Annual Report
2023/2024

NORTH WEST
DEVELOPMENT
CORPORATION

Part A

Part B

Part C

Part D

Part E

Part F

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	James Watt Crescent Industrial Sites MAHIKENG 2745
Postal Address	PO Box 3011 MMABATHO
Contact Telephone Number	27(018) 381-3663
Alternative Contact Number	087-095-9890
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

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
CAFTA	Continental Africa Free Trade Area
CIPC	Companies and Intellectual Properties Commission
COVID	Coronavirus Disease
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 of the NWDC
EIA	Environmental Impact Assessment
FMPPI	Framework for Managing Programme Performance Information
GDP	Gross Domestic Product
GLR	Golden Leopard Resorts SOC Ltd
GRAP	Generally Recognised Accounting Practices
IAA	Internal Audit Activity
ISA	International Standard of Accounting
ICT	Information, Communication and Technology
IFRS	International Financial Reporting Standards
LED	Local Economic Development
LSA	Long Service Award
MTSF	Medium-Term Strategic Framework

2. List of Abbreviations

NB	Nota Bene
NCR	National Credit Regulator
NDP	National Development Plan
NWDC	North West Development Corporation SOC Ltd
NWP	North West Province
NWPG	North West Provincial Government
NWU	North West University
PAAP	Post Audit Action Plan
PAYE	Pay As You Earn
PEMAL	Post-employment Medical Aid Benefits
PFMA	Public Finance Management Act
PTO	Permission To Occupy
READ	Department of Rural, Environment and Agricultural Development
SACPVP	South African Council for the Property Valuers Profession
SADC	Southern African Development Community
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	The Standing Committee on Public Accounts
SDL	Skills Development Levy
SEZ	Special Economic Zone
SLA	Service Level Agreement
SMME	Small Medium Macro Enterprises
SOC	State Owned Company
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WCA	Workers Compensation Assistance

3. Report of the Accounting Authority

The operational and financial performance of the NWDC in the 2023/2024 fiscal provides evidence of a challenging, unpredictable and at times turbulent environment.

It gives me pleasure to reflect on the road travelled, acknowledging how far one has come thanks to the staunch support of allies along the way.

The 2023/2024 financial year was challenging for the North West Development Corporation. Already operating under a seriously ailing economy, exacerbated by consecutive repo rate increases and high inflation, the NWDC continued to experience financial constraints and a lack of resources affecting its ability to meet targets against certain strategic objectives.

I report with gratitude that we were able to make 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 the year under review, the North West Development Corporation focused on core programmes such as Small Business Development services, Properties, Trade and Investment Facilitation, and the Bojanala Special Economic Zone.

The NWDC wishes to highlight the following key notable achievements for the year under review:

During the reporting period, the NWDC supported 650 SMMEs with non-financial services, while 26 SMMEs were supported with financial services. Our success story is the implementation of the Mahikeng Trade Market project. Its successful execution positioned the NWDC to become a preferred implementing agent of DEDECT. As a result, additional projects were brought forward, and more Service Level Agreements have been signed.

In addition, we participated in four trade and investment initiatives with municipalities and have empowered 81 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 Stakeholders Forum comprising of LED officers in various local municipalities, which the NWDC is driving.

We must also state that the entity faced some challenges such as liquidity due to a challenging economic environment and lack of revenue collection, exacerbated by tenants' inability to honour their rental agreements. The various investments in the pipeline did not secure the funding to commence operations. The R1bn Buffelspoort Solar Project, registered with the DTIC and SAIC, was expected to reach financial closure in February 2024 but this has been shifted to late 2024 due to outstanding regulatory requirements. This is a 46MW Solar PV Project developed by the IPP for electricity generation by a private off-taker, Tharisa Mine.

In terms of the Bojanala SEZ, the investment facilitated totals R25.576bn. This was made possible by support efforts to market the SEZ through participation in events such as the President's Investment Conference, the North West BRICS Investment Summit and the North West Premier's Dinner with Investors. Our Shareholder also led a benchmarking exercise to the Dube Trade Port SEZ in Kwa-Zulu Natal.

NWDC's property division has made progress in its performance despite challenges posed by the poor condition of our properties and the constraints of electricity and security. We recorded a discernible upturn in the performance of our property portfolio. While targets were narrowly missed, the progress made is commendable.

The property division encountered several challenges demanding our attention and a proactive response. Among these challenges, the most prominent issue is tenants failing to pay rent, posing a significant obstacle to our financial stability and operational efficiency. Despite our efforts to engage with these tenants and provide support where possible, the persistence of rental arrears necessitated a decisive course of action. In response to this challenge, we have taken the necessary steps to address non-compliance with rental obligations. All defaulting tenants have been diligently identified and their cases escalated to our legal department for appropriate action. This includes the initiation of legal proceedings to recover outstanding rental payments and uphold the terms of our lease agreements.

Another pressing issue we have encountered is illegal occupation and properties being hijacked, posing a threat to the safety, security, and integrity of our assets. Illegal occupants not only jeopardize the financial viability of our properties but also undermine the rights of legitimate tenants and compromise the overall veracity of our operations. To confront this challenge head-on, we have compiled a comprehensive list of illegal occupants and properties that have been hijacked. This list has been promptly submitted to our legal team for their intervention and strategic planning towards eviction proceedings.

The Corporation developed a strategy accompanied by a business model to respond to the listed 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. The strategy is supported by a skills audit and a systematic review of the operating model and organisational structure.

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

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 minor procurement of goods and services for business continuity. Tenders concluded for the 2023/2024 fiscal were for the Alternative Energy Solution for the NWP Project.

The enclosed performance report, complete with its achievements and formulated strategies to overcome areas of underperformance, are the fruits of human labour. Behind the figures lie 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, 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 and expanding on the flagship economic development an investment projects for the North West Province.

Mr MJ Nale
Accounting Authority

4. 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 the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Mr MJ Nale
Accounting Authority

5. Strategic Overview

5.1 Vision

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

5.2 Mission

To create wealth and facilitate job creation where people in the province live, by:

- Coordinating efforts in the planning and execution of economic development projects and infrastructure
- Attracting investment and facilitating trade and expansion opportunities for enterprises in the NWP
- Supporting the development, sustainability, and competitiveness of SMMEs and cooperatives
- Developing and managing a viable and sustainable property portfolio
- Leveraging and mobilising resources through strategic partnerships for institutional sustainability and the benefit of local communities

5.3 Values

PROFESSIONALISM

- We do what we say we will do, and are accountable and responsible for our actions, whether or not anyone is watching.
- We seek to always provide excellent service and value to clients, on time every time.
- We commit to the continual development of our capacity and capabilities.

INTEGRITY

- We resist and undue pressures on our decision-making and in the performance of our duties.
- We take prompt and effective action to deal with unprofessional or unethical behaviour.
- We conduct our decision-making processes in a fair and transparent manner - being considerate, open, honest, and well-informed.

RESPECT

- We treat people fairly and equally and will not discriminate against any individual or group.
- We treat colleagues, partners, stakeholders, clients and counterparts with dignity and respect, and we work without bias.
- We demonstrate respect for and understanding of different points of view.

COOPERATION

- We value teamwork and partnerships, and recognise strength comes from working together.
- We are committed to consultation, and the sharing of information and knowledge.
- We will cultivate a culture of appreciation, celebrate our achievements, and learn through our mistakes.

INNOVATION

- We base decisions on robust and credible research, and embrace a culture of learning, adaptation, and creativity at all times.
- We seek continuous improvement and opportunities for doing things better.
- We listen to stakeholder needs and seek to create responsive approaches to what we do.

6. Legislative and Other Mandates

6.1 Establishment/Enabling Legislation

The NWDC was established in 1999 through the North West Development Corporation Limited Act (No.6 of 1995). The stated rationale for establishment of the NWDC is to "*plan, finance, coordinate, promote, and carry out the economic development of the North West province and its people in the fields of industry, commerce, finance, mining and other business, resulting in wealth and job creation*."

In terms of section 8(2) of the Companies Act, the NWDC is incorporated as a State-Owned Entity SOC Ltd and is listed as a Schedule 3D Provincial Business Enterprise in terms of the Public Finance Management Act (PFMA), reporting to the Member of Executive Council for the Department of Economic Development, Environment, Conservation and Tourism (MEC: DEDECT).

The NWDC operates under the supervision of an independent board of directors, which are non-executive members who are appointed by the MEC: DEDECT and strives at all times to comply with the principles contained in the King Code on Corporate Governance in South Africa (2016) (King IV).

The North West Development Corporation SOC Ltd is a pre-existing Entity, and accordingly continues to exist as 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.

6.2 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
- Memorandum of Incorporation (if applicable)

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.

7. Organisational Structure

7.1 The Administrative Structure of the NWDC Group

Member of the Executive Council
Department of Economic Development, Environment, Conservation and Tourism

Board of Directors

Company Secretary

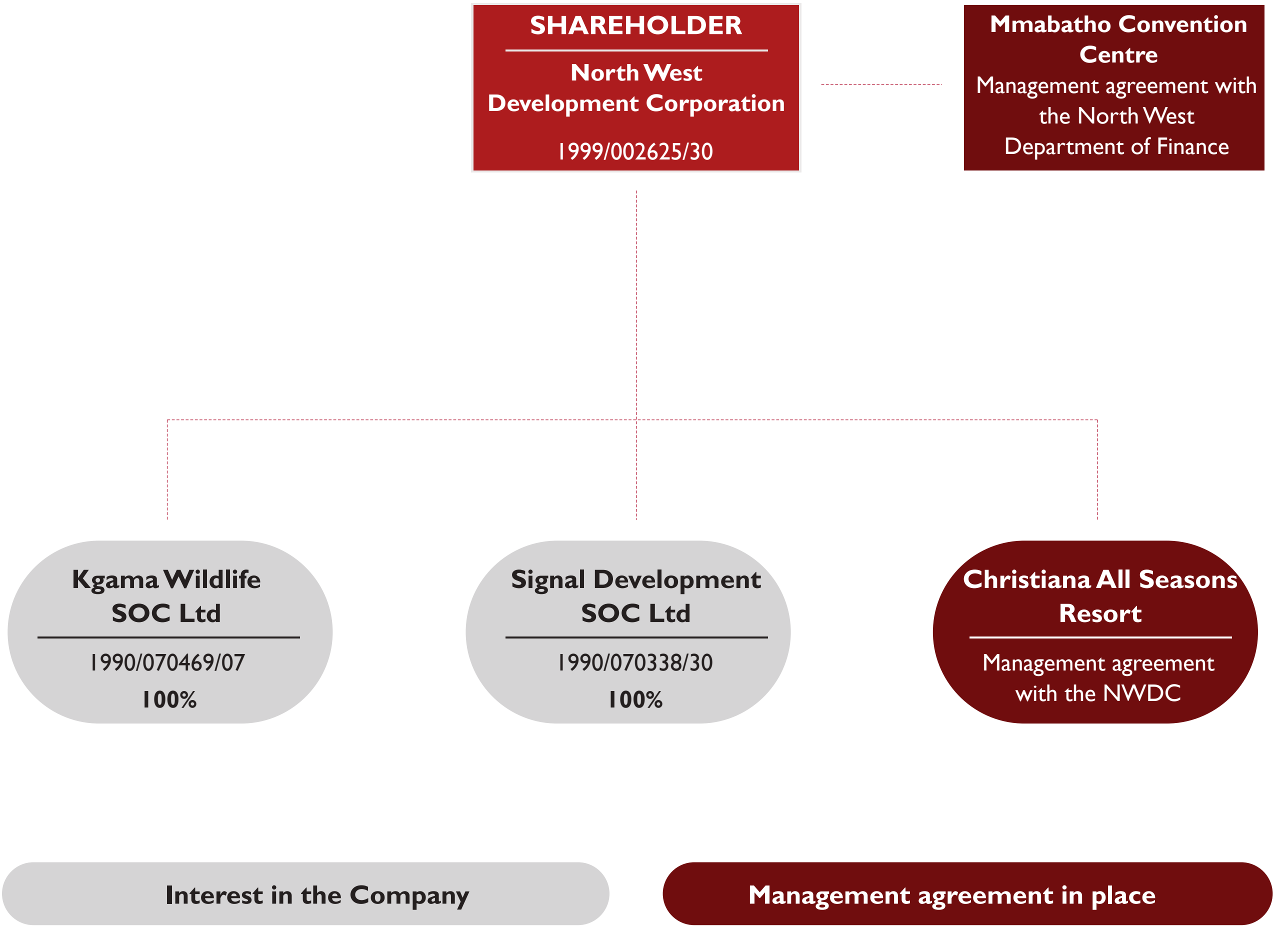
Chief Executive Officer

Subsidiaries

Internal Audit

- Chief Financial Officer – **Vacant**
  - Financial Management
  - ICT
- Corporate Strategy – **Vacant**
  - Research and Innovation
  - Monitoring and Evaluation
- Chief Risk Officer – **Vacant**
  - Risk Management
- Corporate Services – **Mr K Mafokwane**
  - Auxiliary Services
  - Human Resources
  - Legal Services
  - Marketing and Communications
- Property Development and Management – **Mr T Mokotedi**
  - Property Development
  - Property Management
- SMME Development and Management – **Ms N Phamodi**
  - Financial Services
  - Non-Financial Services
- Trade and Investment Facilitation – **Mr L Makunike**
  - Investment Facilitation
  - Trade
  - Project Origination
  - Project Delivery

7.2 The Structure of the NWDC Subsidiaries



7.3 Executive Management of the NWDC Group

Mr MJ Nale
Chief Executive Officer

Mr M Mahapa
Chief Financial Officer (Acting)

Mr T Mokotedi
Executive Manager: Property Development and Management

Ms N Phamodi
Executive Manager: SMME Development and Management

Mr K Mafokwane
Executive Manager: Corporate Services

Mr A Tau
Executive Manager: Bojanala SEZ

Mr L Makunike
Manager: Trade and Investment Facilitation

Ms M Seleke
Company Secretary

B

Performance Information

1. Auditor-General's Report: Predetermined Objectives

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, the Auditor-General South Africa (AGSA) must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The AGSA performed findings engagement where they selected one programme, Programme 2: Property Development and Management, and reported on material findings only.

Refer to pages 86 to 97, paragraphs 22 to 31, of the Auditors Report, published as Part F: Financial Information.

2. Overview of Performance

2.1 Service Delivery Environment

To assist users of the annual report to gain an understanding of the challenges, successes and other factors that might impact on the entity's performance, it is necessary to provide an overview of the context and environment within which the entity operated to implement its Corporate Plan.

2.1.1 Services delivered directly to the Public

- Transformation of the property portfolio into a well-managed, sustainable, and competitive asset-base, as a driver of socioeconomic development in an environmentally sustainable manner.
- Development of the Bojanala SEZ to promote industrial development, attract FDI/DDI, develop critical infrastructure, foster a culture of entrepreneurship and innovation, and create jobs.
- Development of sustainable small enterprises and thus to contribute to the economic growth and transformation of the NWP and to generate revenue and returns for the NWDC.
- Stimulating economic development in the NWP by attracting foreign and local direct investments into the NWP, promoting exports, and facilitating market access for local businesses.

