

The NWDC 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.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

- The NWDC expects all employees to follow all applicable environmental laws and regulations of the country.
- 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.
- 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.
- 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.

13. COMPANY SECRETARY

Secretary

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

- To be accountable to the Company's Board.
- To provide the Directors of the company with guidance as to their duties, responsibilities, and powers.
- To make the Directors aware of any law relevant to or affecting the company.
- 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.
- 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.
- 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.
- 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.
- To carry out the functions, where necessary, of a person who is responsible for the company's compliance with the filing of annul returns in terms of the Companies Act.

In terms of King IV

- 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.
- 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.
- Ensure the Board and Board Committee Charters and terms of reference are kept up to date.
- Assist the board with the yearly evaluation of the board, its individual directors and senior management.

14. SOCIAL RESPONSIBILITY

The NWDC experienced serious cash flow challenges and could therefore not offer any donations to the community. However, the NWDC, during the 2022/2023 financial year assisted with financial assistance to 15 employees to the amount of R347,508.26 to further their studies.

15. B-BBEE COMPLIANCE

Performance Information

The following table is in accordance with the compliance to the B-BBEE requirements as required by the B-BBEE Act and as determined by the Department of Trade and Industry. The NWDC provides a discussion and also indicate the measures taken to comply:

Has the NWDC applied any relevant Code of Good Practice (B -BBEE Certificate Levels 1 to 8) with regards to the following:		
Criteria	**Response (Yes/No)**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to the NWDC.
Developing and implementing a preferential procurement policy?	Yes	This forms part of the NWDC Procurement Policy and it is applied when procuring goods and/or service exceeding R30 000. It is also in line with the Treasury Regulations.
Determining qualification criteria for the sale of state-owned enterprises?	No	The NWDC has not sold any of its properties during the year under review.
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants, and investment schemes in support of B-BBEE?	No	Not applicable

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The HR 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;
- Employee benefits, motivation, communication, administration, and training

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

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Key information on human resources is outlined in the tables below in Section D. The financial amounts agree with the amounts disclosed in the Annual Financial Statements.

3. PERSONNEL RELATED EXPENDITURE

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, overtime, and medical aid:

3.1 Personnel cost by salary Band: 1 April 2022 to 31 March 2023

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
Top Management	9 129 806.36	11%	5	1 825 961.27
Senior Management	18 953 949.02	23%	22	861 543.14
Professional Qualified	15 540 172.93	19%	24	647 507.21
Skilled	18 270 694.94	23%	34	537 373.38
Semi-Skilled	17 599 259.90	22%	57	308 758.95
Unskilled	1 413 396.44	2%	10	141 339.64
TOTALS	**80 907 279.59**	**100%**	**152**	**532 284.73**

4. PERFORMANCE REWARDS

Due to the financial constraints encountered by the NWDC, the NWDC has not granted any performance rewards during the year under review.

5. EMPLOYMENT AND Vacancies

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

Table 5.1: Employment and Vacancies as on 31 March 2023

Level	2021/2022 Number of Employees	2022/2023 Approved Positions	2022/2023 Number of Employees	2022/2023 Vacancies	Percentage Vacancies %
Top Management	4	9	5	4	44%
Senior Management	17	28	22	6	21%
Professional Qualified	31	34	24	10	29%
Skilled	39	63	47	16	25%
Semi-Skilled	44	35	42	-7	-20%
Unskilled	11	24	12	12	50%
People with Disabilities	1	1.00	1	0	0%
TOTALS	**147**	**194**	**153**	**41**	**21%**

Table 5.2: Reasons why Staff Leaving the employment of the NWDC

Reason	Number	% of Total Resignations
Death	1	10%
Resignation	3	30%
Expiry of Contract	1	10%
Dismissal: Operational changes	0	0%
Dismissal: Misconduct	0	0%
Dismissal: Inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	5	50%
Transfer to other Public Service Departments	0	0%
Other	0	0%
TOTALS	**10**	**100%**
Total number of employees who left as a % of total employment		**6.58%**

6. LABOUR Relations

Table 6.1: Misconduct

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	1	50%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
Settlement	1	50%
TOTALS	**2**	**100%**

7. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Table 7.1: Targets and Status for Males

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	3	0	2	0	1	0	1	0
Professional Qualified	8	0	0	0	0	0	3	0
Skilled	33	0	0	0	0	0	1	0
Semi-Skilled	6	0	0	0	0	0	0	0
Unskilled	11	0	0	0	0	0	0	0
TOTALS	**62**	**0**	**2**	**0**	**1**	**0**	**5**	**0**

Table 7.2: Target and Status for Female

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	0	0	0	0	0	0	0
Senior Management	11	0	0	0	1	0	1	0
Professional Qualified	9	0	2	0	0	0	0	0
Skilled	10	0	0	0	0	0	0	0
Semi-Skilled	33	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTALS	**68**	**0**	**2**	**0**	**1**	**0**	**1**	**0**

Table 7.3: Target and Status for People with Disabilities

Level	PEOPLE WITH DISABILITIES			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-Skilled	0	0	0	0
Unskilled	0	0	1	0
TOTALS	**0**	**0**	**1**	**0**

PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR Expenditure

This section provides guidance on the information to be included in the annual report relating to the PFMA compliance requirements.

Reconciliation of irregular expenditure	**2023** R'000	**2022** R'000
Opening balance	310 083	277 015
Add: Irregular expenditure confirmed	5 163	33 068
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**315 246**	**310 083**

Reconciling notes	**2023** R'000	**2022** R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	33 068
Irregular expenditure condoned	-	-
Irregular expenditure NOT condoned and removed	-	-
Irregular expenditure recovered	-	-
Irregular expenditure written off	-	-
None	-	-
Total	**-**	**33 068**

Additional disclosure relating to inter-institutional arrangements

- Non-compliance cases where the NWDC was involved in an inter-institutional arrangement (where the NWDC **was not** responsible for the non-compliance) - None
- Non-compliance cases where the NWDC was involved in an inter-institutional arrangement where the NWDC **was** responsible for the non-compliance) - None
- No disciplinary or criminal steps was taken as a result of irregular expenditure.

2. FRUITLESS AND WASTEFUL EXPENDITURE

Additional disclosure relating to inter-institutional arrangements	**2023** R'000	**2022** R'000
Opening balance	16 296	14 677
Add: Fruitless and wasteful expenditure confirmed	5 497	1 630
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful recoverable	-	-
Closing balance	**21 793**	**16 307**

Reconciling notes	2023 R'000	2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2021/2022	-	-
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/2023	-	-
Fruitless and wasteful expenditure for the current year	5 497	1 630
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Fruitless and wasteful expenditure recovered	-	-
Fruitless and wasteful expenditure written off	-	-
Total	**5 497**	**1 630**

No disciplinary or criminal steps were taken as a result of fruitless and wasteful expenditure during the 2021/2022 and 2022/2023 financial years. Fruitless and wasteful expenditure consists of interest and penalties as the result of late payments to creditors.

3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) & (III)

Material losses through criminal conduct	2023 R'000	2022 R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Material losses recovered	-	-
Material losses written off	-	-
Total	**-**	**-**

4. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Format of disclosure	2023 R'000	2022 R'000
Valid invoices received	2 433	86 752
Invoices paid within 30 days	122	12 570
Invoices paid after 30 days	2 311	74 182
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-
Total	**2 433**	**86 752**

- Liquidity challenges resulted in late payments.
- There are no invoices in dispute.

5. INFORMATION ON Supply Chain Management

Procurement by other means

Project Description	Name of Supplier	Type of Procurement by Other Means	Value of Contract R'000
Debt Collection	2T Innovation Business Consulting	Tender process	8.5% commission
Mafikeng Trade Market	Thavhani Trading Enterprise	Tender process	R8 097 087.90

Contract variations and expansions

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Original Contract Value R'000	Value of previous contract expansion/s or variation/s R'000	Value of current contract expansion or variation R'000
Irregular Expenditure Investigation	DeSwart Myambo	Expansion	Rate Based		Rate based
Investigation of irregular salary increases	Devastrategic Consulting	Expansion	R9 955 423.50	15%	Rate based

PART F

FINANCIAL INFORMATION

1. GENERAL Information

Registered Name of the Entity

North West Development Corporation SOC Ltd

Registration Number

1999/0026525/07

Registered Office Address

22 James Watt Crescent
Industrial Sites
MAHIKENG
2745

Postal Address

PO Box 3011
MMABATHO
2735

Contact Telephone Number

(018) 381-3663

Email Address

nwdc@nwdc.co.za

Website Address

www.nwdc.co.za

External Auditors

Auditor-General of South Africa
Chartered Accountants (SA)
Registered Auditors

Bankers

ABSA, First National Bank and Standard Bank

Company Secretary

Ms M Seleke (Acting)

2. STATEMENT OF RESPONSIBILITY AND Confirmation of Accuracy

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

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

The board acknowledges that it is ultimately responsible for the system of internal financial control established by the economic entity 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The board has reviewed the economic entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are 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 entity for continued funding of operations. The 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 consolidated annual financial statements set out on pages 82 to 143, which have been prepared on the going concern basis, were approved by the board on 30 May 2023 and were signed on its behalf by:

Mr KK Konopi
Chairperson of the Board

3. REPORT OF THE Audit and Risk Committee (ARC)

We are pleased to present our report for the financial year ended 31 March 2023.

3.1 ARC Responsibility

The ARC reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the PFMA and Treasury Regulation 3.1.13. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

3.2 ARC members and attendance

The ARC, 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 (Chairperson)	11	11
Dr SN Nokaneng	11	7
Ms N Phadu-More	11	10
Ms MET Malaka	11	11

3.3 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 2023, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the ARC concluded that the entity's system of internal financial controls are partial effective and internal control breaches come to the Committee's attention.

3.4 In-year management and monthly/quarterly report

Based on the quarterly review of in-year monitoring systems and reports, the ARC is partial satisfied with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the entity's in-year reporting systems.

3.5 Performance management

The ARC reviewed the 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.

3.6 Risk management

The ARC reviewed the entity's policies on risk management and strategy (including IT Governance) and monitored the implementation or the risk management policy and strategy and concluded that the entity's risk management maturity level is improving to required level.

3.7 Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by the ARC, AGSA, and Internal Audit during the year. Thus, there is 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.

3.8 Internal Audit

The ARC conclude that the entity's internal audit function level is ineffective and needs some urgent attention.

3.9 Progress in implementation of AGSA findings from prior year

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

3.10 Implementation of ARC Recommendations by management

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

3.11 Evaluation of Annual Financial Statements

Following the review by the ARC of the annual financial statements for the year ended 31 March 2023 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.

3.12 Evaluation of Annual Performance Report

Following the review by the ARC of the annual performance report for the year ended 31 March 2023 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 ARC concurs with reasons for deviations and measures proposed to address the under achievements contained in the report.

3.13 Final Auditor-General's Report

The ARC concurs and accepts the conclusions of the Auditor-General on the annual financial statements and annual performance reports, which is the qualified audit opinion with findings. Consequently, the ARC 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.

3.14 Conclusion

The ARC 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 reported above. We would also like to thank the Board Chairperson for his support, Board members, and management for their efforts and internal audit for their contribution.

Mr S Ngobeni
Chairperson Audit and Risk Committee

4. REPORT OF THE Directors

The members submit their report for the year ended 31 March 2023.

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.

Net surplus of the economic entity was R139 811 000 (2022: surplus R185 039 000), after taxation of R8 944 000 (2022: R44 251 000).

2. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R1 709 472 000 and that the entity's total liabilities exceed its assets by R2 300 226 000.

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.

Management and the board are aware of the events and conditions casting significant doubt on the entity's ability to continue operating as a going concern. Based on the plans developed to turn the entity around, management and the Board are confident that the financial statements must be prepared on the going concern basis.

There are no plans to cease operations and there are realistic alternatives to improve the financial status of the entity.

3. Subsequent events

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

4. Share capital

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

5. Board

The board of the group during the year and to the date of this report are as follows:

Name	Changes
Mr KK Konopi (Chairperson)	
Ms MK Sentle (Term ended 19 July 2023)	
Ms MJ Msiza	
Dr SN Nokaneng	
Mr SW Ncongolo (Term ended 19 July 2023)	
Ms N Phadu-More	
Mr ME Mojaki (Term ended 19 July 2023)	
Ms MET Malaka	
Ms SM Maleka	
Mr SA Ngobeni	
Mr K Mafokwane (Acting CEO)	
Mr ST Phetla (5-year contract ended 31 January 2023)	
Ms MM Matuba (Resigned on 2 August 2022)	

6. Company Secretary

The secretary of the group is Ms M Seleke (Acting).

7. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

The annual financial statements set out on pages 82 to 143, which have been prepared on the going concern basis, were approved by the board on 30 May 2023 and were signed on its behalf by:

Mr KK Konopi
Chairperson of the Board

5. 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.

Company Secretary
Ms M Seleke (Acting)

6. REPORT OF THE Auditor-General

Auditing to build public confidence

AUDITOR-GENERAL SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL TO NORTH WEST PROVINCIAL LEGISLATURE ON NORTH WEST DEVELOPMENT CORPORATION SOC LIMITED

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the North West Development Corporation and its subsidiaries (the group) set out on pages 82 to 143, which comprise the consolidated and separate statement of financial position as at 31 March 2023, consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the North West Development Corporation as at 31 March 2023 and the group's financial performance and cash flows for the year then ended in accordance with the applicable financial reporting framework and the requirements of the applicable legislation.

Basis for qualified

Consolidated financial statements

3. During 2022, the North West Development Corporation SOC Limited group did not consolidate the subsidiaries in the Golden Leopards Resort group because a resolution was passed to transfer the Golden Leopards Resort group to the North West Tourism Board. However, the conditions of the transfer to give North West Tourism Board enforceable rights were not met on 1 April 2021. The share certificates were still in the name of North West Development Corporation SOC Limited on 31 March 2022 and only transferred on 1 April 2022. My audit opinion on the financial statements for the period ended 31 March 2022 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the financial statements for the current period.

Investment property

4. I was unable to obtain sufficient appropriate audit evidence for investment property of the group due to the non-submission of valid permission to occupy agreements and property valuation reports. I was unable to confirm the investment property by alternative means. In addition, the group did not correctly account for investment property in accordance with GRAP 16, Investment property as differences were identified between the accounting records and valuation reports which resulted in the investment property and fair value adjustment being understated by R44 969 503. The group also did not account for properties that are registered in the name of the group in the accounting records which resulted in an understatement of investment property. I could not quantify the extent of the understatement as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment relating to investment property of R2 713 905 000 (2022: R2 564 826 000) as disclosed in note 3 and fair value adjustment included in revenue in the consolidated and separate financial statements was necessary.

Property plant and equipment

5. I was unable to obtain sufficient appropriate audit evidence for infrastructure of R168 170 000 (2022: R253 283 231) included in property, plant and equipment of the group due to non-submission of information in support of ownership of these infrastructure assets. I was unable to confirm these infrastructure assets by alternative means. Consequently, I was unable to determine whether any adjustment relating to property, plant and equipment of R190 253 000 (2022: R226 764 000) as disclosed in note 4 to the consolidated and separate financial statements was necessary.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.

7. 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 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.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basisfor my qualified opinion.

Material uncertainty relating to going concern

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

10. As per note 41 of the consolidated and separate financial statements, the group and the entity had a net current liability position. Furthermore, as disclosed in note 41 in the financial statements, one of the subsidiaries, Signal Developments, was placed on provisional liquidation. As stated in note 41, these events and conditions, along with other matters as set forth in note 41, indicate that a material uncertainty exist that may cast significant doubt on the group's ability to continue as a going concern.

Emphasis of matters

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

Irregular and fruitless and wasteful expenditure

12. As disclosed in note 43 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R5 497 000 and R5 484 000 respectively was incurred in the current year.

13. As disclosed in note 44 to the consolidated and separate financial statements, irregular expenditure of R5 163 000 was incurred in the current year.

Impairments – Trade and other receivables

14. As disclosed in note 11 to the consolidated and separate financial statements, the receivables from exchange transactions has been significantly impaired. The allowance for impairment of the receivables is R488 701 000 (2022: R383 710 000) which represents 95% (2022: 92%) of receivables from exchange transactions.

Restatement of corresponding figures

15. As disclosed in note 39 to the consolidated and separate financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the entity, and for the year ended, 31 March 2022.

Other matters

16. I draw attention to the matter below. My opinion is not modified in respect of this matter. National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework.

17. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular, fruitless, and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 43 and 44 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of North West Development Corporation. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority the consolidated and separate financial statements

18. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008) (Companies Act) and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

19. 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 has no realistic alternative but to do so. Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements.

20. 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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statement.

21. 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.

Report on the audit of the annual performance report

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

23. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Property Development and Management	27	To optimise the development and management of the property portfolio
Bojanala Special Economic Zone (SEZ)	29	To build commercial industrial infrastructure and attract new investment into the SEZ
SMME Development and Management	31	To develop sustainable enterprises
Trade and Investment Facilitation	33	To attract foreign and local direct investments into the NWP, promote exports and facilitate market access for local businesses

24. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

25. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

26. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion.

27. I did not identify any material misstatements on the reported performance information of Trade and investment facilitation programme.

28. The material findings on the performance information of the selected programmes are as follows:

Property Development and Management

Percentage occupancy of available lettable areas (properties)

29. An achievement of 75% was reported against a target of 90%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the achievement against the target was lower than reported.

Bojanala Special Economic Zone (SEZ)

Institutional capacity of the SEZ built

30. The indicator was included in the approved shareholder's compact and corporate plan but then not clearly defined during planning processes. It was also not determined how the related target would be measured and what evidence would be needed to support the achievement Consequently, I could not confirm the reliability of the reported achievement of 0 against the target of 1.

SMME Development and Management

Various indicators

Some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Number of SMMEs supported (non-financial, CIPC registrations, annual returns, etc.)	600	638
Number of SMMEs provided with financial support	10	46

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement's. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Trade and Investment Facilitation, SMME Development and Management and Property Development and Management. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

34. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

35. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

36. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

37. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Financial statement

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

Revenue management

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

Expenditure management

40. Effective steps were not taken to prevent fruitless and wasteful expenditure as disclosed in note 43 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by penalties and interest charged.