2.1.2 Challenges encountered

- Lack of maintenance on the NWDC properties due to budgetary constraints.
- Stringent regulatory property laws prohibiting flexibility of creative revitalisation of existing property portfolio (repurposing the property use).
- Due to the condition of the properties, the NWDC is unable to attract new tenants and current tenants are boycotting their rental payments. Investment in renovations will assist in increasing occupancy levels and rental collections.
- Irregularities regarding rental payments need to be inspected and tighter monitoring and control must be exerted over finance, property, and legal matters. Debt collection needs to be ramped up and derelict or inactive tenants must be effectively dealt with.

- Unprofitable properties require a profit and loss analysis for every property on the asset register. This analysis aims to identify unprofitable properties and assess interventions needed to restore them to profitability and make them rentable.

- Uncertainty regarding availability of bulk infrastructure funding from provincial government, which is critical for allocation support for investors within the SEZ through turning such investment pipeline into operational activities.

- The SMME development mandate is unfunded, requiring collaborative approaches to leverage resources from the public sector and crowding in private sector funding. A financial injection of at least R20 million to establish the North West Development Fund to support loan funding and partnering with other development finance institutions (DFIs) at a matching ratio of 1:1 would assist. This would effectively double the value of the fund and its job creation potential.

- There is significant opportunity for investment in priority sectors such as renewable energy, PGM beneficiation and other just transition opportunities. The Continental Africa Free Trade Area (CAFTA) presents an opportunity for new exporters in the NWP. However, budgetary constraints inhibit the NWDC from undertaking international investor targeting missions and regional export missions. Funding and collaborative partnerships are required to unlock new opportunities leading to bankable business cases to solicit public and/or private sector investment.

2.2 Organisational Environment

- During the year under review, the NWDC's performance can be attributed to the capacity of the staff within the entity and the resources available to ensure that work was done in an efficient manner. The NWDC has had to survive for years without adequate human resources and necessary skillsets.

- There has, however, been progress in the filling of vacant positions. Twenty-five positions were identified to be filled during the 2023/2024 financial year and nine positions were filled which constituted a 36% achievement of the set target of 50%.

- The Member of the Executive Council of DEDECT appointed the NWDC Chief Executive Officer effective from 2 January 2024 to continue the work in improving and building the NWDC into a formidable catalyst in the economic development space.

- Unfortunately, due to the National Treasury cost containment measures that was implemented across all Department and Entities, there was a moratorium placed on filling of these positions. This led to a moratorium being placed on the filling of vacant positions.

- The Chief Risk Officer (CRO) resigned on 31 December 2023 and the Chief Financial Officer (CFO)on 17 March 2024. The entity has since the resignation of the CFO, appointed an internal interim Acting CFO until such time that the position is filled. It is anticipated that these positions will be filled during the 2024/2025 financial year.

2.3 Key Policy Developments and Legislative Changes

The mandate of the NWDC is derived from legislation (static mandates) and policy mandates (dynamic mandates). There are no updates to the legislative mandates reflected in the Corporate Plan 2023/2024 as follows:

- Constitutional Mandate;
- NWDC Establishment/Enabling Legislation;
- Legislation governing the:
  - Small, Medium and Micro Enterprise (SMME) and Cooperatives sector development mandate;
  - Lending and financial intermediary mandate;
  - Property (and investment) management mandate; and
  - Construction/infrastructure delivery mandate.
- Legislation and regulations pertaining to the NWDC governance environment and institutional arrangements.

While key areas of compliance are derived from the above acts, it is recognised that NWDC is subject to and must comply with all national and provincial legislation and regulations and all municipal bylaws applicable to its functions or the areas in which it operates. Ongoing legal compliance and monitoring shall consider all legislative prescripts contained in the Legislative Prescripts Framework.

2.4 Reviewed Corporate Plan 2023/2024

During the year under review, the NWDC withdrew the Corporate Plan 2023/2024 that was tabled on 31 March 2023, and submitted a Revised Corporate Plan for 2023/2024 in order to align it with audit findings raised by the Auditor-General of non-compliance with the Public Finance Management Act Section 52(b), during the 2022/2023 annual audit that was concluded in August 2023.

Subsequent to the request of the Shareholder for the revision of the Corporate Plan 2023/2024, the NWDC also amended some of the targets that was not achievable due to reliance on other stakeholders, corrected some errors, and added more realistic targets to ensure that the entity deliver on its mandate.

The Corporate Plan 2023/2024 was revised and re-tabled at the North West Provincial Legislature in October 2023 and proof of tabling was submitted to the NWDC.

3. Progress towards Achievement of Institutional Impacts and Outcomes

Progress made towards the achievement of the three-year targets in relation to the NWDC outcomes and outcome indicators as per the Corporate Plan 2023/2024 are reflected in the table below:

NWDC Outcome	Outcome Indicator	Baseline *(Audited 2021/22)*	Midterm Target *(31 March 2025)*	Current Progress *(31 March 2024)*
Outcome 1: *A financially viable and sustainable organisation*	Rand value of revenue generated (non-grant)	R249.8m	R350m	R322m
	Return on assets	17%	20%	1.76%
	Net profit margin	0%	1%	17%
	Current ratio	0.35 to 1	0.80 to 1	0.75 to 1
	Rental debtors days	807 days	300 days	434 days
Outcome 2: *Enhanced planning and coordination of economic development programmes and projects*	Number of economic development strategies and opportunities developed *(Economic development opportunities pipeline)*	New indicator	5	1
	Percentage of projects assigned to the NWDC that have achieved at least 90% of SLA milestones (deliverables)	New indicator	80%	10% (Alternative Energy Solutions project delayed, however, ten companies were appointed after the Request for Proposals process)
Outcome 3: *Increased investment in priority economic sectors, and diversification of exports and trade*	Rand value of investment facilitated into the North West province *(including Bojanala SEZ)*	R33.463m *(NWDC)* R1.379bn *(Bojanala SEZ)*	R6.55bn *(NWDC)* R6bn *(Bojanala SEZ)*	R692k *(NWDC)* R25.576bn *(Bojanala SEZ)*
	Number of companies taken to export markets	15	30	81
	Number of jobs created through facilitated investments *(including Bojanala SEZ)*	NWDC: 123 SEZ: New indicator	NWDC: 300 SEZ: 1 000	NWDC: 0 SEZ: 2 740
	Number of jobs retained through exports	New indicator	200	162

NWDC Outcome	Outcome Indicator	Baseline (Audited 2021/22)	Midterm Target (31 March 2025)	Current Progress (31 March 2024)
Outcome 4: *Increased growth and competitiveness of small enterprises in priority sector industries*	Rand value of funding mobilised for SMME projects	New indicator	R16m	R10.8m
	Survival rate of SMMEs supported	New indicator	High: 70% Par: 60% Low: 50%	Research not yet conducted to determine the survival rate of the SMMEs. It is anticipated that the research will be conducted during the 2024/2025 financial year.
	Number of jobs created by supported SMMEs and co-operatives	New indicator	100	60
Outcome 5: *A well-managed and competitive property portfolio*	Percentage occupancy rate on lettable properties	74%	85%	74%
	Percentage of rental income spent on property maintenance	0%	10%	3.5%
Outcome 6: *A well-governed, agile, and high-performing organisation*	NWDC external audit outcome (consolidated)	Adverse	Unqualified	Not applicable
	NWDC brand visibility	New indicator	Establish baseline	Baseline to be established in Q4 of 2024/2025 based on the current year social media analytics as at 15 March 2024 (the NWDC Website, Facebook and Instagram) with a growth target of 5% year-on-year across all four platforms.
	NWDC staff satisfaction index	Establish baseline by end 2022/2023	10% improvement on baseline	Baseline to be established during the 2024/2025 financial year.
	Percentage overall organisational performance rating	39%	60%	48%

4. Performance Information by Programme

4.1 Programme 1: Administration

In support of the NWDC mandate, vision and mission, the Programme aims to:

- Provide administrative leadership to the NWDC in accordance with relevant legislations, regulations, and policies, and ensures appropriate support services to all programmes.
- Lead the phased turnaround of the NWDC through improvements in governance and internal controls, systems and processes, people, and stakeholder management.

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Cost-to-income ratio	New output indicator	0.9 to 1.0	0.75	(0.15)	Target achieved.	Not applicable
Average number of days to pay suppliers	New output indicator	30 days	434	404	Target not achieved due to liquidity challenges.	Not applicable
Percentage preferential procurement spend by gender, age and disability	New output indicator	Women: 40% Youth: 30% PWD: 7% Other: 23%	Women: 15% Youth: 10% PWD: 0% Other: 5%	Women: 25% Youth: 20% PWD: 7% Other: 18%	Targets not achieved due to most services the NWDC procure are unlikely to be dominated by women and youth, they are shareholders in other companies, which the NWDC allocates percentages based on their ownership. People with disabilities show no interest in business.	Not applicable

Performance Indicators

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of studies conducted on NWDC and DEDECT combined research agenda	New output indicator	2	1	1	Target not achieved because the second study could not be conducted due to the National Treasury cost containment measures that was implemented across all Departments and its Entities.	Not applicable
Number of property developments with electromagnetic power generators installed	New output indicator	4	0	4	Target not achieved. The imported electromagnetic power generators will be installed immediately upon arrival from abroad.	This is a Pilot Project that was initiated by the ICT unit who is also overseeing all elements of the rollout with the service provider. The output indicator was misplaced under the Property Development and Management unit and was therefore moved to Programme 1: Administration.
Percentage of material audit findings in the post audit action plan (PAAP) addressed	75%	80%	80%	0	Target achieved.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage NWDC risk maturity	79%	82%	72%	10%	Target not achieved. In comparison with the PMU final assessment of the prior year, the NWDC scores dropped in the 2022/2023 assessment in the category's governance and culture, performance; and information, communication and reporting. These results can be contributed due to the focused areas that was only rated as partial effective risk management instead of effective risk management.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Net promotion score	New output indicator	15%	0%	15%	Target not achieved. The NWDC benchmark/score was minus 76 and there was an overestimation of what the first year performance would be.	Having completed the benchmark survey, the NWDC have realised that the target set would not be remotely attainable in the first year of implementation. The benchmark survey returned a result of -76 whilst the optimistic target set for 2023/2024 was a +60. There is a long way to go to realistically achieve this target and given the evidence and support of the data from the benchmark survey, it was recommended that the target be revised down to 15% for 2023/2024.
Percentage critical positions of the revised organisational structure filled	New output indicator	50%	36%	14%	Target not achieved due to the National Treasury cost containment measures that was implemented across all Departments and Entities, which led to a moratorium being placed on the filling of critical positions.	Not applicable

Narrative

Financial Management

- The NWDC expenditure were less than the income which can be seen on the percentage achievement of the cost-to-income ratio. This was due to the cost containment measures that the NWDC has implemented, during the 2023/2024 financial year as per the National Treasury directive.

- Treasury Regulation 8.2.3 provides that unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice. The NWDC are facing liquidity due to the financial problems that the entity encounter for the past financial years and could therefore not comply with the National Treasury Regulation.

- The material audit findings in the post audit action plan (PAAP) was addressed.

Installation of Electromagnetic Generators

- This is a pilot project to establish if this is a viable product and if successful the four buildings will be off of the Eskom grid and free of loadshedding. The added benefit would be that the NWDC would no longer have the additional expense of diesel to run a traditional generator.

- The NWDC is not procuring or importing the electromagnetic generators. The NWDC appointed a service provider as a pilot project, to provide alternative power to four of the NWDC buildings. The service provider will be the owner of the equipment and will be the one importing the product. They will also like Eskom be responsible to manage and maintain their equipment.

- The NWDC will be buying power from the service provider in a similar manner as we buy power from Eskom. This power will be generated by the Electro Magnetic Generators provided by the service provider and placed at each of the four properties. The NWDC will be invoiced only for power consumed @ R2,50 p/kwh. This rate is a fix fee and will not escalate.

- The NWDC will have the opportunity if the pilot is successful to further engage the service provider to look at options to help bring this product into the NWP and eliminate the need for the service provider to import this product.

Corporate Services

The net promotor score is a widely used tool to measure customer loyalty and satisfaction. It is widely used across brands and industries to measure and track how they are perceived by their customers. The NWDC net promotor score moved from minus 76 in March 2023 to zero at the end of the financial year 2023/2024. This move translated to an improvement of 38%. This improvement is mainly attributed to the following factors:

- A larger survey sample (more people) participated;
- Community outreach responses were included, which were generally positive; and
- Communities appreciate face-to-face contact with the NWDC.

Strategies to overcome areas of underperformance

Financial Management

- Source funding to invest in properties to improve occupancy and collections.
- Boost the property portfolio via partnerships with the private sector (PPPs); and
- Gradual improvement of the internal control environment.
- Other Departments or Entities will be contacted to ensure that the NWDC attains service providers who are people with disabilities to ensure that preferential procurement spend are distributed as per the set targets.

Research and Innovation

Defer the target of studies conducted on the NWDC and DEDECT combined research agenda to the 2024/2025 financial year due to the cost containment measures implemented by National Treasury.

Corporate Services

Additional ICT equipment has been secured to allow for a broader client participation at outreach and community engagement events which will result in addressing the net promotor score of the NWDC.

Defer the target to the 2024/2025 financial year when the Shareholder reviews the moratorium on the filling of critical positions.

Linking performance with budgets

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

Programme Name	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Financial Management	31 473 000	24 694 000	6 779 000	26 078 250	26 078 250	-
Corporate Services	48 346 000	46 688 000	1 658 000	17 385 500	17 385 500	-
TOTAL	**79 819 000**	**71 382 000**	**8 437 000**	**43 463 750**	**43 463 750**	**-**

4.2 Programme 2: Property Development and Management

In support of the NWDC mandate, vision and mission, the Programme aims to:

- Transform the NWDC's investment property portfolio into a well-managed, sustainable, and competitive asset-base, as a driver socio-economic development in an environmentally sustainable manner. This will be achieved by rationalising, transforming, and investing for growth in the property portfolio.

Performance Indicators

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Rand value of rental income collected	R107.65m	R115m	R122.323m	(R7.323m)	Target exceeded due to the increased visitations and engagements with the NWDC tenants.	Not applicable
Number of non-productive properties disposed of	New output indicator	46	0	46	Target not achieved. Awaiting the Section 54 approval from the Shareholder.	Not applicable
Percentage occupancy on available lettable property spaces	75%	75%	77%	(2%)	Target exceeded due new tenants who occupied the NWDC properties and it therefore improved the occupancy level.	Not applicable
Number of property developments with smart meters installed	New output indicator	4	3	1	The delay in the smart metering roll-out for Stand 3290 (Mahikeng) led to the underachievement of this target. The installation has been moved to the 2024/2025 financial year.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage of property portfolio with comprehensive conditional assessments conducted	0	100%	0%	100%	This output indicator was removed from the Corporate Plan due to various reasons as explained in the next column.	As a crucial metric for measuring performance and driving strategic decision-making, the output indicator should align with the respective business unit responsible for managing assets. The misplacement under Programme 2 could hinder effective monitoring and evaluation of asset utilization and performance across various divisions. It was therefore more prudent to assign the responsibility for monitoring and optimizing this output indicator to the Asset Management unit itself since they possess a better understanding of their inventory, operational factors contributing to performance metrics, as well as strategies for improving overall asset value. Such a realignment would optimize resource allocation and facilitate a comprehensive assessment of how efficiently assets are contributing to overall organisational success.

Narrative

Amidst the challenges posed by the conditions of our properties and the constraints of power and energy, there has been a discernible upturn in the performance of our property portfolio. While targets were narrowly missed, the progress made is commendable.