Asset management

41. Loans were provided to Signal Development SOC Limited, which were not authorised by the board and were not approved by way of a special resolution adopted by the shareholders within the previous two years as required by sections 45(2) and section 45(3)(a)(ii) of the Companies Act.

Liability management

42. 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.

Consequence management

43. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular, fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular, fruitless and wasteful expenditure were not performed.

Strategic planning and performance management

44. The corporate plan submitted to the head of the Department of Economic Development, Environment, Conversation and Tourism designated by the executive authority did not include the affairs of the Signal Development SOC limited as required by section 52(b) of the PFMA.

Other information in the annual report

45. The party responsible is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to 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 on in this auditor's report.

46. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

47. My responsibility is to read this other information and, in doing so, consider whether it 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.

48. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

49. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

51. The instability in key leadership positions over the past years continues to prevail and impacts on the entity's ability to establish a culture of good governance and sound internal controls.

52. Management did not implement proper record keeping to ensure that complete and accurate information is available in support of the financial and performance reporting. Daily and monthly reconciliations are not performed to support year-end reporting leading to material differences between reported figures and supporting documents, listings and registers. This also led to repeated financial statements, non-compliance findings.

53. The group remains dependent on consultants to assist with the preparation of the financial statements and the financial information in support thereof. The internal audit is not fully capacitated to follow up on the implementation of audit recommendations to address audit findings.

Other reports

54. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

55. The Special Investigations Unit (SIU) is conducting investigations, as per Proclamation NO.R.30 of 2019 included in Government Gazette No. 42562 dated 5 July 2019, at the entity with regard to specific procurement matters which the entity entered into in prior years. The investigations were still in progress at the date of this report.

Auditor General

Rustenburg

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

7. STATEMENT OF Financial Position as at 31 March 2023

		Economic Entity		Controlling Entity	
Figures in Rand thousand	**Notes**	**2023**	**2022 Restated***	**2023**	**2022 Restated***
Assets					
Current Assets					
Loans to economic entities	6	-	-	11 137	6 735
Receivables from exchange transactions	11	27 196	38 460	27 196	38 430
VAT receivable	12	5 419	1 340	5 419	1 340
Cash and cash equivalents	13	36 813	19 722	36 813	19 719
		69 428	**59 522**	**80 565**	**66 224**
Non-Current Assets					
Investment property	3	2 713 905	2 564 826	2 713 905	2 564 826
Property, plant and equipment	4	190 253	226 764	190 253	226 764
Intangible assets	5	9 274	9 274	4	4
		2 913 432	**2 800 864**	**2 904 162**	**2 791 594**
Total Assets		**2 982 860**	**2 860 386**	**2 984 727**	**2 857 818**
Liabilities					
Current Liabilities					
Other financial liabilities	16	50 228	41 099	31 346	22 217
Payables from exchange transactions	8	170 260	166 225	169 077	164 278
VAT payable	9	-	2 491	-	2 491
Bank overdraft	13	6 865	2 748	6 865	2 748
		227 353	**212 563**	**207 288**	**191 734**
Non-Current Liabilities					
Other financial liabilities	16	28 192	32 746	28 192	32 746
Employee benefit obligation	10	10 140	10 676	10 140	10 676
Deferred tax	7	400 946	409 889	400 946	409 889
Provisions	17	6 192	5 881	6 192	5 881
Government projects	18	31 743	32 099	31 743	32 099
		477 213	**491 291**	**477 213**	**491 291**
Total Liabilities		**704 566**	**703 854**	**684 501**	**683 025**
Net Assets		**2 278 294**	**2 156 532**	**2 300 226**	**2 174 793**
Share capital	14	303 854	303 854	303 854	303 854
Reserves					
Revaluation reserve	15	286 900	304 551	286 900	304 551
Accumulated surplus		1 687 540	1 548 127	1 709 472	1 566 388
Total Net Assets		**2 278 294**	**2 156 532**	**2 300 226**	**2 174 793**

* See Note 39

8. STATEMENT OF Financial Performance

		Economic Entity		Controlling Entity	
Figures in Rand thousand	**Notes**	**2023**	**2022 Restated***	**2023**	**2022 Restated***
Revenue					
Revenue from exchange transactions					
Rental of facilities and equipment		141 137	132 586	141 137	132 586
Interest received (trading)		33 881	22 172	33 881	22 172
Rental income		149	339	149	339
Recoveries		456	21	456	21
Sundry income		2 797	4 369	2 697	4 369
Interest received - investment	22	9 236	6 961	9 236	6 961
Fair value adjustments		149 078	271 913	149 078	271 913
Actuarial gains		388	676	388	676
Total revenue from exchange transactions		**337 122**	**439 037**	**337 022**	**439 037**
Revenue from non - exchange transactions					
Transfer revenue					
Government grants & subsidies	23	97 183	67 190	96 259	67 117
Total revenue	19	**434 305**	**506 227**	**433 281**	**506 154**
Expenditure					
Employee related costs	24	(87 114)	(87 098)	(87 114)	(86 976)
Depreciation and amortisation	25	(20 206)	(17 588)	(20 206)	(17 588)
Finance costs	26	(12 051)	(8 888)	(12 038)	(8 837)
Lease rentals on operating lease	20	(218)	(1 299)	(218)	(1 299)
Debt impairment	28	(92 445)	(47 993)	(92 415)	(47 993)
Bad debts written off		-	(4 977)	-	(4 977)
General expenses	29	(91 404)	(109 093)	(86 752)	(102 254)
Total expenditure		**(303 438)**	**(276 936)**	**(298 743)**	**(269 924)**
Surplus before taxation		130 867	229 291	134 538	236 230
Taxation	31	8 944	(44 251)	8 944	(44 251)
Surplus for the year		**139 811**	**185 040**	**143 482**	**191 979**

* See Note 39

9. STATEMENT OF CHANGES in Net Assets

Figures in Rand thousand	Share capital	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Economic entity				
Balance at 1 April 2021	**303 854**	**287 798**	**1 363 088**	**1 954 740**
Changes in net assets				
Revaluation of the infrastructure	-	16 753	-	16 753
Net income (losses) recognised directly in net assets	-	16 753	-	16 753
Surplus for the year	-	-	185 039	185 039
Total recognised income and expenses for the year	-	16 753	185 039	201 792
Total changes	**-**	**16 753**	**185 039**	**201 792**
Restated* Balance at 1 April 2022	**303 854**	**304 551**	**1 547 729**	**2 156 134**
Changes in net assets				
Revaluation of the infrastructure	-	(17 651)	-	(17 651)
Net income (losses) recognised directly in net assets	-	(17 651)	-	(17 651)
Surplus for the year	-	-	139 811	139 811
Total recognised income and expenses for the year	-	(17 651)	139 811	122 160
Total changes	**-**	**(17651)**	**139 811**	**122 160**
Balance at 31 March 2023	**303 854**	**286 900**	**1 687 540**	**2 278 294**
Notes	14	15		
Controlling entity				
Balance at 1 April 2021	**303 854**	**287 798**	**1 374 409**	**1 966 061**
Changes in net assets				
Revaluation of the infrastructure	-	16 753	-	16 753
Net income (losses) recognised directly in net assets	-	16 753	-	16 753
Surplus for the year	-	-	191 979	191 979
Total recognised income and expenses for the year	-	16 753	191 979	208 732
Total changes	**-**	**16 753**	**191 979**	**208 732**
Restated* Balance at 1 April 2022	**303 854**	**304 551**	**1 565 990**	**2 174 395**
Changes in net assets				
Revaluation of infrastructure	-	(17 651)	-	(17 651)
Net income (losses) recognised directly in net assets	-	(17 651)	-	(17 651)
Surplus for the year	-	-	143 482	143 482
Total recognised income and expenses for the year	-	(17 651)	143 482	125 831
Total changes	**-**	**(17651)**	**143 482**	**125 831**
Balance at 31 March 2023	**303 854**	**286 900**	**1 709 472**	**2 300 226**
Notes	14	15		

* See Note 39

10. STATEMENT OF Cash Flows

		Economic Entity		Controlling Entity	
Figures in Rand thousand	**Notes**	**2023**	**2022 Restated***	**2023**	**2022 Restated***
Cash flows from operating activities					
Receipts					
Sale of goods and services		63 258	79 848	63 258	79 848
Grants		96 827	63 616	95 903	63 543
Interest income		43 117	29 113	43 117	29 113
Other cash item		-	28 944	-	28 937
		203 202	201 521	202 278	201 441
Payments					
Employee costs		(86 455)	(83 797)	(86 455)	(83 675)
Suppliers		(88 695)	(104 832)	(83 366)	(98 137)
Taxes on surpluses		(4 268)	(2 386)	(4 268)	(2 386)
		(179 418)	(191 015)	(174 089)	(184 198)
Net cash flows from operating activities	30	**23 784**	**10 506**	**28 189**	**17 243**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 345)	(195)	(1 345)	(195)
Loans advanced to economic entities		-	-	(4 402)	(6 735)
Net cash flows from investing activities		**(1 345)**	**(195)**	**(5 747)**	**(6 930)**
Cash flows from financing activities					
Repayment of other financial liabilities		(9 129)	(8 886)	(9 129)	(8 886)
Movement in government projects		(356)	(3 574)	(356)	(3 574)
Net cash flows from financing activities		**(9 485)**	**(12 460)**	**(9 485)**	**(12 460)**
Net increase/(decrease) in cash and cash equivalents		**12 954**	**(2 149)**	**12 957**	**(2 147)**
Cash and cash equivalents at the beginning of the year		16 973	19 123	16 970	19 118
Cash and cash equivalents at the end of the year	13	**29 948**	**16 974**	**29 948**	**16 971**

* See Note 39

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.

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 considers how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

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.

ACCOUNTING Policies

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, 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 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:

ACCOUNTING Policies

- 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;

- 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; and

- the 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.

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.

ACCOUNTING Policies

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.

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.
- transfers 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.
- recognises 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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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; or
- the expenditure attributable to the asset during its development can be measured reliably.

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

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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;

ACCOUNTING Policies

- 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.

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;
    - 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.

ACCOUNTING Policies

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).

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 – lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the et investment in the lease.

ACCOUNTING Policies

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

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.

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:

ACCOUNTING Policies

- 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.

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 operations are 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).

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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

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

A constructive obligation is an obligation that derives from 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 cellular phones) 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

ACCOUNTING Policies

- 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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.
- has raised a valid expectation in those affected that it would 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

ACCOUNTING Policies

- 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.

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

ACCOUNTING Policies

- 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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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.

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.

ACCOUNTING Policies

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).

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; or
- 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 2022 to 31 March 2023.

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

ACCOUNTING Policies

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.

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

ACCOUNTING Policies

- 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	**2023**	**2022**	**2023**	**2022**

2. New standards and interpretations

2.1 Standards and interpretations early adopted

The economic entity has chosen to early adopt the following standards and interpretations:

Standard/Interpretation:	Effective date: Years beginning on/or after	Expected impact:
Guideline: Guideline on the Application of Materiality to Financial Statements	1 April 2023	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 1 April 2023 or later periods:

Standard/Interpretation:	Effective date: Years beginning on/or after	Expected impact:
Guideline: Guideline on Accounting for Landfill Sites	1 April 2099	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	1 April 2023	Not expected to impact results but may result in additional disclosure
GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	1 April 2023	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact
GRAP 21: The Effect of Past Decisions on Materiality	1 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	1 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	Not expected to impact results but may result in additional disclosure

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

3. Investment property

Economic Entity	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 713 905	-	2 713 905	2 564 826	-	2 564 826

Controlling Entity	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 713 905	-	2 713 905	2 564 826	-	2 564 826

Economic Entity	Opening balance	Fair value adjustments	Total
Reconciliation of investment property - 2023			
Investment property	2 564 826	149 079	2 713 905
Reconciliation of investment property - 2022			
Investment property	2 292 914	271 913	2 564 826

Controlling Entity	Opening balance	Fair value adjustments	Total
Reconciliation of investment property - 2023			
Investment property	2 564 826	149 079	2 713 905
Reconciliation of investment property - 2022			
Investment property	2 292 914	271 913	2 564 826

	Economic entity 2023	Economic entity 2022	Controlling entity 2023	Controlling entity 2022
Fair value of investment properties	2 713 905	2 564 826	2 713 905	2 564 826

Pledged as security

There were no investment properties pledged as security.

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

Details of valuation Investment property valuations were conducted by Eagilwe Property Consulting and Asset Management 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 was 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 2023. A material fair value adjustment was made to the Investment property balance to ensure fair presentation as at year end. The fair values of undeveloped land and residential properties were based on comparative market prices after intensive market surveys and research. Gains and losses arising from a change or re-measurement to fair values were recognised in the profit or loss section. The total invesment property balance also include properties which are situated in tribal land.

Eagilwe Property Consulting and Asset Management's independent professional valuers who hold a professional registration with the South African Council for the Property Valuers Profession (SACPVP). Rental revenue to the amount of R141 137 184 was generated from the investment properties for the financial year ended 31 March 2023. No direct operating expenses were incurred on properties which do not generate rental revenue.

Eagilwe Property Consulting and Asset Management's independent professional valuers who hold a professional registration with the South African Council for the Property Valuers Profession (SACPVP) signed off each property valuation report.

Rental revenue to the amount of R141 137 184 was generated from the investment properties for the financial year ended 31 March 2023. No direct operating expenses were incurred on properties which do not generate rental revenue.

Maintenance of investment property

The following maintenance costs were incurred:				
Preventative Maintenance incurred on				
Revenue generating investment property	8 239 483	5 299 311	8 239 483	5 299 311

4. Property, plant and equipment

Economic Entity	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	(13 453)	13 884	27 337	(12 849)	14 488
Furniture and fixtures	1 675	(1 627)	48	3 029	(2 889)	140
Motor vehicles	8 507	(7 642)	865	8 507	(6 981)	1 526
Office equipment	4 720	(3 415)	1 305	6 825	(6 525)	300
Infrastructure	516 361	(348 191)	168 170	581 149	(376 820)	204 329
Total	**564 581**	**(374 328)**	**190 253**	**632 828**	**(406 064)**	**226 764**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022

4. Property, plant and equipment (continued)

Controlling Entity	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	(13 453)	13 884	27 337	(12 849)	14 488
Furniture and fixtures	1 675	(1 627)	48	3 029	(2 889)	140
Motor vehicles	8 507	(7 642)	865	8 507	(6 981)	1 526
Office equipment	4 720	(3 415)	1 305	6 825	(6 525)	300
Infrastructure	516 361	(348 191)	168 170	581 149	(376 820)	204 329
Total	**564 581**	**(374 328)**	**190 253**	**632 828**	**(406 064)**	**226 764**

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	Revaluations	Gross Replacement adjustment	Depreciation	Total
Land	5 981	-	-	-	-	5 981
Buildings	14 488	-	-	-	(604)	13 884
Furniture and fixtures	140	-	-	-	(92)	48
Motor vehicles	1 526	-	-	-	(661)	865
Office equipment	300	1 345	-	-	(340)	1 305
Infrastructure	204 329	-	(64 788)	47 137	(18 509)	168 170
Total	**764**	**1 345**	**(64 788)**	**47 137**	**(20 206)**	**190 253**

Reconciliation of property, plant and equipment - Economic entity- 2022

	Opening balance	Additions	Revaluations	Gross Replacement adjustment	Other changes, movements	Depreciation	Total
Land	5 981	-	-	-	-	-	5 981
Buildings	15 092	-	-	-	-	(604)	14 488
Furniture and fixtures	228	-	-	-	-	(88)	140
Motor vehicles	2 258	-	-	-	-	(732)	1 526
Office equipment	96	195	-	-	123	(114)	300
Infrastructure	203 626	-	44 178	(27 426)	-	(16 050)	204 329
	227 281	**195**	**44 178**	**(27 426)**	**123**	**(17 588)**	**226 764**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Revaluations	Gross Replacement adjustment	Depreciation	Total
Land	5 981	-	-	-	-	5 981
Buildings	14 488	-	-	-	(604)	13 884
Furniture and fixtures	140	-	-	-	(92)	48
Motor vehicles	1 526	-	-	-	(661)	865
Office equipment	300	1 345	-	-	(340)	1 305
Infrastructure	204 329	-	(64 788)	47 137	(18 509)	168 170
Total	**226 764**	**1 345**	**(64 788)**	**47 137**	**(20 206)**	**190 253**

Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Revaluations	Gross Replacement adjustment	Depreciation	Total
Land	5 981	-	-	-	-	5 981
Buildings	15 092	-	-	-	(604)	14 488
Furniture and fixtures	228	-	-	-	(88)	140
Motor vehicles	2 258	-	-	-	(732)	1 526
Office equipment	96	195	-	123	(114)	300
Infrastructure	203 626	-	44 178	(27 426)	(16 050)	204 329
Total	**227 281**	**195**	**44 178**	**(27 303)**	**(17 588)**	**226 764**

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 2023 by Matlhola and Naidoo Partners to enhance the accuracy of the financial statements and ensure that going forward the carrying amounts will approximate the fair values of the assets. The revaluations for the 2023 financial year was done by 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.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses	278	281	278	281

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022

5. Intangible assets

Economic Entity	2023 Cost / Valuation	2023 Accumulated depreciation and accumulated impairment	2023 Carrying value	2022 Cost / Valuation	2022 Accumulated depreciation and accumulated impairment	2022 Carrying value
Computer software, other	173	(169)	4	173	(169)	4
Intangible assets	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	2023 Cost / Valuation	2023 Accumulated depreciation and accumulated impairment	2023 Carrying value	2022 Cost / Valuation	2022 Accumulated depreciation and accumulated impairment	2022 Carrying value
Computer software, other	173	(169)	4	173	(169)	4