- Property division has encountered several challenges that have demanded our attention and proactive response. Among these challenges, one prominent issue has been tenants failing to pay rentals, posing a significant obstacle to our financial stability and operational efficiency. Despite our efforts to engage with these tenants and provide support where possible, the persistence of rental arrears necessitated a decisive course of action.

- In response to this challenge, we have taken the necessary steps to address non-compliance with rental obligations. All defaulting tenants have been diligently identified and their cases escalated to our legal department for appropriate action. This includes the initiation of legal proceedings to recover outstanding rental payments and uphold the terms of our lease agreements.

- Another pressing issue we have encountered is illegal occupation and properties being hijacked, posing a threat to the safety, security, and integrity of our assets. Illegal occupants not only jeopardize the financial viability of our properties but also undermine the rights of legitimate tenants and compromise the overall integrity of our operations. To confront this challenge head-on, we have compiled a comprehensive list of illegal occupants and properties that have been hijacked. This list has been promptly submitted to our legal team for their intervention and strategic planning towards eviction proceedings.

- The division has been steadfast in its efforts to enhance the efficiency and effectiveness of the existing systems. Simultaneously, a concerted focus on bolstering communication with our tenants and refining service delivery has been evident. Completed the data cleansing and migration process from NICOR to the MRI system. This milestone marks a pivotal moment in our journey toward enhancing efficiency and effectiveness within our operation.

- Despite the hurdles, our commitment to excellence remains unwavering as the NWDC continue to navigate and overcome these challenges, ensuring the sustained success of our property portfolio.

Strategies to overcome areas of underperformance

- Prioritizing increased visitation and communication with our tenants. By fostering stronger relationships and understanding their needs, we plan to proactively address issues and enhance tenant satisfaction.

- A commitment to continuous improvement in lease processing, supported by streamlined collaboration with relevant divisions, to expedite the process and minimize delays.

- Allocating a dedicated budget for maintenance ensures that our properties are habitable, mitigating potential issues and preserving asset value. By implementing these strategies, we can systematically overcome underperformance and drive sustainability within our property portfolio.

Linking performance with budgets

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

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
Property Development and Management	110 688 000	129 494 000	(18 806 000)	83 245 750	83 245 750	-
TOTAL	**110 688 000**	**129 494 000**	**(18 806 000)**	**83 234 750**	**83 234 750**	**-**

4.3 Programme 3: SMME Development and Management

In support of the NWDC mandate, vision and mission, the Programme aims to:

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of SMMEs provided with financial support	47	20	26	(6)	Target exceeded due to the high demand for funding received from the SMMEs.	Not applicable
Number of SMMEs provided with non-financial support	638	650	650	0	Target achieved.	Not applicable
Rand value of funding mobilised for SMME projects	New output indicator	R8m	R10.8m	(R2.8m)	Target exceeded. The success in the implementation of the Trade Market project, which was the first, resulted in the entity being preferred as an implementing agent of DEDECT, as opposed to previous implementing agents, and therefore additional projects were brought forward and more Service Level Agreements signed.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Rand value of mobilised funding spent on SMME projects	New output indicator	R22.4m	R8.417m	R13.982m	Target not achieved due to the delay in processing of invoices or claims submitted for payment and mitigation factors has been implemented to remedy the situation.	Not applicable
Number of jobs created by supported SMMEs and Cooperatives	New output indicator	50	60	(10)	Target exceeded due to the extension of the period during construction which led to more people being employed.	Not applicable

Narrative

- The NWDC liquidity issues is impacting the SMMEs negatively. Regardless of the corporation's footprint, it remains the most accessible Development Financial Institution (DFI) in the province. DFIs operating within the province have qualifying criteria that excludes majority of SMME, especially those residing in villages, where they cannot provide collateral as security even if they own property.
- Since adopting a strategy of presenting itself as an implementor of choice when it comes to projects from DEDECT that are aimed at SMME development, through its SMME Unit, the NWDC has raised its profile as a catalyst of economic development in the province.

Strategies to overcome areas of underperformance

- Consultative engagement with role players to ensure that payment processes are expedited to eliminate delays in delivery of projects and services.
- The NWDC is building mutual relationships with other DFIs, with a view to partnering with some to provide access to funding for SMMEs in the province much better. This will be done while the corporation is improving its debt collection capacity.
- The corporation is also building capacity of Fund Administrators to perform prudent due diligence in scrutinising applications for bridging finance loans. This is done internally while University of North West is working on incorporating an element of due diligence within its Business Consultation Program, which is targeted as a program that all Fund Administrators will undertake going forward.

Linking performance with budgets

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

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
SMME Development and Management	4 455 000	8 923 000	(4 468 000)	8 692 750	8 692 750	-
TOTAL	**4 455 000**	**8 923 000**	**(4 468 000)**	**8 692 750**	**8 692 750**	**-**

4.4 Programme 4: Trade and Investment Facilitation

In support of the NWDC mandate, vision and mission, the Programme aims to:

- Attract foreign and local direct investments into the North West province, promote exports and facilitate market access for local businesses.
- Originate and deliver funded economic and infrastructure development projects on behalf of government for revenue generation.

Performance Indicators

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of high-impact projects for NWDC to participate in assessed for pre-feasibility	New output indicator	1	1	0	Target achieved	Not applicable
Rand value of investment facilitated into the North West Province	R20.962m	R250m	R692k	R249.307m	The various investments in the pipeline under consideration did not secure the funding to commence operations. The R1bn Buffelspoort Solar Project which has also been registered with the DTIC and SAIC was expected to reach financial closure in February 2024 but this has been now shifted to the last part of 2024 due to outstanding regulatory requirements.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
					This is a 46MWp Solar PV Project that has been developed by the IPP for the generation of electricity by a private off-taker, Tharisa Mine.	
Number of electricity crisis response investments facilitated into the North West Province	New output indicator	1	0	1	A panel of consulting engineers has been appointed to look at the feasibility of the proposed electricity crisis response investments.	Not applicable
Number of investment summits (mining) held to promote provincial opportunities	0	1	0	1	Target not achieved. Due to financial constraints faced by the NWDC, the mining summit could not be held. However, the multisector NWP Premier Investment dinner was hosted in September 2023, to promote provincial opportunities which yielded investment pledges that are currently being followed up.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of jobs to be created through facilitated investments	43	500	0	500	The jobs targets are linked to the investments. The various investments in the pipeline under consideration did not secure the funding to commence operations. The R1bn Buffelspoort Solar Project which has also been registered with the DTIC and SAIC was expected to reach financial closure in February 2024 but this has been now shifted to the last part of 2024 due to outstanding regulatory requirements. This is a 46MWp Solar PV Project that has been developed by the IPP for the generation of electricity by a private off-taker, Tharisa Mine.	The words "*to be*" were added to the output indicator
Number of companies assisted with access to export markets	13	20	11	9	Target not achieved. Two planned export initiatives were cancelled due to the National Treasury cost containment measures implemented by the NWDC.	Not applicable

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of trade and investment initiatives implemented with municipalities in each of the 4 districts	5	4	4	0	Target achieved	Not applicable
Number of companies taken through export development	42	25	81	(56)	Target exceeded due to a greater response to the advertisement for export training than anticipated and all respondents were taken through the development training in all four districts.	Not applicable

Narrative

- There is an appetite for the development of new exporters as shown by the exceeding of the target of the number of companies taken through export development. There is need to build support for this value chain. The NWP has started a deliberate process to support projects in the energy sector and it is anticipated that implementation will start to be activated in the new financial year.

- The delayed implementation in the NWP of the One-Stop-Shop with the DTIC has also left the province out of the national loop in terms of trade and investment. The planning of the One-Stop-Shop with the DTIC is currently underway and this should provide seamless linkages on the unit activities to national and at municipal level.The province awaits the approval of the DTIC to start the implementation.

Strategies to overcome areas of underperformance

- Work with DFIs in the province to develop more bankable projects that can be funded.

- Work with municipalities, SALGA and regulatory authorities to reduce pathways for new approvals
- Request support from ISA for new bulk infrastructure that would unlock new investment
- Work with the North West University to develop new sectors for investment
- Implement the One-Stop-Shop with the DTIC.
- Resourcing of panel of experts to implement energy related projects as per NWP plan.
- Seek infrastructure support from the DBSA and Mining Industry in the NWP province to unlock new investments

Linking performance with budgets

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

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
Trade and Investment Facilitation	4 648 000	4 385 000	263 000	3 692 750	3 692 750	-
TOTAL	**4 648 000**	**4 385 000**	**263 000**	**3 692 750**	**3 692 750**	**-**

4.5 Subsidiary: Bojanala Special Economic Zone (SEZ)

In support of the NWDC mandate, vision and mission, the Programme aims to:

- Transform the Bojanala Region into a globally competitive industrial hub characterised by increasing foreign and domestic direct investment, value-added exports, a culture of entrepreneurship and innovation, and sustainable jobs.

Performance Indicators

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Rand value of investment facilitated into the SEZ	R3.536bn	R3bn	R25.576bn	(R22.576bn)	Greater efforts to market the SEZ, including the North West BRICS Investment SUMMIT and the Premier's Dinner with Investors led the this output indicator target being exceeded.	Not applicable
Number of Applications for Designation finalised and submitted to DTIC	0	1	0	1	This target was not achieved because the North West Province has not yet allocated the budget for bulk infrastructure which is a requirement for submission of the application.	New output indicator added to the Revised Corporate Plan 2023/2024
Number of Policies for leasing of SEZ land and buildings developed and implemented	New output indicator	1	1	0	Target achieved.	New output indicator added to the Revised Corporate Plan 2023/2024

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of jobs to be created through investments facilitated	New output indicator	200	2 740	(2 540)	Greater efforts to market the SEZ, including the North West BRICS Investment SUMMIT and the Premier's Dinner with Investors led the this output indicator target being exceeded.	The words "*to be*" were added to the output indicator
Percentage infrastructure procurement spend on SMMEs	New output indicator	30%	30%	0	Target achieved.	Not applicable
Rand value of investment pipeline translated into operational investments	New output indicator	R500m	0	R500m	These output indicators are dependable on budget allocation from Provincial Treasury and can only be implemented after the SEZ bulk infrastructure budget of R452 million is allocated.	As at the end of quarter 2 of 2023/2024, the NWDC has not been successful in securing this budget allocation and it was therefore recommended that these output indicators be removed from the Corporate Plan for 2023/2024.
Rand value of infrastructure-build programme implemented	New output indicator	R450m	0	R450m		
Number of jobs created through the infrastructure-build programme	New output indicator	1 800	0	1 800		

Narrative

- The operational date for the Bojanala SEZ has not yet been determined as it is dependent on the allocation of bulk infrastructure and agreement on governance arrangements for the SEZ Company, which is a function between DEDECT and DTIC. The date for operation is dependent on external factors such as:
    - Provincial Treasury;
    - DEDECT;
    - The Office of the Premier; and
    - Provincial EXCO.
- These stakeholders need to make a commitment on bulk infrastructure funding which is the main outstanding factor for application for designation to be submitted to the DTIC.
- The SEZ is however ready to submit the Application for Designation pending the bulk infrastructure commitment and agreement on governance matters.

Strategies to overcome areas of underperformance

- DEDECT is tasked by the Provincial EXCO to source funding from the Municipalities and other interested private sector companies for bulk infrastructure.
- The DTIC and DEDECT to agree on the Bojanala SEZ governance matters structures.

Linking performance with budgets

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

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
Bojanala Special Economic Zone	35 000 000	20 576 000	14 424 000	35 000 000	34 771 000	229 000
TOTAL	**35 000 000**	**20 576 000**	**14 424 000**	**35 000 000**	**34 771 000**	**229 000**

4.6 Subsidiary: Signal Development SOC Ltd

The purpose of the programme is to:

- Transform the Signal Development SOC Ltd property portfolio into a well-managed, sustainable, and competitive asset-base, as a driver of socio-economic development in an environmentally sustainable manner. This will be achieved by rationalising, transforming, and investing for growth in the property portfolio.

Output Indicator	Audited Actual Achievement 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024 *until date of re-tabling*	Variance Under/(Over) Achievement 2023/2024	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage reduction of irregular expenditure	New Indicator	100%	100%	0	Target achieved.	Not applicable
Percentage of Audit findings in the Post Audit Action Plan (PAAP) addressed	New Indicator	100%	50%	50%	The deviations are for matters that have a direct impact on the Annual Financial Statements. These matters will be resolved during the 2023/2024 annual audit. They require adjustments into the Annual Financial Statements.	Not applicable

Narrative

- The High Court of Mahikeng ruled in favour of Signal Development and the entity was taken out of provisional liquidation in August 2023. From that date, the Board was able to resume exercising their fiduciary duties. However, some of the Board members resigned from the Signal Development which necessitated the need to reappoint the members into the Board.

- The Board had their first meeting in February 2024 to approve (post-facto) Corporate Plan for 2023/2024.

- As a result of these challenges, the entity was not operational for most of the financial year.

Strategies to overcome areas of underperformance

- The Board has approved the Corporate plan 2023/2024 which resolves the compliance issues raised by the Auditor-General SA in the previous year.

- The financial matters on the Post Audit Action Plan will be resolved after the conclusion of the Audit.

- Due to the liquidation process, there was no additional expenditure except for the audit fees.

Linking performance with budgets

The financial information as presented in the table below outlines the Signal Development SOC Ltd expenditure:

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
Programme 1: Administration	500 000	199 000	301 000	-	-	-
Programme 2: Business Operations	-	-	-	-	4 625 000	4 625 000
TOTAL	**500 000**	**199 000**	**301 000**	**-**	**4 625 000**	**4 625 000**

5. Summary of Financial Information

5.1 Revenue Collection

Sources of Revenue	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Revenue	150 421 000	151 761 000	(1 340 000)	187 944 000	187 944 000	-
Grants	71 588 000	89 988 000	(18 400 000)	96 359 000	96 359 000	-
Investment and Other Income (SEZ)	-	4 548 000	(4 548 000)	-	-	-
Other Gains and Losses	12 601 000	-	12 601 000	154 760 000	154 760 000	-
TOTAL	**234 610 000**	**246 297 000**	**(11 687 000)**	**439 063 000**	**439 063 000**	**-**

5.2 Programme Expenditure

Programme Name	2023/2024			2022/2023		
	Estimate	Actual Expenditure	(Over)/Under Expenditure	Estimate	Actual Expenditure	(Over)/Under Expenditure
Office of the CEO*	-	-	-	-	-	-
Property Development and Management	110 688 000	129 494 000	(30 493 000)	83 234 750	83 234 750	-
Bojanala Special Economic Zone (SEZ)	35 000 000	20 576 000	14 424 000	35 000 000	35 000 000	-
SMME Development and Management	4 455 000	14 372 000	(9 917 000)	8 692 750	8 692 750	-
Trade and Investment Facilitation	4 648 000	4 385 000	263 000	3 692 750	3 692 750	-
Economic Programme Management	-	-		-	-	-
Financial Management	31 473 000	24 694 000	6 779 000	26 078 250	26 078 250	-
Corporate Services	48 346 000	46 688 000	1 658 000	17 385 500	17 385 500	-
TOTAL	**234 610 000**	**209 240 000**	**25 370 000**	**173 855 000**	**173 855 000**	**-**

* CEO included in Corporate Services

5.3 Capital Investment, Maintenance and Asset Management Plan

The following table present the maintenance and repairs:

Infrastructure Projects	2023/2024			2022/2023		
	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 MJ Nale
Accounting Authority

Corporate Governance

1.Introduction

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

The MEC for Economic Development, Environment, Conservation and Tourism and the Board of Directors, the Executive and the Accounting Authorities of the public entity are responsible for corporate governance.

2. Risk Management

As an integral part of Management, Risk Management relies on the effectiveness of the functioning of other divisions or units. Implementation and monitoring of the risk management strategies is pertinent to service delivery and the overall performance of the organisation. In this regard, the Risk Management unit at the NWDC has developed and reviewed all the necessary risk management strategies and policies and held meetings and/or 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 Authority 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 approached are founded on a solid Risk Management Framework and that employees are risk-attuned. To achieve the said objectives, the NWDC adopted a risk management process that included:

2.1 Risk Assessment: Strategic

A Strategic Risk Assessment was conducted in March 2023 and 21 risks, which were apportioned to different programmes were identified and incorporated in the Corporate Plan. Quarterly sessions were conducted with the broader risk management working group to monitor progress in the implementation of mitigation plans and thus changes in the risk profile of the organisation are reported to the ARC. It must be noted that due to the financial position of the NWDC, some strategic risks could not be brought to an acceptable tolerance level.

2.2 Risk Assessment: Operational

The Operational Risk Assessments were conducted per individual unit with effect from I April 2023. The Risk Management Policies were workshopped, and the Operational Risk Register was drafted and apportioned to the related business unit within the NWDC. In addition, the ICT risk assessment was also conducted with the relevant business unit during April 2023.

Risk Assessments and documents were also conducted for the Bojanala SEZ and the Signal Development subsidiaries in April 2023.

2.3 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 Working Group, which consists of executive and middle management.

2.4 Provincial Risk Management Unit (PRMU)

The NWDC Risk Management Unit has also been reporting to the PRMU as an external assurance provide, thus submitted requisite progress reports, response letters by the CEO to the HOD of Provincial Treasury, risk management literature updated risk registers as requested.

2.5 Risk Management Training

The Risk Management Unit attended risk management training coordinated by the PRMU. The Risk Champions of the NWDC were also trained by the PRMU. In addition, the risk champions received an intensive risk management training through the Institute of Risk Management of South Africa (IRMSA).

2.6 Risk Maturity Assessment

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

3. Fraud and Corruption

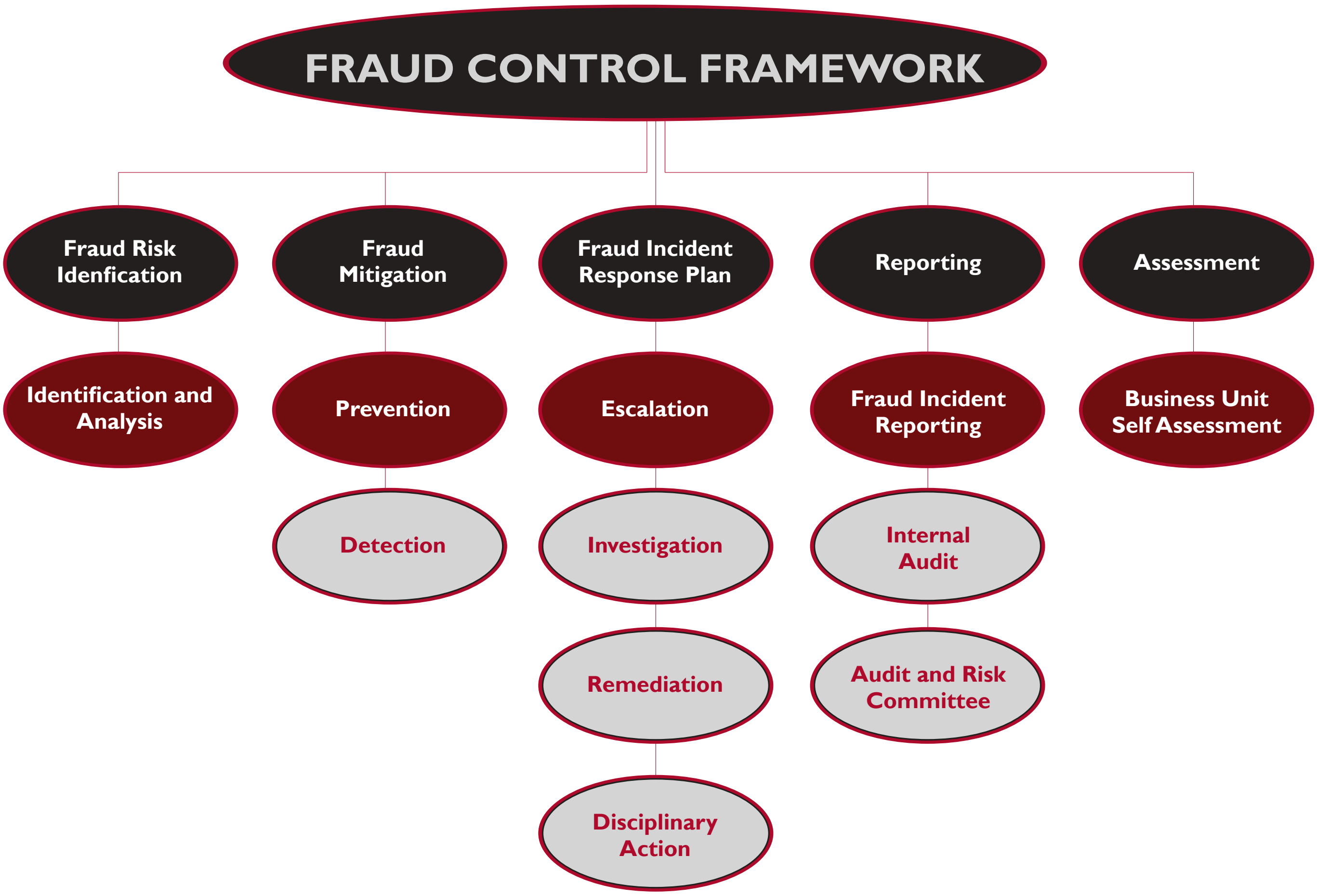
The NWDC does not tolerate corrupt or fraudulent activities, whether internal or external to the NWDC, and will vigorously pursue any party, by all legal means available, which engage in such practices or attempt to do so. The strategy and policies on fraud and corruption has thus been established to facilitate the development of controls which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instances of fraud and corruption be identified.

The NWDC implemented the following:

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

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.



4. Minimising Conflict of Interest

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

5. Code of Conduct

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

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

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

6. Health Safety and Environmental Issues

- 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.

7. Portfolio Committees

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

- Q4 of 2022/2023;
- Corporate Plan 2023/2024;
- Revised Corporate Plan 2023/2024;
- Q1 of 2023/2024;
- Q2 of 2023/2024;
- Annual Report 2022/2023;
- Q3 of 2023/2024;and
- Draft Corporate Plan 2024/2025.

The Portfolio Committee on Economic Development, Environment and Tourism embarked on oversights in the Bojanala District in October 2023 whereby DEDECT and the NWDC briefed the Committee on:

- The assessment of the NWDC assets and its impact on the provincial economy.
- Briefing and report on the disposal of the NWDC assets.
- Report and progress on the Bojanala SEZ.

8. SCOPA Resolutions

The NWDC appeared, via Microsoft Teams (virtual platform), before the Provincial Public Accounts Committee on 14 March 2024. The NWDC only responded, in writing, to some of the questions raised by the Committee during the meeting. No formal resolutions were forwarded from the Provincial Public Accounts Committee for the NWDC to respond to.

9. 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 2023/2024;
- Revised Corporate Plan and Budget for 2023/2024;
- Signed Shareholders Compact 2023/2024 with the Shareholder;
- Approved Quarterly Reports for 2023/2024;
- Approved and Printed Annual Report 2022/2023; and
- Approved Corporate Plan and Budget for 2024/2025.

10. Accounting Authority

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 of the appropriate mist of executive and non-executive directors representing the necessary skills to strategically guide the entity. The majority of the members is 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 give strategic direction to the NWDC.

The Board of the NWDC is established in terms of the Public Finance Management Act 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 during the period under review:

- Approved Strategic Risk Register and Risk Management Strategy 2023/2024;
- Approved the Revised Corporate Plan and Budget for 2023/2024;
- Approved the Corporate Plan and Budget for 2024/2025;
- Signed the Shareholders Compact 2023/2024 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;
- Approved the Annual Report 2022/2023; and
- Approved the Business Code of Ethics Policy.

The term of the board ended on 31 March 2024 and the Chief Executive Officer was appointed as the Accounting Authority until such time that the MEC of DEDECT appoint a new board.

11. Audit and Risk Committee

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:

a) To perform the functions as described in the charter.

b) 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.

c) Safeguard all the information supplied to it in full compliance with the law.

d) Act in accordance with its statutory duties and is authorised/delegated to perform the functions as described in the charter.

e) Acquisition of outside services should be made subject to the approval of the organisation and approved procurement policies.

f) The ARC has a decision-making authority in regard to its statutory duties and is accountable in this respect to the Board.

g) The ARC make recommendations for approval by the Board.

h) 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 Committee:

Name	Role	Qualifications	Date Appointed
Mr S Ngobeni	External Member	MBA, Master in Commerce (International and Domestic Taxation), BCom Honours, BCom Accounting, Higher Diploma in Computer Auditing, Project Management, Portfolio Management and Investment Analysis	• Appointed as External Member on 1 September 2016 • Appointed as ARC Chairperson on 27 August 2019 • Reappointed ARC Chairperson on 23 April 2021 • Term ended on 31 March 2024
Ms SM Maleka	Non-Executive Director	Bachelor of Arts, National Diploma: Marketing and Management, International Executive Development Programme, Executive Risk Management Programme, Executive Legal Liability Training, Strategy Development Course, Matric	6 May 2022 and term ended on 31 March 2024
Ms N Phadu-More	Non-Executive Director	Bachelor of Arts, Certificate in Advertising, Matric	17 May 2021 and term ended on 31 March 2024
Ms MET Malaka	Non-Executive Director	Master Business Administration, BA Degree: Social Science, Certificate on Public, Private Partnerships in Infrastructure, Matric	17 May 2021 and term ended on 31 March 2024

Meeting Attendance:

Name	Number of Meetings	
	Held	Attended
Mr S Ngobeni (Chairperson)	9	9
Ms SM Maleka	9	9
Ms N Phadu -More	9	5
Ms MET Malaka	9	6

12. Prior Modifications to Audit Reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial Year in which it first arose	Progress made in clearing/resolving the matter
Non-submission of valid permission to occupy (PTO) agreements and property valuation reports. 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.	2021	The valuation was not done during the year and it remains unresolved. However, the process to appoint valuators has commenced and the advert has been approved to appoint the service provider to conduct the valuation of the properties and also advise on the properties that require PTO's.
During 2022, the North West Development Corporation SOC Ltd group did not consolidate the subsidiaries in the Golden Leopard Resorts SOC Ltd (GLR) group because a resolution was passed to transfer the GLR group to the North West Tourism Board. However, the conditions of the transfer to give the North West Tourism Board enforceable rights were not met on 1 April 2021. The share certificates were still in the name of NWDC on 31 March 2022 and only transferred on 1 April 2022.	2022	The matter pertained to the 2022 financial year where a consolidation was required for the GLR subsidiary. The process to transfer the entity was concluded in 2023 and the consolidation of this subsidiary was no longer applicable. The qualification is therefore resolved by concluding the transfer of the subsidiary to the Parks and Tourism Board.
Non-submission of information in support of ownership of the infrastructure assets.	2023	The entity has engaged with the City of Tshwane and the Moses Kotane Local Municipalities to resolve the ownership issue. This is still in progress and likely to be resolved in 2024/2025.

13. 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.

14. Internal Audit

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 Internal Audit function must, in consultation with the Audit and Risk Committee, prepare:

- A Rolling Three-Year Risk-Based 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;
- Internal Audit Charter;
- Internal Audit Methodology;
- Reports to the Audit and Risk Committee detailing its performance against the plan to allow effective monitoring and intervention when necessary.

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

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

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

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

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 -8) with regards to the following:		
Criteria	**Response (Yes/No)**	**Discussion** *(include a discussion on the response and indicate what measures have been taken to comply)*
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 R30k. 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 Broad Based Black Economic Empowerment?	No	Not applicable

D

Human Resource
Management

1. Introduction

Human Resource function within the NWDC is stable and function efficiently and effectively and focuses on the following:

OUR EMPLOYEES

- Recruitment of Employees
- Management of Employees
- Compensation of Employees
- Employee benefits, motivation, communication, administration and training

OUR HEALTH AND SAFETY

- Employee Health and Safety

OUR WELLNESS

- Employee wellness programme

OUR PERFORMANCE

- Facilitation of the performance management process

1.1 The status of human resources in the NWDC

The approved positions in the human resources structure states that the unit has five (5) positions and currently only four (4) is filled. All human resources staff performs their functions as per their employment contracts.

1.2 Human resource priorities for 2023/2024 and the impact of these

- The filling of vacant critical positions such as CEO, CFO, CRO, Manager Research, Manager Monitoring and Evaluation, Company Secretary, Executive Manager Projects Facilitation and Innovation, Audit Manager and Executive PA to the CEO. This was done to build stability at both executive and senior management levels but unfortunately the NWDC lost the services of the CRO, CFO and Executive Manager: Projects Facilitation which brought a negative impact in relations to the stability of the executive level.

- Training of Senior Managers on monitoring and evaluation, Tenant Coordinators on property management and training of GES to qualify as trades men which impact was to move away from appointing external service providers to do maintenance whilst the NWDC has capacity internally.

- The NWDC also supported staff with study assistance for them to have qualifications in line with their employment fields.

- The human resource unit engaged with organised labour to deal with all employee related issues to build an good employment environment and employer and employee working relations.

- The unit did not have any disciplinary issues during the period under review.

- The unit has implemented the cost-of-living adjustment agreement it signed with organised labour during the period under review.

- The unit engaged with different SETAs to implement and host internship program which saw improvement to units where interns were appointed and to contribute to the skills revolution of the NWP.

1.3 Planning and Key Strategies to attract and recruit skilled and capable employees

The majority of staff are support staff, and the entity suffers a lack of core business experts. The NWDC requires professional, multidisciplined teams to meet the challenges of an expansive mandate.

There has, however, been progress in strengthening the executive team with new appointments, and the entity should be fully capacitated by the end of the 2024/2025 financial year through the filling of vacant positions in the structure. These are in the skilled, professional qualified, senior management, and top management categories.

A new organisational structure, aligned to the strategic plan, is in process of development and seeks to enable the NWDC to sustain and strengthen its existing capabilities and allow for the development of new strategic capabilities.

1.4 Employee Performance Management

The NWDC plan, during the 2024/2025 financial year, to review the Performance Management Framework through the adoption of a balanced scorecard methodology, ensure linkages are established to effectively cascade the performance information down the hierarchy, and implement consequence management for non-compliance with the timeframes of the annual performance management cycle.

1.5 Employee Wellness programmes

During the period under review, the unit:

- Supported different units on the requests for intervention on personal challenges faced by employees which contributed negatively to work performance but after the intervention, there was an improvement on the poor work performance.
- Together with representatives from different medical aid schemes, held roadshows in all the regions to inform all employees about their services and the affordability thereof to encourage them to be covered in time of sickness.
- Managed to build the relations with the Office of the Premier to participate in the sport day activities during the period under review.
- Together with representatives from Alexander Forbes held roadshows in all the regions to inform all employees about the changes in the provident fund legislation.
- Organised a Women's Day celebration for all NWDC women to celebrate during the period under review.