Economic Entity

	Opening balance	Total
Reconciliation of intangible assets - 2023		
Computer software, other	4	4
Intangible assets	9 270	9 270
Total	**9 274**	**9 274**
Reconciliation of intangible assets - 2022		
Computer software, other	4	4
Intangible assets	9 270	9 270
Total	**9 274**	**9 274**

Controlling Entity

	Opening balance	Total
Reconciliation of intangible assets - 2023		
Computer software, other	4	4
Reconciliation of intangible assets - 2022		
Computer software, other	4	4

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
6. Loans to (from) economic entities				
Controlled entities				
Golden Leopard Resorts and Signal Development	57 899	57 899	69 036	64 636
Payments were made on behalf of Signal Development and Golden Leopard Resorts. Payments were for purposes of assisting the entities to cover its unavoidable expenses. The loan bears no interest and is payable when the situation at the entities improves and it is resuscitated.				
	57 899	57 899	69 036	64 636
Impairment of loans to controlled entities	(57 899)	(57 899)	(57 899)	(57 899)
Total	**-**	**-**	**11 137**	**6 735**
7. Deferred tax				
Deferred tax liability				
Property, plant and equipment	(400 946)	(409 889)	(400 946)	(409 889)
Reconciliation of deferred tax asset \ (liability)				
At beginning of year	(409 889)	(189 369)	(409 889)	(189 369)
Current yer deferred tax movement	8 943	(220 520)	8 943	(220 520)
Total	**(400 946)**	**(409 889)**	**(400 946)**	**(409 889)**

The tax rate was changed from 28% to 27% per the announced change in corporate rate. The balance for deferred is a result of temporary differences mainly from non-current assets.

8. Payables from exchange transactions				
Trade payables	92 095	81 591	91 001	79 732
Other payables	1 039	4 201	950	4 113
Accrued leave pay	13 725	12 530	13 725	12 530
Accrued expense	91	-	91	-
Deposits received	22 270	19 523	22 270	19 523
Other creditors	41 040	48 380	41 040	48 380
Total	**170 260**	**166 225**	**169 077**	**164 278**
9. VAT payable				
Value Added Tax payable	-	2 491	-	2 491

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

10. Employee benefit obligations

Defined benefit plan

The entity provides certain post-employment medical aid benefits (PEMAL) by funding the medical aid contributions of qualifying retired members of the entity. According to the rules of the Medical Aid Funds, with which the entity is associated, member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the entity is liable for a certain portion of the medical aid membership fee. The entity operates an unfunded defined benefit plan for existing employees who were eligible for this benefit before the benefit was discontinued. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2023 by Julian van der Spuy, Fellow of the Institute of Actuaries of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Funding Method.

Long service award (LSA)

The company operates an unfunded defined benefit plan for all its permanent employees. Under the plan, a long-service benefits are awarded in the form of leave days and a percentage of salary payable to employees after 5 years of continuous service, and every 5 years of continuous service from 5 years of service to 30 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 31 March 2023 by Mr Julian van der Spuy, Fellow of the Instute of Actuaries of South Africa. The Projected Unit Credit Funding Method has been used to determine the past-service liabilities at the valuation date and the projected annual expenses in the year following the valuation date.

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

Carrying value				
Present value of the defined benefit obligation - wholly unfunded	(5 035)	(5 341)	(5 035)	(5 341)
Long service award	(5 105)	(5 335)	(5 105)	(5 335)
Total	**(10 140)**	**(10 676)**	**(10 140)**	**(10 676)**
Calculation of actuarial gains and losses				
Actuarial (gains) losses	(388)	676	(388)	676
Key assumptions used				
Assumptions used at the reporting date:				
Discount rate - PEMAL	10,42%	10,16%	10,42%	10,16%
Discount rate - LSA	9,97%	9,22%	9,97%	9,22%
Consumer Price Inflation (CPI) - PEMAL	5,87%	6,54%	5,87%	6,54%
Consumer Price Inflation (CPI) - LSA	5,85%	6,39%	5,85%	6,39%
Normal salary increase rate - PEMAL	6,87%	7,54%	6,87%	7,54%
Net effective discount rate - PEMAL	3,32%	2,44%	3,32%	2,44%
Normal salary increase rate - LSA	6,85%	7,39%	6,85%	7,39%
Net effective discount rate - LSA	2,92%	1,70%	2,92%	1,70%

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

10. Employee benefit obligations (continued)

Other assumptions

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

Amounts for the current and previous four years are as follows:

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Defined benefit obligation	5 053	5 341	5 437	5 474	-
Long service award	5 105	5 335	5 411	4 761	-
Members of the post -employment medical					
Continuation Members (Pensioners)	17	19	17	19	-
Members entitled to long service awards					
Male		72	73	72	73
Female		72	74	72	74
Total		**144**	**147**	**144**	**147**

11. Receivables from exchange transactions

	Economic entity 2023	Economic entity 2022	Controlling entity 2023	Controlling entity 2022
Trade debtors	23 246	34 979	23 246	34 979
Deposits	2 727	3 004	2 727	3 004
Sundry debtors	1 282	316	1 282	286
SMME and loan debtors	(59)	161	(59)	161
Total	**27 196**	**38 460**	**27 196**	**38 460**

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.

No trade and other receivables have been pledged as security. 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.

The basis and considerations consisted of the review of each debtor for consistent monthly payments made for the period 1 April 2022 to 31 March 2023.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

The following debtors were not considered for impairment.

- Accounts fully paid
- Debtors making consistent payments for the period 1 April 2022 to 31 March 2023
- Relatively new debtors (30 days bracket and current).

The following factors were considered for the determination of the provision for impairment, amongst others:

- The age of the debtors (debtors older than 60 days)
- Those debtors that vacated the rental properties during the financial year with outstanding balances
- General trends and characteristics of the debtors.

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R515 897 (2022: R422 170) were impaired and provided for. The amount of the provision was (R488 701) as of 31 March 2023 (2022: R383 710).

The ageing of these loans is as follows:				
Net accounts receivable	27 196	38 460	27 196	38 430

Receivables included for impairment	**2023**	**2022**	**2023**	**2022**
Trade debtors	401 074	316 601	401 074	316 601
Allowance account for losses	(377 828)	(281 622)	(377 828)	(281 622)
Deposits	2 727	3 034	2 727	3 034
Sundry debtors	1 282	316	1 282	286
SMME and loan debtors	110 814	102 249	110 814	102 249
Allowance account for losses - SMME and loan debtors	(110 873)	(102 088)	(110 873)	(102 088)
Total	**27 196**	**38 460**	**27 196**	**38 460**

12. VAT receivable

VAT	5 419	1 340	5 419	1 340

13. Cash and cash equivalents

Cash and cash equivalents consist of:				
Cash on hand	88	88	88	88
Bank balances	36 725	19 634	36 725	19 631
Bank overdraft	(6 865)	(2 748)	(6 865)	(2 748)
Total	**29 948**	**16 974**	**29 948**	**16 971**
Current assets	36 813	19 722	36 813	19 719
Current liabilities	(6 865)	(2 748)	(6 865)	(2 748)
Total	**29 948**	**16 974**	**29 948**	**16 971**

No cash and cash equivalents were pledged as security for liabilities for the entity. The entity does not have an overdraft, the negative balance is a cash book balance.

NOTES TO THE ANNUAL Financial Statements

The entity had the following bank accounts

Description	Account number	Bank statement balances			Cash book balances		
Figures in Rand thousand		31 March 2023	31 March 2022	31 March 2021	31 March 2023	31 March 2022	31 March 2021
Standard Bank Current Account	00030885531	1 594	1 880	26 307	(2 946)	4 515	18 685
FNB Cheque Account	62105349551	1 440	349	605	(3 166)	2 170	(857)
FNB Money Market Cheque Account	62145018067	5	5	45	5	5	45
Standard Bank Current Account	00030879019	166	1 123	154	2 595	3 452	472
Standard Bank SBD	00030503644	32	251	218	(753)	(449)	143
FNB Government Projects	62144597129	8	30	50	8	30	50
ABSA Call Account	09106777730	13 459	161	166	13 459	161	166
Standard Bank SBD (2)	00238574679	134	130	128	134	130	128
FNB Cheque Account	62590269075	20 524	12 356	62	20 524	12 356	62
Standard Bank Market Link	00136065473	1	2	78	1	82	78
Total		**37 363**	**16 287**	**27 813**	**29 861**	**22 452**	**18 972**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
14. Share capital				
Issued				
Ordinary	303 854	303 854	303 854	303 854
15. Revaluation reserve				
The revaluation reserve is not a distributable reserve.				
Opening balance	304 551	287 798	304 551	287 798
Change during the year	(17 651)	16 753	(17 651)	16 753
Total	**286 900**	**304 551**	**286 900**	**304 551**
16. Other financial liabilities				
Designated at fair value				
Treasury Loan The entire liability originated from the settlement by the 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 the 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.	41 428	32 299	31 346	22 217
Public Investment Corporation Loan The above loan was provided by the then Public Investment Commission to Signal Development SOC Ltd with the suretyship of the NWPG. Repayment terms were originally R3 million repayable 1 June 1994 and R5 million repayable 1 June 1995. Due to financial difficulty the re-payment terms could not be met. Interest rate would have been determined by the Minister of Finance and from time to time calculated and payable six monthly. To date, once-off interest of 10% was levied.	8 800	8 800	-	-
Total	**50 228**	**41 099**	**31 346**	**22 217**
At amortised cost				
DBSA Loan The loan is interest free. As at the end of the financial year, the loan had a nominal value of R74 181 081.31. The NWDC has been experiencing financial difficulties and it was unable to pay any of the instalments for the DBSA loan for the 2023 financial year. The default was not remedied, and the terms of the loan payable were not renegotiated.	28 192	32 746	28 192	32 746

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
16. Other financial liabilities (continued)				
Non-current liabilities				
At amortised cost	28 192	32 746	28 192	32 746
Current liabilities				
Designated at fair value	50 228	41 099	31 346	22 217

17. Provisions

Economic entity	Opening Balance	Additions	Total
Reconciliation of provisions - 2023			
Environmental rehabilitation	5 881	311	6 192
Reconciliation of provisions - 2022			
Environmental rehabilitation	5 263	618	5 881

Controlling entity	Opening Balance	Additions	Total
Reconciliation of provisions - 2023			
Environmental rehabilitation	5 881	311	6 192
Reconciliation of provisions - 2022			
Environmental rehabilitation	5 263	618	5 881

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 discounted cash flow method was used to calculate the amount of the provision. The provision is the present value of the outflow of economic benefits expected in future.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

18. Government projects

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 the 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.