1.6 Future HR Plans/Goals

- Filling of key positions within all NWDC Unit functions.
- Development and implementation of Behavioural/Change Management Programme aligned to the organisational design.

- Addressing the skills shortage and lack of capacity in core business units through organisational redesign and capacitation to implement the five-year strategy. Focus must be given to the recruitment of qualified and competence employees.
- Increase investment in the training and development of employees.
- Organisational culture development and building of a high-performance organisation enabled by a capacitated leadership structure, charged with taking decisions, building competent teams, and applying consequence management where required.
- Review of all human resources related policies.
- Training and development of staff according to their training needs in line with their performance development plan.

2. Human Resource Oversight Statistics

Key information on human resources is outlined in the tables below (refers to paragraphs 3 to 17 in Section D). The financial amounts agree with the amounts disclosed in the Annual Financial Statements set out in Section F.

3. Personnel Expenditure

The following tables summarise the final audited expenditure by Salary Bands. It provides an indication of amount spent on personnel; and amount spent on salaries, overtime, home owners allowances, and medical aid:

Table 3.1: Personnel cost by Salary Band

Salary Band	Personnel Expenditure	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee
Top Management	13,969,740.49	15%	9	1,552,193.39
Senior Management	19,007,620.60	21%	21	905,124.79
Professionally Qualified	15,658,332.71	17%	22	711,742.40
Skilled	19,699,806.14	22%	32	615,618.94
Semi-skilled	6,383,344.36	7%	14	455,953.17
Unskilled	15,671,402.69	17%	68	230,461.80
TOTALS	**90,390,246.99**	**100%**	**166**	**544,519.56**

Table 3.2: Salaries, Overtime, Home Owners Allowance and Medical Aid

Salary Band	Salaries	Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	Home Owners Allowance as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
Top Management	13,969,740.49	0	0%	0	0%	156,332.00	1.12%
Senior Management	19,007,620.60	0	0%	14,400.00	0.08%	532,856.40	2.80%
Professionally Qualified	15,658,332.71	93,789.96	0.60%	33,200.00	0.21%	833,581.00	5.32%
Skilled	19,699,806.14	69,546.74	0.35%	41,200.00	0.21%	1,112,818.80	5.65%
Semi-Skilled	6,383,344.36	20,862.69	0.33%	20,000.00	0.31%	503,336.00	7.89%
Unskilled	15,671,402.69	309,230.14	1.97%	78,800.00	0.50%	250,650.00	1.60%
Total	**90,390,246.99**	**493,429.53**	**0.55%**	**187,600.00**	**0.21%**	**3,389,574.20**	**3.75%**

4. Employment and Vacancies

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

Table 4.1: Employment and Vacancies as at 31 March 2024

Salary Band	Number of Posts on Approved Organisational Structure	Number of Posts Filled	Number of Vacant Positions	Vacancy Rate %	Number of Employees additional to the Establishment
Top Management	10	6	4	40%	0
Senior Management	27	18	9	33%	2
Professionally Qualified	36	21	15	42%	1
Skilled	45	29	16	36%	2
Semi-Skilled	21	14	7	33%	0
Unskilled	54	61	0	0%	7
TOTALS	**193**	**149**	**44**	**23%**	**12**

5. Job Evaluations

The NWDC did not conduct any job evaluations during the year under review due to the budget constraints currently experienced by the entity.

6. Employment Changes

6.1 Appointments

The capacity of the staff within the entity and the human resources that was available ensured that work was done in an efficient manner. There has, however, been progress in the filling of vacant positions. Twenty-five positions were identified to be filled during the 2023/2024 financial year and nine positions were filled.

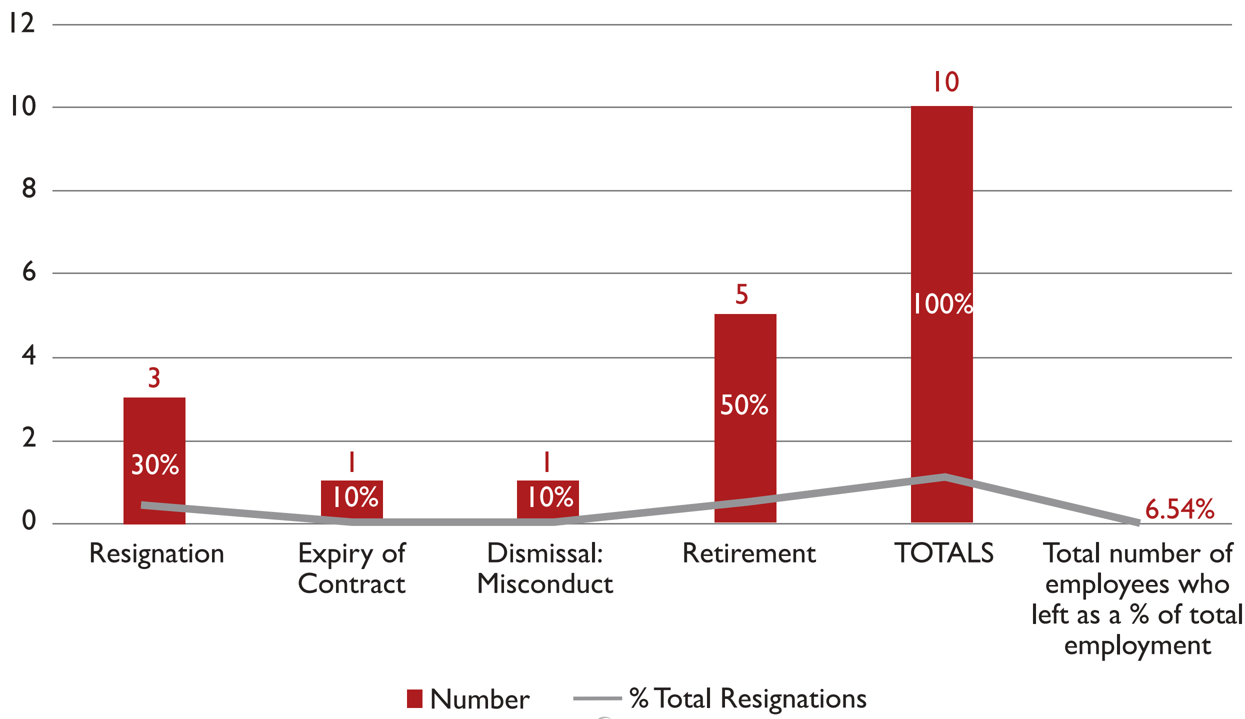
The Member of the Executive Council of DEDECT appointed the NWDC Chief Executive Officer effective from 2 January 2024 to continue the work in improving and building the NWDC into a formidable catalyst in the economic development space.

6.2 Resignations

Ten employees left the employment of the NWDC due to various reasons as depicted in under paragraph 6.3. The Chief Risk Officer (CRO) resigned on 31 December 2023 and the Chief Financial Officer (CFO) on 17 March 2024. The entity has since the resignation of the CFO, appointed an internal interim Acting CFO until such time that the position is filled. It is anticipated that these positions will be filled during the 2024/2025 financial year.

6.3 Reasons why Staff left the NWDC

The below graph demonstrates the reasons why employees left the employment of the NWDC during the year under review:



6.4 Promotions

Salary Band	Employees 1 April 2023	Promotions to another Salary Level	Salary Bands Promotions as a % of Employees by Salary Level	Progressions to another notch within a Salary Level
Top Management	6	2	33%	P03
Senior Management	18	1	6%	P06
Professionally Qualified	21	0	0%	0
Skilled	29	1	3%	P08
Semi -Skilled	14	0	0%	0
Unskilled	61	0	0%	0
TOTALS	**149**	**4**	**3%**	

7. Employment Equity

This section provides information on employment equity especially, achieving equality in the workplace so that no person shall be denied employment opportunities or benefits for reasons unrelated to ability. Furthermore, correcting the conditions of disadvantage in employment experienced by women, persons with disabilities and members of visible minorities by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences.

Table 7.1: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	2	0	0	0	6
Senior Management	11	0	0	1	4	2	1	0	9
Professionally Qualified	7	1	1	0	9	1	0	2	21
Skilled	10	0	0	0	19	0	0	1	30
Semi -Skilled	0	0	0	0	14	0	0	0	14
Unskilled	37	0	0	0	28	0	0	0	65
TOTALS	**69**	**1**	**1**	**1**	**76**	**3**	**1**	**3**	**155**

Table 7.2: Recruitment for the period 1 April 2023 to 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	1	0	0	0	4
Senior Management	1	0	0	0	2	0	0	0	3
Professionally Qualified	0	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	1	0	0	0	1
Semi -Skilled	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
People with disabilities	0	0	0	0	1	0	0	0	1
TOTALS	**4**	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**9**

Table 7.3: Terminations for the period 1 April 2023 to 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	1	0	0	0	3
Senior Management	0	0	0	0	0	0	0	1	1
Professionally Qualified	0	0	0	0	1	0	0	0	1
Skilled	1	0	0	0	1	0	0	0	2
Semi -Skilled	0	0	0	0	0	0	0	0	0
Unskilled	1	0	0	0	2	0	0	0	3
People with disabilities	0	0	0	0	0	0	0	0	0
TOTALS	**4**	**0**	**0**	**0**	**5**	**0**	**0**	**1**	**10**

Table 7.4: Promotions for the period 1 April 2023 to 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	1	0	0	0	0	0	0	0	1
Professionally Qualified	0	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	1	0	0	0	1
Semi -Skilled	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0
People with disabilities	0	0	0	0	0	0	0	0	0
TOTALS	**2**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**4**

Table 7.5: Skills Development for the period 1 April 2023 to 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	7	0	0	0	3	0	0	0	10
Professionally Qualified	0	0	0	0	0	0	0	0	0
Skilled	1	0	0	0	9	0	0	0	10
Semi -Skilled	29	0	0	0	0	0	0	0	29
Unskilled	0	0	0	0	0	0	0	0	0
People with disabilities	0	0	0	0	0	0	0	0	0
TOTALS	**37**	**0**	**0**	**0**	**12**	**0**	**0**	**0**	**49**

Table 7.6: Disciplinary for the period 1 April 2023 to 31 March 2024

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Correctional counselling	0	0	0	0	0	0	0	0	0
Verbal warning	0	0	0	0	0	0	0	0	0
Written warning	0	0	0	0	0	0	0	0	0
Final written warning	0	0	0	0	0	0	0	0	0
Suspended without pay	0	0	0	0	0	0	0	0	0
Fine	0	0	0	0	0	0	0	0	0
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	1	0	0	0	0	0	0	0	1
Not guilty	0	0	0	0	0	0	0	0	0
Case withdrawn	0	0	0	0	0	0	0	0	0
TOTALS	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**

8. Performance Agreements

The table below indicates information regarding the signing of performance agreements by employees. During the 2023/2024 period, 35% of employees signed performance agreements and complied with the prescribed timeframes. No disciplinary steps were taken against those who has not complied.

Table 8.1: Performance Agreements 1 April 2023 to 31 March 2024

Salary Band	Total number of funded Posts	Total number of Employees	Total number of signed Performance Agreements	Signed Performance Agreements as a % of total number of Employees
Top Management	10	6	0	0%
Senior Management	27	18	1	6%
Professionally Qualified	36	21	20	95%
Skilled	45	29	24	83%
Semi-Skilled	21	14	1	7%
Unskilled	54	54	3	6%
TOTALS	**193**	**142**	**49**	**35%**

9. Performance Rewards

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

10. Foreign Workers

The table below summarise the employment of foreign nationals in the Entity in terms of salary band.

Table 10.1: Foreign Workers 1 April 2023 to 31 March 2024

Salary Band	1 April 2023		31 March 2024		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Top Management	1	33%	0	0%	1	100%
Senior Management	1	33%	1	50%	0	0%
Professionally Qualified	0	0%	0	0%	0	0%
Skilled	0	0%	0	0%	0	0%
Semi-Skilled	1	33%	1	50%	0	0%
Unskilled	0	0%	0	0%	0	0%
TOTALS	**3**	**100%**	**2**	**100%**	**1**	**100%**

11. Leave Utilisation

The following table provide an indication of the use of sick leave and the estimated cost of the leave is provided. It must be noted that during the period under review, no employee used disability leave.

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost
Top Management	11	3	2	33%	5.50	94,240.43
Senior Management	89	11	6	33%	14.83	320,407.08
Professionally Qualified	197	37	11	52%	17.91	460,266.86
Skilled	276	59	13	45%	21.23	546,259.68
Semi -Skilled	113	34	5	36%	22.60	236,725.21
Unskilled	134	37	9	15%	14.89	213,625.68
TOTALS	**820**	**181**	**46**	**31%**	**17.83**	**1,871,524.94**

The table below summarises the utilisation of annual leave. The NWDC Leave Policy, paragraph 3.3 stipulates that employees must endeavour to take at least fifteen (15) working days of annual vacation leave per annum.

Salary Band	Total Days Taken	Number of Employees using Annual Leave	Average Days per Employee
Top Management	48	4	12
Senior Management	278	19	15
Professionally Qualified	341	22	16
Skilled	276	32	9
Semi -Skilled	276	9	31
Unskilled	387	53	7
TOTALS	**1 606**	**139**	**12**

The following table summarise payments made to employees as a result of leave that was not taken.

Reason	Total Amount	Number of Employees	Average per Employee
Leave payout for 2022/2023 due to non -utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2022/2023	0	0	0
Current leave payout on termination of service for 2023/2024	1,570,146.35	7	224,306.62
TOTALS	**1,570,146.35**	**7**	**224,306.62**

12. HIV/AIDS and Health Promotion Programmes

Details of the Health Promotion and HIV/AIDS Programme is set out in the table below:

Question	Yes	No	Details, if Yes
Has the department designated a member of Senior Management to implement the provisions contained in Part VI E of Chapter I of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr Nzimeni Novasi
Does the Entity have a dedicated unit or has it designated specific staff members to promote the health and well - being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	1	R1,000,000.00
Has the Entity introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes	1	Mental Health
Has the Entity established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent	No	Not applicable	Not applicable
Has the Entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	1	HIV/AIDS Policy

Question	Yes	No	Details, if Yes
Has the Entity introduced measures to protect HIV - positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	No	Not applicable	Not applicable
Has the Entity developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	No	Not applicable	Not applicable

13. Labour Relations

The purpose of great labour relations is to establish and strengthen the employee and employer relationship. A good understanding between employees and employers is important to reduce industrial disputes, and it leads to higher motivation and employee engagement. This can be achieved by measuring employee satisfaction, identifying and resolving workplace issues, and providing input and support to the performance management system of the Entity.

The information below summarise the labour relations statistics for the period under review:

- The salary negotiations were concluded during June 2023 and implemented according to the outcome of the agreement reached between the parties.
- The NWDC attended to one grievance which was resolved, and one dispute was upheld but not yet dismissed during the 2023/2024 financial year.
- One (1) misconduct and disciplinary hearing were finalised which led to the dismissal of one of the NWDC employees.

14. Skills Development

This section highlights the efforts of the Entity with regard to skills development. Forty Nine (49) employees were trained during the 2023/2024 financial year.

- Thirty (30) employees attended residential repair short skills training which included plumbing, carpentry, tiling, paving, painting, fencing and gardening trades.
- Ten (10) employees received property management modules training which covered property feasibility studies, property valuations and property management.
- Nine (9) employees attended the Monitoring and Evaluation Skills Programme and Short Course and all attendees were declared competent.

15. Injury on Duty

No injuries on duty were reported.

16. Utilisation of Consultants

During the 2023/2024 financial year, the NWDC has not utilised consultants to provide any professional services to the entity.

17. Severance Packages

The NWDC has not granted severance packages to its employees during the period under review.

E

PFMA Compliance Report

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

1. Irregular Expenditure

Reconciliation of Irregular Expenditure	2023/2024 R'000	2022/2023 R'000
Opening balance	474 505	469 342
Add: Irregular expenditure confirmed	-	5 163
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	**474 505**	**474 505**

Reconciling Notes	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Irregular expenditure for the current year	-	5 163
Irregular expenditure condoned	-	-
Irregular expenditure NOT condoned and removed	-	-
Irregular expenditure recovered	-	-
Irregular expenditure written off	-	-
Total	**-**	**5 163**

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-constitutional arrangements	**2023/2024 R'000**	**2022/2023 R'000**
Opening balance	50 389	44 905
Add: Fruitless and wasteful expenditure confirmed	8 070	5 484
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful recoverable	-	-
Closing balance	**58 459**	**50 389**

Reconciling Notes	**2023/2024 R'000**	**2022/2023 R'000**
Fruitless and wasteful expenditure that was under assessment in 2022/2023	-	-
Fruitless and wasteful expenditure that relates to 2022/2023 and identified in 2023/2024	-	-
Fruitless and wasteful expenditure for the current year	8 070	5 484
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	**8 070**	**5 484**

No disciplinary or criminal steps were taken as a result of fruitless and wasteful expenditure during the 2022/2023 and 2023/2024 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	2023/2024 R'000	2022/2023 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	2023/2024 R'000	2022/2023 R'000
Valid invoices received	99 150	2 433
Invoices paid within 30 days	28 538	122
Invoices paid after 30 days	42 807	2 311
Invoices older than 30 days or agreed period (unpaid and without dispute)	16 207	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	11 598	-
Total	**99 150**	**2 433**

5. Information on Supply Chain Management

5.1 Procurement by Other Means

Project Description	Name of Supplier	Type of Procurement by Other Means	Value of Contract R'000
Repairs to Head Office pool vehicles	Letiiso Projects and Services	Deviation	63,290
Repairs to Rustenburg Branch pool vehicles	Auto Car Panel beaters	Deviation	8,856
Repairs to Head Office pool vehicles	Letiiso Projects and Services	Deviation	24,965
Advertisement of vacant positions in the Sunday Times Careers newspaper	Arena Holdings	Deviation	132,250
Microsoft 365 Business Premium NCE annual licence renewal	Blue Computer Technologies	Deviation	579,113
Advertisement of vacant positions in the NW newspapers	North West Newspapers	Deviation	128,522
Exhibition costs and accommodation at the Namibia EXPO Oruharui SMME Agricultural Mini Expo	Flo-H Investment T/A Oruharui SMME	Deviation	21,000
Flights and accommodation to attend the New York Summer Fancy Food Show 2023	Travel with Flair	Deviation	144,308
North West BRICS Investment Forum	Artkulay CC T/A My Arts International	Deviation	1,000,000
Microsoft Project Plan 3 annual subscription for five users (SEZ)	Blue Computer Technologies	Deviation	37,698
Refurbishments of Marais Street NWDC Office	Veseal Trading	Deviation	833,359
Background Screening	Basadzi Personnel	Deviation	38,295
Travel arrangements and accommodation for the Mining Indaba 2024	Hambolwethu Travels	Deviation	275,000

5.2 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
Revovations at Tswaing LED Offices	Tshilo M Trading	Variation	231,258	-	46,251
Replacement of Head Office Ablution Facilities and Renovations	NBCW Trading Enterprise	Variation	338,477	-	46,283
Security Services at Babelegi Industrial Park	Senssofresh Security Services	Expansion	408,000	96,000	-
Security Services at Ngaka Modiri Molema	Mak G Security Services	Expansion	413,655	150,420	-
Equipment for Thuntsha Lerole Projects	Jitzcor	Variation	-	199,868	29,711

F

Financial Information

1. Statement of Responsibility and Confirmation of Accuracy for 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 Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information the and annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements. In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the NWDC for the financial year ended 31 March 2024.

Mr MJ Nale
Accounting Authority

2. Responsibility and Approval of the Accounting Authority

The accounting authority 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 accounting authority 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 accounting authority 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 accounting authority 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 accounting authority has reviewed the economic entity's cash flow forecast for the year to 31 March 2025 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 98 - 164, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2024 and were signed on its behalf by:

Mr MJ Nale
Accounting Authority

3. Report of the Accounting Authority

The accounting authority submit his report for the year ended 31 March 2024.

3.1 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 deficit of the entity was R85 979 (2023: surplus R166 949), after taxation of R24 611 (2023: R26 686).

3.2 Going Concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R1 755 033 and that the entity's total liabilities are exceeded by total assets by R2 345 787. 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.

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.

3.3 Subsequent Events

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

3.4 Share Capital

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

3.5 Accounting Authority

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

Name	Date Appointed
Mr KK Konopi (Chairperson)	1 April 2021 Appointed as Chairperson of the Board on 8 September 2021 and term ended on 31 March 2024
Ms MET Malaka	1 April 2021 and term ended 31 March 2024

Name	Date Appointed
Ms N Phadu-More	1 April 2021 and term ended 31 March 2024
Ms MJ Msiza	1 April 2021 and term ended 31 March 2024
Ms SM Maleka	1 April 2021 and term ended 31 March 2024
Dr SH Nokaneng	1 April 2021 and term ended 31 March 2024
Mr T Shuping	27 July 2023 and term ended 31 March 2024
Mr M Mhlungu	27 July 2023 and term ended 31 March 2024
Dr George Malebe	27 July 2023 and term ended 31 March 2024
Ms E Mokua	27 July 2023 and term ended 31 March 2024
Mr MJ Nale (Accounting Authority)	Appointed 2 January 2024

3.6 Secretary

The secretary of the group is Ms M Seleke.

3.7 Auditors

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

The annual financial statements set out on pages 98 - 164, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2024 and were signed on its behalf by:

Mr MJ Nale
Accounting Authority

4. Report of the Audit and Risk Committee (ARC)

We are pleased to present our report for the financial year ended 31 March 2024.

4.1 Audit and Risk Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act 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.

4.2 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)	9	9
Ms SM Maleka	9	9
Ms N Phadu -More	9	5
Ms MET Malaka	9	6

4.3 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 2024, 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 is ineffective and material internal control breaches come to the Committee's attention.

4.4 In-year management and monthly/quarterly report

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

4.5 Performance management

Th 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.

4.6 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 not satisfactory.

4.7 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.

4.8 Internal Audit

The entity should capacitate the internal audit unit for better assurance coverage.

4.9 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.

4.10 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.

4.11 Conclusion

The ARC wishes to acknowledge the commitment from the 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 as 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

5. Certification of the Company Secretary

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.

Ms M Seleke
Company Secretary

6. 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

Adverse 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 98 to 164, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of financial performance, statement of changes in net assets and the 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, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the consolidated and separate financial statements do not present fairly, in all material respects, the consolidated and separate financial position of the North West Development Corporation as at 31 March 2024, and the group's financial performance and consolidated and separate cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for adverse opinion

Investment property

3. The group did not correctly account for investment property in accordance with GRAP 16, Investment property, as management adopted the fair values determined in the prior years without taking into account existing impairment indicators. Additionally, there were differences between the accounting records and valuation reports, and the group did not account for, and record properties that are billed for revenue in the investment property register. I was unable to determine the full extent of misstatement on investment property, fair value adjustment, deferred tax and prior year adjustments note as it was impracticable to do so.

4. I was unable to obtain sufficient appropriate audit evidence to confirm the rights and ownership of investment property due to the non-submission of valid permission to occupy agreements and valuation reports that were not submitted for audit. I was unable to confirm the investment property by alternative means. Consequently, I was unable to determine whether any further adjustments relating to investment property stated at R2 878 857 000 (2022-23: R2 878 857 000) in note 4 to the consolidated and separate financial statements were necessary.

Property plant and equipment

5. The group did not correctly account for infrastructure in accordance with GRAP 17, Property, plant and equipment as the infrastructure were not revalued for the current year and impairment was identified. I could not quantify the extent of the misstatement as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for infrastructure of R168 169 000 (2022-23: R168 169 000) included in property, plant and equipment due to non-submission of ownership documents. I was unable to confirm these infrastructure assets by alternative means. Consequently, I was unable to determine whether any further adjustment relating to property, plant and equipment of R190 743 000 (2022-23: R190 252 000) as disclosed in note 5 and the depreciation, revaluation reserve and deferred tax included in the consolidated and separate financial statements were necessary.

Deferred tax

6. The group did not measure deferred tax in accordance with IAS 12, Income taxes. The deferred tax liability was calculated without considering the accurate assessed tax loss balance and the capital gain tax inclusion rate. Consequently, deferred tax was overstated and the income tax expenditure was understated by R149 686 660. In addition, I was unable to obtain sufficient appropriate audit evidence for the adjustment processed in deferred tax due to adjustment made to investment property of R35 629 000. I was unable to confirm the adjustment by alternative means. Consequently, I was unable to determine whether any further adjustment relating to deferred tax disclosed of R461 186 000 (2022-23: R436 575 000) in note 8 in the consolidated and separate financial statements. Additionally, there was an impact on the income tax expense, surplus for the period and on the accumulated surplus in the consolidated and separate financial statements.

Rental of facilities and equipment

7. The entity did not measure revenue from the rent of facilities and equipment in accordance with GRAP 9, Revenue from exchange transactions. The entity did not have adequate internal controls in place to ensure that the revenue billed for tenants that in fact is occupying the premises and that it is based on the lease agreement conditions and accounted for in the correct financial year. I was unable to determine the value of the misstatement on the revenue from rental of facilities and equipment of R151 761 000 as disclosed in the statement of financial performance as it was impracticable to do so. Additionally, there was an impact on the receivables from exchange transactions, surplus for the period and on the accumulated surplus in the consolidated and separate financial statements.

Debt impairment

8. The provision for impairment of debtors was not calculated in accordance with the Standards of GRAP 104, Financial Instruments. The money received from paying debtors was not included in assessment of recoverability and the amount included value added tax. In addition, the percentages used to impair the debtor was not substantiated and based on objective evidence. I was unable to determine the impact on the debt impairment amount of R129 018 000 disclosed in note 28 as it was impracticable to do so. Additionally, there was an impact on the trade receivables, surplus for the period and on the accumulated surplus in the consolidated and separate financial statements.

Irregular expenditure

9. Section 55 of the PFMA requires the disclosure of irregular expenditure incurred. The entity incurred irregular expenditure in the current year in contravention with the supply chain management (SCM) requirements that were not included in the irregular expenditure disclosed. As the entity did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 45 to the consolidated and separate financial statements.

Net cash flow from operating activities

10. Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to multiple errors, including mathematical errors, in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R11 294 000 (2022-23: R28 189 000) in the consolidated and separate financial statements were necessary.

Context for opinion

11. 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.

12. 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.

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

Material uncertainty relating to going concern

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

15. I draw attention to note 42 to the financial statements, which indicates the adverse conditions of net current liability position, creditor's payment period and high impairment percentage. As stated in note 42, these events or conditions, along with the other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Fruitless and wasteful expenditure

17. As disclosed in note 44 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R8 070 000 and R5 484 000 respectively was incurred in the current and previous year.

Responsibilities of the accounting authority for 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 GRAP and the requirements of the PFMA and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's 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 statements.

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. This description, which is located at page 95, forms part of our 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 the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

23. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measure the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Property Development and Management	26 - 29	To optimise the development and management of the property portfolio.

24. I evaluated the reported performance information for the selected programme 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 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 entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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.

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

27. The material findings on the reported performance information for the selected programme are as follows:

Property Development and Management

Percentage occupancy of available lettable areas

28. An achievement of 77% was reported against a target of 75%. However, some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matter

29. I draw attention to the matter below.

Achievement of planned targets

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

31. The table that follows provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 26 to 29.

Property Development and Management

Targets achieved: 50%

Budget spent: 116%

Key indicator not achieved	Planned target	Reported achievement
Number of non-productive properties disposed of	46	0
Number of property developments with smart meters installed	4	3

Report on compliance with legislation

32. 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 public entity's compliance with legislation.

33. 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.

34. 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.

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

Financial statement

36. 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 an adverse opinion.

Revenue management

37. 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

38. Effective steps were not taken to prevent fruitless and wasteful expenditure as disclosed in note 44 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.

39. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the adverse opinion the full extent of the irregular expenditure could not be quantified.

Liability management

40. 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

41. 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)(ii) and 51(1)(iii) of the PFMA. This was because investigations into irregular, fruitless and wasteful expenditure were not performed.

Procurement and contract management

42. Goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA.

43. The preference point system was not applied in procurement of goods and services as required by section 2(a) of the PPPFA.

44. Contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022.

Other information in the annual report

45. The accounting authority 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 of South Africa. 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 programme 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 adverse opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

51. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.

52. Management did not implement proper record keeping ensuring 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.

Other reports

53. I draw attention to the following engagement conducted. This report 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.

54. The Special Investigating 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 2024

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 consolidated and separate financial statements and the procedures performed on reported performance information for selected programme and on the entity's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- 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 entity and its subsidiaries 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 consolidated and separate 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 an entity to cease operating as a going concern.