Government Projects - READ	12 452	12 372	12 452	12 372
Government Projects - COVID-19 Relief Fund	19 291	19 727	19 291	19 727
Total	**31 743**	**32 099**	**31 743**	**32 099**

19. Revenue

Rental of facilities and equipment	141 137	132 586	141 137	132 586
Interest received (trading)	33 881	22 172	33 881	22 172
Rental income	149	339	149	339
Recoveries	456	21	456	21
Other income	2 797	4 369	2 697	4 369
Interest received - investment	9 236	6 961	9 236	6 961
Government grants and subsidies	97 183	67 190	96 259	67 117
Total	**284 839**	**233 638**	**283 815**	**233 565**

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

Rental of facilities and equipment	141 137	132 586	141 137	132 586
Interest received (trading)	33 881	22 172	33 881	22 172
Rental income	149	339	149	339
Recoveries	456	21	456	21
Other income	2 797	4 369	2 697	4 369
Interest received - investment	9 236	6 961	9 236	6 961
Total	**187 656**	**166 448**	**187 556**	**166 448**

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

Taxation revenue

Transfer revenue

Government grants and subsidies	97 183	67 190	96 259	67 117

20. Lease rentals on operating lease

Lease rentals on operating lease

Contractual amounts	218	1 299	218	1 299

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
21. Other revenue				
Rental income - third party	149	339	149	339
Recovery	456	21	456	21
Other income	2 797	4 369	2 697	4 369
Total	**3 402**	**4 729**	**3 302**	**4 729**
22. Investment revenue				
Interest revenue				
Bank	267	14	267	14
Interest charged on trade and other receivables	8 969	6 947	8 969	6 947
Total	**9 236**	**6 961**	**9 236**	**6 961**
23. Government grants and subsidies				
Operating grants				
Equitable share	96 259	67 117	96 259	67 117
Government grant - operating	924	73	-	-
Total	**97 183**	**67 190**	**96 259**	**67 117**
24. Employee related costs				
Basic	64 927	68 415	64 927	68 293
Medical aid - company contributions	2 435	2 028	2 435	2 028
UIF	299	296	299	296
WCA	262	82	262	82
Leave paid out	2 574	1 618	2 574	1 618
Short term benefit	635	257	635	257
Overtime payments	701	655	701	655
Long-service awards	451	845	451	845
Acting allowances	1 689	1 167	1 689	1 167
Transport allowance	1 176	818	1 176	818
Other	11 965	10 917	11 965	10 917
Total	**87 114**	**87 098**	**87 114**	**86 976**
Remuneration of the Chief Executive Officer - Mr STM Phetla				
Annual Remuneration	2 341	3 005	2 341	3 005
Other	366	906	366	906
Total	**2 707**	**3 911**	**2 707**	**3 911**

Mr STM Phetla's contract was terminated at the end of January 2023 upon expiry of his employment contract.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

24. Employee related costs (continued)

Remuneration of Acting Chief Executive Officer - Mr RS Malapane

Annual Remuneration	-	2 370	-	2 370
Car Allowance	-	71	-	71
Other	-	281	-	281
Total	**-**	**2 722**	**-**	**2 722**

Remuneration of the Acting Chief Executive Officer - Mr K Mafokwane

Annual Remuneration	1 395	-	1 395	-
Acting Allowance	185	-	185	-
Total	**1 580**	**-**	**1 580**	**-**

Mr K Mafokwane was the Acting Chief Executive Officer for the months of February and March 2023.

Remuneration of the Chief Financial Officer - Mr K Mpofu

Annual Remuneration	944	-	944	-
Acting Allowance	341	-	341	-
Total	**1 285**	**-**	**1 285**	**-**

Remuneration for Acting Chief Risk Officer - Ms JA Hoogkamer

Annual Remuneration	1 210	-	1 210	
Acting allowance	91	-	91	-
Total	**1 301**	**-**	**1 301**	**-**

Remuneration of Acting Project Manager - Mr TR Pitso

Annual Remuneration	921	894	921	894
Acting Allowance	57	-	57	-
Other	14	278	14	278
Total	**992**	**1 172**	**992**	**1 172**

Remuneration of Executive Manager Bojanala SEZ - Mr A Tau

Annual Remuneration	1 813	1 138	1 813	1 138

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022
24. Employee related costs (continued)				
Remuneration of Executive Manager SMME Development and Management - Ms N Phamodi				
Annual Remuneration	1 229	927	1 229	927
Acting allowance	-	55	-	55
Long service	-	23	-	23
Total	**1 229**	**1 005**	**1 229**	**1 005**
Remuneration of Executive Manager Property Development and Management - Mr T Mokotedi				
Annual Remuneration	960	-	960	-
25. Depreciation and amortisation				
Property, plant and equipment	20 206	17 588	20 206	17 588
26. Finance costs				
Trade and other payables	6 160	2 372	6 147	2 321
Employee benefits obligation	1 005	1 129	1 005	1 129
Bank - DBSA	4 575	4 769	4 575	4 769
Environment rehabilitation	311	618	311	618
Total	**12 051**	**8 888**	**12 038**	**8 837**
27. Auditors' remuneration				
Fees	4 516	7 551	4 269	7 325
28. Debt impairment				
Debt impairment	92 415	47 993	92 415	47 993
Bad debts written off	30	-	-	-
Total	**92 445**	**47 993**	**92 415**	**47 993**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
29. General expenses				
Advertising	598	181	598	181
Auditors remuneration	4 516	7 551	4 269	7 325
Bank charges	441	360	438	359
Computer expenses	3 083	2 625	3 083	2 625
Consulting and professional fees	23 941	21 282	23 941	21 282
IT expenses	921	248	921	248
Magazines, books and periodicals	58	91	58	91
Fuel and oil	713	726	713	726
Printing and stationary	300	258	300	258
Repairs and maintenance	7 002	5 906	7 002	5 906
Telephone and fax	1 140	1 623	1 140	1 623
Training	1 406	212	1 406	212
Travel - local	319	91	319	91
Property related expenses	45 545	62 422	41 143	55 809
Licence fees	26	10	26	10
Christiana expenses	1 360	2 804	1 360	2 804
Other expenses	35	2 703	35	2 703
Total	**91 404**	**109 093**	**86 752**	**102 253**
30. Cash generated from (used in) operations				
Surplus	139 811	185 039	143 482	191 979
Adjustments for:				
Depreciation and amortisation	20 206	17 588	20 206	17 588
Fair value adjustments	(149 078)	(271 913)	(149 078)	(271 913)
Debt impairment	92 445	47 993	92 415	47 993
Bad debts written off	-	4 977	-	4 977
Movements in retirement benefit assets and liabilities	(536)	(379)	(536)	(379)
Movements in provisions	311	618	311	618
Other non - cash items	(9 343)	37 385	(9 343)	34 787
Changes in working capital:				
Receivables from exchange transactions	11 264	(4 497)	11 234	(4 497)
Accounts receivables (impairment)	(92 445)	(47 993)	(92 415)	(47 993)
Payables from exchange transactions	4 036	9 386	4 800	9 097
VAT	(6 570)	(235)	(6 570)	2 449
Total	**23 784**	**10 506**	**28 189**	**17 243**

NOTES TO THE ANNUAL Financial Statements

Figures in Rand thousand	Economic entity 2023	Economic entity 2022	Controlling entity 2023	Controlling entity 2022

31. Taxation

Major components of the tax (income) expense

Deferred				
Deferred tax	(8 944)	44 251	(8 944)	44 251

Income tax expense is comprised of the deferred tax movement. The current tax is nil, the entity has an assessed loss.

32. Operating deficit

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

Operating lease charges				
Lease rentals on operating lease				
· Contractual amounts	218	1 299	218	1 299
Depreciation on property, plant and equipment	20 206	17 588	20 206	17 588
Employee costs	87 114	87 098	87 114	86 976

33. Fair value adjustments

Investment property	149 078	271 913	149 078	271 913

34. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2023

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	27 196	27 196
Cash and cash equivalents	36 813	36 813
VAT receivable	5 419	5 419
Total	**69 428**	**69 428**

Financial liabilities	At amortised cost	Total
Other financial liabilities - current	50 228	50 228
Trade and other payables from exchange transactions	170 261	170 261
Other financial liabilities - non current	28 192	28 192
Bank overdraft	6 865	6 865
Total	**255 546**	**255 546**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

34. Financial instruments disclosure (continued)

Economic entity - 2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	38 460	38 460
Cash and cash equivalents	19 722	19 722
VAT receivable	1 340	1 340
Total	**59 522**	**59 522**

Financial liabilities

Other financial liabilities - current portion	41 099	41 099
Trade and other payables from exchange transactions	166 225	166 225
Other financial liabilities - non current portion	32 746	32 746
Bank overdraft	2 748	2 748
VAT payable	2 491	2 491
Total	**245 309**	**245 309**

Controlling entity - 2023

Financial assets

Loans to economic entities	11 137	11 137
Trade and other receivables from exchange transactions	27 196	27 196
Cash and cash equivalents	36 813	36 813
VAT receivable	5 419	5 419
Total	**80 565**	**80 565**

Financial liabilities

Other financial liabilities - current	22 217	22 217
Trade and other payables from exchange transactions	169 077	169 077
Bank overdraft	6 865	6 865
Other financial liabilities - non current	28 192	28 192
Total	**226 351**	**226 351**

Controlling entity - 2022

Financial assets

Loans to economic entities	6 735	6 735
Trade and other receivables from exchange transactions	38 430	38 430
Cash and cash equivalents	19 719	19 719
VAT receivable	1 340	1 340
Total	**66 224**	**66 224**

Financial liabilities

Other financial liabilities - current portion	22 217	22 217
Trade and other payables from exchange transactions	164 278	164 278
VAT payable	2 491	2 491
Bank overdraft	2 748	2 748
Other financial liabilities - non current portion	32 746	32 746
Total	**224 480**	**224 480**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
35. Commitments				
Authorised operational expenditure				
Already contracted for but not provided for				
• Construction	7 263	-	7 263	-
• Security services	-	4 407	-	4 407
• Valuation of properties	2 404	-	2 404	-
• Property, plant and equipment register compilation	2 468	-	2 468	-
Total	**12 135**	**4 407**	**12 135**	**4 407**
Total operational commitments				
Already contracted for but not provided for	12 135	4 407	12 135	4 407

36. Contingencies

The NWDC is involved in the cases listed below.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.

BRS/MRS	(7 400)	(7 400)	(7 400)	(7 400)
City of Tshwane	140 874	140 874	140 874	140 874
Flexifor (Pty) Ltd	10 000	10 000	10 000	10 000
Total	**143 474**	**143 474**	**143 474**	**143 474**

1. BRS/MRS (asset) - This is a case where BMS/MRS owes the NWDC a huge outstanding loan debt. The case is still pending.

2. City of Tshwane (liability) - The amount of the obligation cannot be measured with sufficient reliability. The parties are working towards reaching a compromise as they owe each other in principle. Negotiations between the NWDC and City of Tshwane were initiated, however the NWDC still receives letters of demand from the city. This is in relation to unpaid rates for properties owned by the NWDC.

3. Flexifor (Pty) Ltd (liability) - Flexifor (Pty) Ltd is taking the NWDC to court for a breach of contract regarding funding of R10 million, the matter is still ongoing and has not yet been concluded on and thus the outcome is uncertain.

37. Related parties

Relationships

Members	Refer to board members' report note
Controlling department	North West Department of Economic Development, Environment, Conservation and Tourism
Controlled entities	Kgama Wildlife Operations SOC Ltd Signal Developments SOC Ltd

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
Related party balances				
Balances owing (to) by related parties				
Department of Economic Development, Environment, Conservation and Tourism			9 362	5 639
Department of Human Settlements			7 587	4 646
Department of Tourism			(13)	(13)
Department of Finance (Mmabatho)			(9 563)	(9 527)
North West Gambling Board			11	11
Department of Traditional Affairs			199	199
Department of Health (Mogwase)			116	95
Department of Social Development			2 888	2 160
Department of Public Works (Correctional Services - Mogwase)			1 599	1 196
Department of Public Works (Labour - Mogwase)			705	445
Department of Education (East - Mogwase)			300	218
Department of Education (West - Mabeskraal)			-	97

The balances above relates to amounts owing by fellow public sector organisations as per paragraph 5 of the GRAP 20: Related Party Disclosures. The related balances above relate to the economic entity (NWDC Group).

Related party transactions				
Rentals (billed) from related parties				
Department of Economic Development, Environment, Conservation and Tourism			15 751	14 068
Department of Human Settlements			9 057	8 233
Department of Tourism			-	902
Department of Finance (Mmabatho)			457	423
Department of Social Development (Ganyesa)			-	408
Department of Public Works (Correctional Services - Mogwase)			633	576
Department of Public Works (Labour/UIF - Mogwase)			197	187
Department of Education (East - Mogwase)			696	633
Department of Finance (Mafikeng)			-	45
Department of Social Development (Ganyesa)			448	33
Rental payments received from related parties				
Department of Economic Development, Environment, Conservation and Tourism			12 558	12 973
Department of Human Settlements			6 799	8 919
Department of Tourism			-	1 672
Department of Finance (Mmabatho)			494	317
North West Gambling Board			-	24
Department of Public Works (Correctional Services - Mogwase)			375	489
Department of Education (East - Mogwase)			638	590

NOTES TO THE ANNUAL Financial Statements

Figures in Rand thousand	Economic entity 2023	Economic entity 2022	Controlling entity 2023	Controlling entity 2022

37. Related parties (continued)

Interest charged on Related party debtors				
Department of Economic Development, Environment, Conservation and Tourism			669	450
Department of Human Settlements			684	401
Department of Tourism			-	57
Department of Social Development (Ganyesa)			267	183
Department of Public Works (Correctional Services - Mogwase)			144	111
Department of Public Works (Labour/UIF - Mogwase)			62	33
Department of Education (East - Mogwase)			24	14
Department of Social Development (Mothibistad)			228	186
Department of Roads and Public Works (Mothibistad)			283	226
Department of Social Development (Mogwase)			8	-

The transactions amounts above relate to the economic entity (NWDC Group).

38. Board members' emoluments

Non executive

2023	Board members' fees	Total
Mr KK Konopi (Chairperson)	516	516
Ms MK Sentle	275	275
Ms MJ Msiza	177	177
Dr SN Nokaneng	259	259
Mr SW Ncongolo	304	304
Ms N Phadu-More	298	298
Mr ME Mojaki	357	357
Ms MET Malaka	254	254
Ms SM Maleka	342	342
Mr SA Ngobeni	230	230
Ms MM Matuba	46	46
Total	**3 058**	**3 058**

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

38. Board members' emoluments

2022

	Board members' fees	Total
Mr KK Konopi (Chairperson)	352	352
Ms MK Sentle	352	352
Ms MJ Msiza	208	208
Dr SN Nokaneng	247	247
Mr SW Ncongolo	231	231
Ms N Phadu-More	263	263
Mr ME Mojaki	254	254
Ms MET Malaka	214	214
Ms SM Maleka	263	263
Mr SA Ngobeni	42	42
Total	**2 426**	**2 426**

The directors' emoluments above relate to the total emoluments for the economic entity (NWDC Group).

39. Prior-year adjustments

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 Economic Entity - 2022	Notes	As previously reported	Correction of error	Restated
Provisions	17	(38 024)	32 143	(5 881)
Investment property	3	1 620 030	944 796	2 564 826
Property, plant and equipment	4	275 718	(48 954)	226 764
Payables from exchange transactions	8	(170 364)	4 139	(166 225)
VAT payable	9	(2 762)	271	(2 491)
Deferred tax	7	(231 565)	(178 324)	(409 889)
Revaluation reserve	15	(359 127)	54 576	(304 551)
Accumulated surplus		(743 164)	(808 270)	(1 548 127)
Total		**350 742**	**-**	**350 742**

Statement of Financial Position Controlling Entity - 2022	Notes	As previously reported	Correction of error	Restated
Loans to economic entities	6	9 060	(2 325)	6 735
Provisions	17	(38 024)	32 143	(5 881)
Investment property	3	1 620 030	944 796	2 564 826
Property, plant and equipment	4	275 718	(48 954)	226 764
Payables from exchange transactions	8	(170 364)	6 085	(164 279)
VAT payable	9	(2 762)	271	(2 491)
Deferred tax	7	(231 565)	(178 324)	(409 889)
Revaluation reserve	15	(359 127)	54 576	(304 551)
Accumulated surplus		(758 118)	(808 270)	(1 566 388)
Total		**344 848**	**-**	**344 846**

NOTES TO THE ANNUAL Financial Statements

Figures in Rand thousand	Economic entity 2023	Economic entity 2022	Controlling entity 2023	Controlling entity 2022