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); Section 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56; 57(b); 57(d); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; Regulation 31.1.2(c); 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment to National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Fram ework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2, 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5

7. Statement of Financial Position

as at 31 March 2024

		Economic Entity		Controlling Entity	
Figures in Rand Thousand	Notes	2024	2023	2024	2023
ASSETS					
Current Assets					
Loans to economic entities	7	-	-	11 165	11 137
Receivables from exchange transactions	12	18 651	27 196	18 651	27 196
VAT receivable	13	1 340	5 419	1 340	5 419
Cash and cash equivalents	14	65 724	36 813	65 724	36 813
		85 715	**69 428**	**96 880**	**80 565**
Non-Current Assets					
Living resources	3	1 715	-	1 715	-
Investment property	4	2 878 857	2 878 857	2 878 857	2 878 857
Property, plant and equipment	5	190 743	190 252	190 743	190 252
Intangible assets	6	9 274	9 274	4	4
		3 080 589	**3 078 383**	**3 071 319**	**3 069 113**
Total Assets		**3 166 304**	**3 147 811**	**3 168 199**	**3 149 678**
LIABILITIES					
Current Liabilities					
Other financial liabilities	17	60 291	50 228	41 409	31 346
Payables from exchange transactions	9	196 672	170 261	195 503	169 071
VAT payable	10	9 716	-	9 716	-
Bank overdraft	14	4 701	6 874	4 701	6 874
		271 380	**227 363**	**251 329**	**207 291**
Non-Current Liabilities					
Other financial liabilities	17	24 241	28 192	24 241	28 192
Employee benefit obligation	11	9 991	10 140	9 991	10 140
Deferred tax	8	461 186	436 575	461 186	436 575
Government projects	18	69 468	31 743	69 468	31 743
		564 886	**506 650**	**564 886**	**506 650**
Total Liabilities		**836 266**	**734 013**	**816 215**	**713 941**
Net Assets		**2 330 038**	**2 413 798**	**2 351 984**	**2 435 746**
Share capital reserves	15	303 854	303 854	303 854	303 854
Revaluation reserve	16	286 900	286 900	286 900	286 900
Accumulated surplus		1 739 284	1 823 044	1 761 230	1 844 976
Total Net Assets		**2 330 038**	**2 413 798**	**2 351 984**	**2 435 746**

8. Statement of Financial Performance

as at 31 March 2024

Figures in Rand Thousand	Notes	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Controlling Entity 2023
REVENUE					
Revenue from exchange transactions					
Rental of facilities and equipment		151 761	141 137	151 761	141 137
Interest received (trading)		68 126	33 881	68 126	33 881
Rental income		494	149	494	149
Recoveries		1 385	456	1 385	456
Other income		1 832	2 886	1 800	2 697
Interest received (investment)	22	858	9 236	858	9 236
Fair value adjustments		-	211 846	-	211 846
Actuarial gains		338	388	338	388
Total revenue from exchange transactions		**224 794**	**399 979**	**224 762**	**399 790**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants and subsidies	23	97 197	97 094	96 926	96 259
Total revenue	19	**321 991**	**497 073**	**321 688**	**496 049**
EXPENDITURE					
Employee related costs	24	(99 869)	(87 114)	(99 869)	(87 114)
Depreciation and amortisation	25	(1 423)	(20 206)	(1 423)	(20 206)
Finance costs	26	(16 793)	(11 740)	(16 775)	(11 727)
Lease rentals on operating lease	20	(9)	(218)	(9)	(218)
Debt impairment	28	(129 018)	(92 445)	(129 018)	(92 415)
General expenses	29	(136 247)	(91 404)	(135 976)	(86 752)
Total expenditure		**(383 359)**	**(303 127)**	**(383 070)**	**(298 432)**
(Deficit)/surplus before taxation		**(61 368)**	**193 635**	**(61 382)**	**197 306**
Taxation	31	(24 611)	(26 686)	(24 611)	(26 686)
(Deficit)/surplus for the year		**(85 979)**	**167 260**	**(85 993)**	**170 931**

9. Statement of Changes in Net Assets
as at 31 March 2024

Figures in Rand Thousand	Notes	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Controlling Entity 2023
ECONOMIC ENTITY					
Opening balance as previously reported		303 854	304 551	1 553 600	2 162 005
Prior year adjustments 39		-	-	102 184	102 184
Balance at 1 April 2022 as restated*		**303 854**	**304 551**	**1 655 784**	**2 264 89**
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		-	-	167 260	167 260
Total recognised income and expenses for the year		-	(17 651)	167 260	149 609
Total changes		-	(17 651)	167 260	149 609
Opening balance as previously reported		303 854	286 900	1 798 151	2 388 905
Prior year adjustments 39		-	-	27 139	27 139
Balance at 1 April 2023 as restated*		**303 854**	**286 900**	**1 825 290**	**2 416 044**
Changes in net assets: Surplus for the year		-	-	(85 979)	(85 979)
Total changes		-	-	(85 979)	(85 979)
Balance at 31 March 2024		**303 854**	**286 900**	**1 739 284**	**2 330 038**
Notes		15	16		
CONTROLLING ENTITY					
Opening balance as previously reported		303 854	304 551	1 571 861	2 180 266
Prior year adjustments 39		-	-	102 184	102 184
Balance at 1 April 2022 as restated*		**303 854**	**304 551**	**1 674 045**	**2 282 450**
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		-	-	170 931	170 931
Total recognised income and expenses for the year		-	(17 651)	170 931	153 280
Total changes		-	(17 651)	170 931	153 280
Opening balance as previously reported		303 854	286 900	1 820 084	2 410 838
Prior year adjustments 39		-	-	27 139	27 139
Balance at 1 April 2023 as restated*		**303 854**	**286 900**	**1 847 223**	**2 437 977**
Changes in net assets: Surplus for the year		-	-	(85 993)	(85 993)
Total changes		-	-	(85 993)	(85 993)
Balance at 31 March 2024		**303 854**	**286 900**	**1 761 230**	**2 351 984**
Notes		15	16		

10. Statement of Cash Flows

as at 31 March 2024

Figures in Rand Thousand	Notes	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Controlling Entity 2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods and services		232 143	63 258	232 111	63 258
Grants		97 197	96 827	96 926	95 903
Interest income		858	43 117	858	43 117
		330 198	203 202	329 895	202 278
Payments					
Employee costs		(99 869)	(86 455)	(99 869)	(86 455)
Suppliers		(109 871)	(88 695)	(109 589)	(83 366)
Taxes on surpluses		(24 611)	(4 268)	(24 611)	(4 268)
		(234 351)	(179 418)	(234 069)	(174 089)
Net cash flows from operating activities	30	**(11 322)**	**23 874**	**(11 294)**	**28 189**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	5	(1 440)	(1 345)	(1 440)	(1 345)
Loans advanced to economic entities		-	-	(28)	(4 402)
Net cash flows from investing activities		**(1 440)**	**(1 345)**	**(1 468)**	**(5 747)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of other financial liabilities		6 112	(9 129)	6 112	(9 129)
Movement in government projects		37 725	(356)	37 725	(356)
Net cash flows from financing activities		**43 837**	**(9 485)**	**43 837**	**(9 485)**
Net increase/(decrease) in cash and cash equivalents		**31 075**	**12 954**	**31 075**	**12 957**
Cash and cash equivalents at the beginning of the year		29 948	16 973	29 948	16 970
Cash and cash equivalents at the end of the year	14	**61 023**	**29 948**	**61 023**	**29 948**

Accounting Policies

1. Significant Accounting Policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Interests in other entities

Consolidated financial statements

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

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

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.
An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity.

Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

Presentation of consolidated financial statements

The entity as controlling entity presents consolidated annual financial statements.

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

- It is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated annual financial statements and in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated annual financial statements;

- Its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

- It did not file, nor is it in the process of filing, its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

- Its ultimate or any intermediate controlling entity produces annual financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

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

Control

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

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

- Power over the other entity;

- Exposure, or rights, to variable benefits from its involvement with the other entity; 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

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.

Consolidation procedures

Consolidated financial statements:

- Combine like items of assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity with those of its controlled entities.

- Offset (eliminate) the carrying amount of the controlling entity's investment in each controlled entity and the controlling entity's portion of net assets of each controlled entity.

- Eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity. Intra-economic entity losses may indicate an impairment that requires recognition in the consolidated financial statements.

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.

The entity as controlling entity might lose control of a controlled entity in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, the entity as controlling entity considers all the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that the entity as controlling entity should account for the multiple arrangements as a single transaction:

- They are entered into at the same time or in contemplation of each other.
- They form a single transaction designed to achieve an overall commercial effect.
- The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.
- One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. An example is when a disposal of an investment is priced below market and is compensated for by a subsequent disposal priced above market.

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

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

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

1.6 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18: Provisions.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 8 – Deferred tax.

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.

Allowance for doubtful debts

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

1.7 Investment property

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

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

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

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

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

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

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

Fair value

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

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

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

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

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

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

1.8 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and

- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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.

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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 decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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.
The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

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. 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.

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
Infrastructure	Straight -line	50 years

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

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

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

The economic entity assesses at each reporting date whether there is any indication that the economic entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.
The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

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

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 5).

1.9 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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 Separate financial statements

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity as a 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.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the entity, in which the entity could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

Separate financial statements are prepared in accordance with all applicable accounting policies, except:

- Similar investments in controlled entities are accounted for at cost.

The entity as a controlling entity, which is not itself an investment entity, measures its investment in a controlled investment entity in accordance with the above, in its separate financial statements.

When the entity as controlling entity ceases to be an investment entity, or becomes an investment entity, it accounts for the change from the date when the change in status occurred, as follows:

- When the entity ceases to be an investment entity, the entity accounts for an investment in a controlled entity in accordance with the above. The date of the change of status is the deemed acquisition date. The fair value of the controlled entity at the deemed acquisition date represents the transferred deemed consideration when accounting for the investment as above.

- When the entity becomes an investment entity, it accounts for an investment in a controlled entity at fair value. The difference between the previous carrying amount of the controlled entity and its fair value at the date of the change of status is recognised as a gain or loss in surplus or deficit. The cumulative amount of any gain or loss previously recognised directly in net assets in respect of those controlled entities is treated as if the investment entity had disposed of those controlled entities at the date of change in status.

When the entity elects to measure its investments in associates or joint ventures at fair value, it also accounts for those investments in the same way in its separate financial statements.

Where the entity as controlling entity is required to measure its investment in a controlled entity at fair value, it also accounts for that investment in the same way in its separate financial statements.

Dividends or similar distributions from a controlled entity, a joint venture or an associate are recognised in the separate financial statements of the entity when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognised in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment.

When a controlling entity reorganises the structure of its economic entity by establishing a new entity as its controlling entity in a manner that satisfies the following criteria:

- The new controlling entity obtains control of the original controlling entity either (a) by issuing equity instruments in exchange for existing equity instruments of the original controlling entity or (b) by some other mechanism which results in the new controlling entity having a controlling ownership interest in the original controlling entity.

- The assets and liabilities of the new economic entity and the original economic entity are the same immediately before and after the reorganisation.

- The owners of the original controlling entity before the reorganisation have the same absolute and relative interests in the net assets of the original economic entity and the new economic entity immediately before and after the reorganisation; and

- The new controlling entity accounts for its investment in the original controlling entity at cost in its separate financial statements, the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate financial statements of the original controlling entity at the date of the reorganisation.

1.11 Financial instruments

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

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

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

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

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

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

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

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

A financial asset is:

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

A financial 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;
- 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; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Loans to economic entities	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
VAT receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
VAT payable	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

1.12 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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).

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.

1.13 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 net investment in the lease.

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.

1.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.15 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

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

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.

1.16 Share 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

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment 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 an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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.

- As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

- in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only 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, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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 end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to postemployment benefits, the entity applies the requirements for post-employment benefits.

Otherwise:

- If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

- If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.18 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

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

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

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

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

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

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.

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 will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

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
- 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.

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and

- The amount of the revenue can be measured reliably.

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.21 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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

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

1.22 Turnover

Turnover comprises of sales to customers and services rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.23 Investment income

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

1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.25 Comparative figures

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

1.26 Fruitless and wasteful expenditure

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

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

1.27 Irregular expenditure

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

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

- any provincial legislation providing for procurement procedures in that provincial government.

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).

1.28 Research and development expenditure

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

An asset arising from development is recognised when:

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

1.29 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
- 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.

1.31 Living resources

Living resources are those resources that undergo biological transformation.

Agricultural activity is the management by an economic entity of the biological transformation and harvest of biological assets for:

- sale;
- distribution at no charge or for a nominal charge; or
- conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

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.

Group of resources means a grouping of living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Recognition

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

Where the NWDC is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.

Where the NWDC holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the economic entity recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its fair value.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after recognition

Revaluation model

After recognition as an asset, a group of living resources, whose fair value can be measured reliably, are carried at a revalued amount, which is its fair value at the date of the revaluation less any accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

If a living resource is revalued, the entire group of living resources to which that resource belongs, are revalued.

If the carrying amount of a living resource is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same living resource previously recognised in surplus or deficit.

If the carrying amount of a living resource is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that living resource. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

If the fair value of a living resource can no longer be determined because market-determined prices or values are not available and alternative estimates of fair value are determined to be clearly unreliable, the carrying amount of the living resource is its revalued amount as at the date of the last revaluation by reference to market-determined prices or values that were determined based on alternative estimates, less any subsequent depreciation and subsequent impairment losses. The economic entity measures the living resource using the cost model until the fair value of the living resource becomes available. The economic entity measures from that date the living resource at its fair value.

Impairment

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

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

Notes to the Financial Statements

2. New standards and interpretations

2.1 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 2024 or later periods:

Standard/Interpretation	Effective Date *(Years beginning on or after)*	Expected Impact
GRAP 105: Transfer of Functions between Entities under Common Control	Not yet determined	Unlikely there will be a material impact
GRAP 2023: Improvements to the Standards of GRAP 2023	1 April 2025	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets	1 April 2099	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	Not yet determined	Not expected to impact results but may result in additional disclosure

3. Living resources

	2024			2023		
Economic Entity	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game	1 715	-	1 715	-	-	-
Controlling Entity						
Game	1 715	-	1 715	-	-	-

Economic Entity 2024	Opening balance	Fair value adjustments	Total
Reconciliation of living resources			
Game	-	1 715	1 715

Controlling Entity 2024			
Reconciliation of living resources			
Game	-	1 715	1 715

Non-financial information

	Economic Entity		Controlling Entity	
Quantities of each living resources	2024	2023	2024	2023
Blesbuck	38	-	38	-
Gemsbok	17	-	17	-
Giraffe	20	-	20	-
Impala	33	-	33	-
Kudu	9	-	9	-
Red Hartebeest	101	-	101	-
Springbok	45	-	45	-
Black Wildebeest	189	-	189	-
Ostrich	42	-	42	-
Waterbuck	18	-	18	-
Zebra	95	-	95	-
	607	**-**	**607**	**-**

Fair values

Fair values are obtained from auction magazine where comparable market transactions. These prices are reliably measurable as the variability in the range of reasonable fair value estimates is not significant for that asset; and the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair values

4. Investment Property

	2024			2023		
Economic Entity	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 878 857	-	2 878 857	2 878 857	-	2 878 857
Controlling Entity						
Investment property	2 878 857	-	2 878 857	2 878 857	-	2 878 857

Reconciliation of investment property	Opening balance	Total
Investment property : Economic Entity 2024	2 878 857	2 878 857
Investment property: Controlling Entity 2024	2 878 857	2 878 857

Reconciliation of investment property	Opening balance	Fair value adjustments	Total
Investment property : Economic Entity 2023	2 816 089	62 769	2 878 857
Investment property : Economic and Controlling Entity 2023	2 816 089	62 769	2 878 857

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Fair value of investment properties	2 878 857	2 878 857	2 878 857	2 878 857

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.

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. 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 investment 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) signed off each property valuation report. Rental revenue to the amount of R151 760 927 was generated from the investment properties for the financial year ended 31 March 2024. No direct operating expenses were incurred on properties which do not generate rental revenue.