39. Prior-year adjustments (continued)

Statement of Financial Performance Controlling Entity - 2022	Notes	As previously reported	Correction of error	Restated
Fair value adjustments	33	(82 711)	(189 202)	(271 913)
Employee related costs	24	87 068	30	87 098
Sundry income	21	(4 360)	(9)	(4 369)
Interest received - investments	22	(6 960)	(1)	(6 961)
Depreciation and amortisation	25	23 210	(5 622)	17 588
General expenses	29	127 976	(18 883)	109 093
Finance costs	26	14 554	(5 717)	8 837
Taxation	31	(42 197)	(2 054)	(44 251)
Lease rentals on operating lease		1 293	6	1 299
Surplus/(deficit) for the year		(44 584)	221 452	185 040
Surplus for the year		**73 289**	**-**	**73 289**

Statement of Financial Performance Controlling Entity - 2022	Notes	As previously reported	Correction of error	Restated
Fair value adjustments	33	(82 711)	(189 202)	(271 913)
Employee related costs	24	86 946	30	86 976
Sundry income	21	(4 360)	(9)	(4 351)
Interest received - investments	22	(6 960)	(1)	(6 959)
Depreciation and amortisation	25	23 210	(5 622)	17 588
General expenses	29	121 137	(18 883)	102 254
Finance costs	26	14 554	(5 717)	8 837
Taxation	31	(42 197)	2 054	44 251
Lease rentals on operating lease		1 293	6	1 299
Surplus/(deficit) for the year		(25 365)	217 324	191 979
Surplus for the year		**169 941**	**-**	**169 941**

Errors

The following prior period errors adjustments occurred:

Investment property: Valuations were done for the properties to address the material misstatements from the previous year. The whole population was revisited.

Property, plant, and equipment: The adjustments were aligning the financial system with the most recent valuations for infrastructure which is on the revaluation model.

Payables from exchange transactions: The whole population was interrogated for completeness, validity, and accuracy. Prior year adjustments were made to address the discrepancies identified and the prior period errors.

Provisions (environmental rehabilitation): The prior period was adjusted to align the comparatives. The valuation methodology changed since the previous year resulting in valuations that are not comparable.

Revaluation reserve: The valuations performed for infrastructure resulted in the change of the revaluation reserve.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022

39. Prior-year adjustments (continued)

Accumulated surplus: Adjustments for accumulated surplus were made in the process of adjusting the other line items.

Deferred tax: The deferred tax implications of the adjustments made to the other line items resulted in an adjustment to the deferred tax balance.

Income tax expense: The income tax expense emanates from deferred tax, there is no current tax. The deferred tax adjustments resulted in the adjustments for the income tax expense.

Cash flow statement: The comparative figures were recalculated to address the prior year's misstatements. Changes to the cash flow statement also emanated from the adjustments made to the other elements of the financial statements.
Statements of changes in net assets: The statement of changes in net assets changed as a result of the various adjustments to the line item. This is a consequential adjustment.

Finance costs: The adjustment for the provision for rehabilitation resulted in an adjustment for the interest, being the unwinding for the provision.

General expenses: The population for the previous year was revisited to address the audit findings from the previous year for cut-off and completeness. General expenses were adjusted accordingly.

Loans to economic entities: Errors were identified on the loans, and management made a reclassification adjustment to general expenses

40. 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.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

40. Risk management (continued)

Economic Entity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2023				
Other financial liabilities	50 228	6 391	15 965	5 836
Trade and other payables	170 260	-	-	-
Bank overdraft	6 865			
At 31 March 2022				
Other financial liabilities	41 099	4 320	11 837	16 859
Trade and other payables	166 225	-	-	-
Bank overdraft	2 748	-	-	-

Controlling entity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2023				
Other financial liabilities	31 346	6 391	15 965	5 836
Trade and other payables	169 078	-	-	-
Bank overdraft	6 865	-	-	-
At 31 March 2022				
Other financial liabilities	22 217	4 320	11 837	16 859
Trade and other payables	164 278	-	-	-
Bank overdraft	2 748	-	-	-

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 - 2023	Economic entity - 2022	Controlling entity - 2023	Controlling entity - 2022
Cash and cash equivalents	36 813	19 722	36 813	19 719
Receivables from exchange transactions	27 196	38 460	27 196	38 430

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.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	2023	2022	2023	2022

41. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R1 709 472 000 and that the entity's total current liabilities exceeded current assets by R126 723 600.This is also a reflection of the entity's inability to settle the current liabilities as they fall due.

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.

Due to the current liabilities exceeding the current assets, amongst other factors, management has concluded that material uncertainty exists regarding the going concern. The prevailing liquidity challenges can be addressed by developing and implementing relevant measures.

The regulations of the COVID-19 pandemic together with the lockdown paralyzed the economy and the NWDC was not spared by the ramifications thereof. A lot of companies had to ultimately shutdown, others going for voluntary liquidation etc as a result. The rental collections for the entity were adversely affected by the pandemic.

The country is currently facing a terrible energy crisis which is not doing any good to the crippling economy. Businesses are opting for alternative energy sources which come at a cost, the cost of which must also be ultimately passed to the final consumers. The entity is not spared from this energy crisis which is affecting the tenants who are finding it difficult to keep their doors open.

The macro-economic environment has been adding some more discomfort through the increased repo rate amid the rising inflation. This all comes at a time when the economy has to recover from the COVID-19 pandemic. The final consumers and businesses are facing difficult times which in turn affects the entity as it relies on rental payments.
To respond to the aggressive environment, the entity has the following initiatives and measures in place:

- Implementation of more stringent debt collection measures. The entity has appointed a debt collector to assist with this.

  Alternative energy supply. The entity is implementing the alternative energy supply program, with the support of the provincial government.
- The realization of the Special Economic Zone in the Bojanala District. Although this will be a separate legal entity, there will be benefits from synergies for the group at large.
- The disposal of properties which are not making profits and reinvesting the proceeds.
- Partnerships with the private sector for property development. There is unrealized value which could be unlocked through developing the shopping complexes.

Signal Development SOC Ltd (Subsidiary)

On 27 January 2022, the High Court in Mahikeng heard the four applicants against Signal Development and others including the Premier of the North West as the third respondent, the application was for Signal to be liquidated. Subsequently on 15 February 2022, Signal Development was placed under Provisional Liquidation and the Provisional Liquidators were appointed on 24 February 2022. Between February 2022 and October 2022, there have been various appearances in court and on 22 October 2022, the NWDC defence was struck of the roll (which means a new defence need to be registered). The implication is that until the finalisation of the matter in August 2023, Signal Development remains under provisional liquidation. The NWDC is appealing the matter and the trial is set for August of 2023 and the decision of the court will be reached then. At this stage, Signal Development is under provisional liquidation. This provisional liquidation is hindering the Board and management from performing day-to-day activities of Signal Development.

NOTES TO THE ANNUAL Financial Statements

	Economic entity		Controlling entity	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**

Based on the opinion of the Legal Counsel, management is of the view that post August 2023, Signal Development will not be under liquidation (provisional or otherwise) and will be able to resume with their mandate. Therefore, Signal Development will again be able to trade and operate as intended and hence will be a going concern.

42. Events after the reporting date

No material events after the reporting date were noted.

43. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure identified - current	5 497	1 630	5 484	1 579

The fruitless and wasteful expenditure results from interest charged on late payment by various service providers. There were no losses associated with the fruitless and wasteful expenditure. Investigations for fruitless and wasteful expenditure are underway.

Details of fruitless and wasteful expenditure				
Interest and penalties - Municipalities	2 876	926	2 876	926
Interest and penalties - ESKOM	1 054	649	1 054	649
Interest and penalties - Auditor-General	295	51	282	-
Interest and penalties - Other (suppliers)	-	4	-	4
Interest and penalties - SARS	1 272	-	1 272	-
Total	**5 497**	**1 630**	**5 484**	**1 579**

44. Irregular expenditure

Add: Irregular Expenditure confirmed - current	5 233	33 068	5 163	26 228

Irregular expenditure is presented inclusive of VAT

Incidents/cases identified/reported in the current year include those listed below:

Expenditure without corporate plan	70	6 840	-	-
Contracts extended on a month-to-month	5 163	26 228	5 163	26 228
Total	**5 233**	**33 068**	**5 163**	**26 228**

Cases under investigation

There are investigations for irregular expenditure underway.

The current year irregular expenditure consists of security services and no losses were incurred by the entity because of the irregular expenditure.

45. Consolidated financial statements

The group consists of the NWDC, Signal Development SOC Ltd and Kgama Wildlife Operations SOC Ltd. The GLR group is no longer part of the group since it was transferred to the North West Tourism Board. Therefore, the consolidated figures do not include the GLR group as the NWDC does not have control over the GLR group anymore.

46. Segment information

Management has assessed the GRAP18 guidelines for Segment reporting and concluded that the entity does not have to disclose segment information. The sources of revenue for the NWDC group are rentals and grants. There are no other sources of revenue that could possibly trigger the need for the assessment of the existence of a segment.

Management is not allocating resources nor assessing performance to any activity.

There is only one system used (MRI) for the entity. There is no separate information for any activity

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