Maintenance of investment property

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
The following maintenance costs were incurred:				
Preventative maintenance incurred on revenue generating investment property	12 987 459	8 239 483	12 987 459	8 239 483

5. Property, plant and equipment

Economic Entity	2024			2023		
	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	27 642	(14 072)	13 570	27 337	(13 453)	13 884
Furniture and fixtures	2 486	(2 281)	205	1 675	(1 675)	48
Motor vehicles	8 535	(7 835)	700	8 507	(7 642)	865
Office equipment	6 803	(4 710)	2 093	4 720	(3 415)	1 305
Infrastructure	516 361	(348 192)	168 169	516 361	(348 192)	168 169
Other property and equipment	25	-	25	-	-	-
Total	**567 833**	**(377 090)**	**190 743**	**564 581**	**(374 329)**	**190 252**

Controlling Entity	2024			2023		
	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	27 642	(14 072)	13 570	27 337	(13 453)	13 884
Furniture and fixtures	2 486	(2 281)	205	1 675	(1 675)	48
Motor vehicles	8 535	(7 835)	700	8 507	(7 642)	865
Office equipment	6 803	(4 710)	2 093	4 720	(3 415)	1 305
Infrastructure	516 361	(348 192)	168 169	516 361	(348 192)	168 169
Other property and equipment	25	-	25	-	-	-
Total	**567 833**	**(377 090)**	**190 743**	**564 581**	**(374 329)**	**190 252**

Reconciliation of property, plant and equipment

Economic Entity 2024	Opening balance	Additions	Additions through transfers of functions/mergers	Depreciation	Total
Land	5 981	-	-	-	5 981
Buildings	13 884	305	-	(619)	13 571
Furniture and fixtures	48	-	256	(99)	205
Motor vehicles	865	-	29	(194)	700
Office equipment	1 305	1 135	163	(510)	2 093
Infrastructure	168 169	-	-	-	168 169
Other property and equipment	-	-	26	(1)	25
Total	**190 252**	**1 440**	**474**	**(1 423)**	**190 743**

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)	168 169
Total	**226 764**	**1 345**	**(64 788)**	**47 137**	**(20 206)**	**190 252**

Controlling Entity 2024	Opening balance	Additions	Additions through transfers of functions/mergers	Depreciation	Total
Land	5 981	-	-	-	5 981
Buildings	13 884	305	-	(619)	13 570
Furniture and fixtures	48	-	256	(99)	205
Motor vehicles	865	-	29	(194)	700
Office equipment	1 305	1 135	163	(510)	2 093
Infrastructure	168 169	-	-	-	168 169
Other property and equipment	-	26	-	(1)	25
Total	**190 252**	**1 466**	**448**	**(1 423)**	**190 743**

Controlling Entity 2023	Opening balance	Additions	Revaluations	Other changes, movements	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)	168 169
Total	**226 764**	**1 345**	**(64 788)**	**47 137**	**(20 206)**	**190 252**

Pledged as security:

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

Expenditure incurred to repair and maintain property, plant and equipment:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance:				
General Expenses	2 591	278	2 591	278

6. Intangible assets

Economic Entity	2024			2023		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	173	(169)	4	173	(169)	4
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	2024			2023		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	173	(169)	4	173	(169)	4

Reconciliation of intangible assets

Economic Entity 2024	Opening balance	Total
Computer software, other	4	4
Intangible assets	9 270	9 270
	9 274	**9 274**

Economic Entity 2023	Opening balance	Total
Computer software, other	4	4
Intangible assets	9 270	9 270
	9 274	**9 274**

Controlling Entity 2024	Opening balance	Total
Computer software, other	4	4
	4	**4**

Economic and Controlling Entity 2023	Opening balance	Total
Computer software, other	4	4
	4	**4**

7. Loans to (from) economic entities

	Economic Entity		Controlling Entity	
Controlled Entities	2024	2023	2024	2023
Golden Leopard Resorts and Signal Developments: Payments were made on behalf of Signal and Golden Leopard Resorts. Developments were for purposes of assisting the entity cover its unavoidable expenses. The loan bears no interest and is payable when the situation improves and it is resuscitated.	-	-	11 165	11 137

8. Deferred Tax

Property, plant and equipment	(461 186)	(436 575)	(461 186)	(436 575)

Reconciliation of deferred tax asset/(liability)

At beginning of year	(436 575)	(409 889)	(436 575)	(409 889)
Current year deferred tax movement	(24 611)	(26 686)	(24 611)	(26 686)
	(461 186)	**(436 575)**	**(461 186)**	**(436 575)**

The balance for deferred tax is a result of temporary differences mainly from non-current assets.

9. Payables from exchange transactions

Trade payables	107 443	92 096	106 345	91 004
Other payables	(5 121)	1 039	(5 192)	950
Accrued leave pay	17 783	13 725	17 783	13 725
Accrued expenses	391	91	391	91
Deposits received	26 587	22 270	26 587	22 270
Other creditors	49 589	41 040	49 589	41 040
	196 672	**170 261**	**195 503**	**169 080**

10. Vat payable

Value Added Tax payable	9 716	-	9 716	-

11. 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 2024 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 2024 by Mr Julian van der Spuy, Fellow of the Institute 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:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Present value of the defined benefit obligation wholly unfunded	(4 568)	(5 035)	(4 568)	(5 035)
Long service award	(5 423)	(5 105)	(5 423)	(5 105)
	(9 991)	**(10 140)**	**(9 991)**	**(10 140)**

Calculation of actuarial gains and losses

Actuarial (gains)/losses	(338)	(388)	(338)	(388)

Key assumptions used: Assumptions used at the reporting date

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Discount rate: PEMAL	11.50%	10.42%	11.50%	10.42%
Discount rate: LSA	11.25%	9.97%	11.25%	9.97%
Consumer Price Inflation (CPI): PEMAL	6.56%	5.87%	6.56%	5.87%
Consumer Price Inflation (CPI): LSA	6.69%	5.85%	6.69%	5.85%
Normal salary increase rate: PEMAL	7.56%	6.87%	7.56%	6.87%
Net effective discount rate: PEMAL	3.66%	6.32%	3.66%	6.32%
Normal salary increase rate: LSA	7.69%	6.85%	7.69%	6.85%
Net effective discount rate: LSA	3.30%	2.92%	3.30%	2.92%

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 previous four years are as follows:

	2024	2023	2022	2021	2020
Defined benefit obligation	4 568	5 053	5 341	5 437	5 474
Long service award	5 423	5 105	5 335	5 411	4 761
	9 991	**10 158**	**10 676**	**10 848**	**10 235**

Members of the post -employment medical	2024	2023	2022	2021	2020
Continuation Members (Pensioners)	15	17	19	17	19

Members entitled to long service awards	2024	2023	2022	2021	2020
Male	74	72	73	72	73
Female	83	72	74	72	74
	157	**144**	**147**	**144**	**147**

12. Receivables from exchange transactions

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Trade debtors	15 019	24 507	15 019	24 507
Deposits	2 727	2 727	2 727	2 727
Other receivables	905	(38)	905	(38)
	18 651	**27 196**	**18 651**	**27 196**

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 2023 to 31 March 2024.

The following debtors were not considered for impairment:

- Accounts fully paid.
- Governmental Institutions.
- Relatively new debtors failing in the current category.

Trade and other receivables impaired:

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

- All (100%) debtors which have not paid anything in the current year.
- Those debtors that vacated the rental properties during the financial year with outstanding balances.
- Inconsistent payers with current year payments that are lower than their opening balance. Impairment is at 100% less any percentage of current year payment in relation to their opening balance.

As of 31 March 2024, trade and other receivables of R699 832 000 (2023: R569 787 000) were impaired and provided for.

The amount of the provision was R681 181 000 as of 31 March 2024 (2023: R546 600 000).

The ageing of these loans is as follows:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Net accounts receivable	18 651	27 196	18 651	27 196
Trade debtors	509 5 84	401 074	509 584	401 074
Allowance account for losses - trade debtors	(500 128)	(377 828)	(500 128)	(377 828)
Deposits	2 727	2 727	2 727	2 727
Sundry debtors	6 468	1 282	6 468	1 282
SMME and loan debtors	123 154	110 8141	123 154	110 8141
Allowance account for losses - SMME and loan debtors	(123 154)	110 8141	(123 154)	(110 8141)
Other receivables - GLR	57 899	57 899	57 899	(57 899)
Allowance account for losses - other receivables GLR	(57 899)	(57 899)	(57 899)	(57 899)
	18 651	**248 883**	**18 651**	**27 196**

Receivables included for impairment:

13.Vat receivable

VAT	1 340	5 419	1 340	5 419

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	(601)	88	(601)	88
Bank balances	65 724	36 725	65 724	36 725
Bank overdraft	(4 100)	(6 874)	(4 100)	(6 874)
	61 023	**29 948**	**61 023**	**29 939**
Current assets	65 724	36 813	65 724	36 813
Current liabilities	(4 701)	(6 874)	(4 701)	(6 874)
	61 023	**29 948**	**61 023**	**29 948**

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.

The entity had the following bank accounts:

Account Number/Description	Bank Statement Balances			Cash Book Balances		
	31 March 2024	31 March 2023	31 March 2022	31 March 2024	31 March 2023	31 March 2022
Standard Bank Current Account 00030885531	193	1 594	1 880	(4 092)	(2 946)	4 515
FNB Cheque Account 62105349551	11 731	1 440	349	9 481	(3 166)	2 170
FNB Money Market: Cheque Account 62145018067	685	5	5	(7)	5	5
Standard Bank Current Account 00030879019	37	166	1 123	37	2 595	3 452
Standard Bank SBD 00030503644	7	32	251	7	(753)	(449)
FNB Government Projects 62144597129	28 041	8	30	28 041	8	30
ABSA Call Account 09106777730	43	13 459	161	43	13 459	161
Standard Bank SBC (2) 00238574679	141	134	130	141	134	130
FNB Cheque Account 62590269075	27 974	20 524	12 356	27 974	20 524	12 356
Standard Bank Market Link 00136065473	1	2	2	1	1	82
	68 853	**37 364**	**16 287**	**61 626**	**29 861**	**22 452**

15. Share capital

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Issued : Ordinary	303 854	303 854	303 854	303 854

16. Revaluation reserve

The revaluation reserve is not a distributable reserve.

	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Controlling Entity 2023
Opening balance	286 900	304 551	286 900	304 551
Change during the year	-	(17 651)	-	(17 651)
	286 900	**286 900**	**286 900**	**286 900**

17. Other financial liabilities

	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Controlling Entity 2023
Designated at fair value:				
Bank Loan:	**51 491**	**41 428**	**41 409**	**31 346**
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 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.				
Other Financial Liability: PIC:	8 800	8 800	-	-
The above loan was provided by then Public Investment Commission to Signal Development SOC Ltd with the suretyship of the North West Provincial Government. Repayment terms were originally R3 million repayable 1 June 1994 and R5 million repayable 1 June 1995. Due to financial difficulty the re-payment terms could not be met. Interest rate would have been determined by the Minister of Finance and from time to time calculated and payable six monthly. To date, once-off interest of 10% was levied.				
Total: Current liabilities	**60 291**	**50 228**	**41 409**	**31 346**
At amortised cost:				
Bank Loan:	24 241	28 192	24 241	28 192
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 2024 financial year. The default was not remedied, and the terms of the loan payable were not renegotiated.				
Non-current liabilities				
At amortised cost	24 241	28 192	24 241	28 192
Current liabilities				
Designated at fair value	60 291	50 228	41 409	31 346

18. Government projects

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Government Projects: READ	50 198	12 452	50 198	12 452
Government Projects: COVID -19 Relief Fund	19 270	19 291	19 270	19 291
	69 468	**31 743**	**69 468**	**31 743**

19. Revenue

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Rental of facilities and equipment	151 761	141 137	151 761	141 137
Interest received (trading)	68 126	33 881	68 126	33 881
Rental income	494	149	494	149
Recoveries	1 385	456	1 385	456
Other income	1 832	2 886	1 800	2 697
Interest received (investment)	858	9 236	858	9 236
Government grants and subsidies	97 197	97 094	96 926	96 259
	321 653	**284 839**	**321 350**	**283 815**

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

Rental of facilities and equipment	**151 761**	**141 137**	**151 761**	**141 137**
Interest received (trading)	68 126	33 881	68 126	33 881
Rental income	494	149	494	149
Recoveries	1 385	456	1 385	456
Other income	1 832	2 886	1 800	2 697
Interest received (investment)	858	9 236	858	9 236
	224 456	**187 745**	**224 424**	**187 556**

The amount included in revenue arising from non-exchange of goods or services is as follows:

Taxation revenue: Transfer revenue:

Government grants and subsidies	97 197	97 094	96 926	96 259

20. Lease rentals on operating lease

Contractual amounts	9	218	9	218

21. Other revenue

Rental income: Third party	494	149	494	149
Recovery	1 384	456	1 385	456
Other income	1 832	2 886	1 800	2 697
	3 711	**3 491**	**3 679**	**3 302**

22. Investment received - investent

Interest received investment

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Bank	858	267	858	267
Interest charged on trade and other receivables	-	8 969	-	8 969
	858	**9 236**	**858**	**9 236**

23. Government grants and subsidies

Operating grants:

Equitable share	96 926	96 259	96 926	96 259
Government grant (operating)	271	835	-	-
	97 197	**97 094**	**96 926**	**96 259**

24. Employee related costs

Basic	69 600	65 154	69 600	65 154
Bonus	1 407	-	1 407	-
Medical Aid: Company contributions	3 077	2 435	3 077	2 435
UIF	308	299	308	299
WCA	152	262	152	262
Leave pay provision charge	5 623	2 574	5 623	2 574
Short term benefit	287	408	287	408
Overtime payments	502	701	502	701
Long service awards	476	451	476	451
Acting allowances	2 154	1 689	2 154	1 689
Transport allowance	1 130	1 176	1 130	1 176
Other	15 153	11 965	15 153	11 965
	99 869	**87 114**	**99 869**	**87 114**

Remuneration of the Chief Executive Officer: Mr STM Phetla

Annual remuneration	-	2 341	-	2 341
Other	-	366	-	366
	-	**2 707**	**-**	**2 707**

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

Remuneration of the Chief Executive Officer: Mr MJ Nale

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Annual remuneration	471	-	471	-
Other	35	-	35	-
	506	**-**	**506**	**-**

Mr MJ Nale was appointed effective 2 January 2024.

Remuneration of the Acting Chief Executive Officer: Mr K Mafokwane

Annual remuneration	1 312	1 395	1 312	1 395
Acting allowance	577	185	577	185
Other	256	-	256	-
	2 145	**1 580**	**2 145**	**1 580**

Remuneration of the Acting Chief Financial Officer: Mr K Mpofu

Annual remuneration	**1 265**	**944**	**1 265**	**944**
Acting allowance	57	341	57	341
Other	81	-	81	-
	1 403	**1 285**	**1 403**	**1 285**

Mr K Mpofu resigned on 18 March 2024.

Remuneration of the Acting Chief Financial Officer: Mr M Mahapa

Annual remuneration	838	-	838	-
Other	72	-	72	-
	910	**-**	**910**	**-**

Remuneration of the Executive Manager: Bojanala SEZ: Mr A Tau

Annual remuneration	1 617	1 813	1 617	1 816
Other	61	-	61	-
	1 678	**1 813**	**1 678**	**1 813**

Remuneration of the Executive Manager: SMME Development and Management: Ms N Phamodi

Annual remuneration	988	1 229	988	1 229
Other	50	-	50	-
	1 038	**1 229**	**1 038**	**1 229**

Remuneration of the Executive Manager: Property Development and Management: Mr T Mokotedi

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Annual remuneration	902	960	902	960
Other	667	-	667	-
	1 569	**960**	**1 569**	**960**

Remuneration of the Acting Chief Risk Officer: Ms JA Hoogkamer

Annual remuneration	277	1 210	277	1 210
Acting allowance	-	91	-	91
Other	101	-	101	-
	378	**1 301**	**378**	**1 301**

25. Depreciation and amortisation

Property, plant and equipment	1 423	20 206	1 423	20 206

26. Finance cost

Trade and other payables	9 720	6 160	9 702	6 147
Employee benefits obligation	961	1 005	961	1 005
Environment rehabilitation	6 112	4 575	6 112	4 575
	16 793	**11 740**	**16 775**	**11 727**

27. Auditors' remuneration

Fees	7 920	4 516	7 649	4 269
Consulting	239	-	239	-
	8 159	**4 516**	**7 888**	**4 269**

28. Debt impairment

Debt impairment	129 018	92 445	129 018	92 415

29. General expenses

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Advertising	3 200	598	3 200	598
Auditors remuneration	8 159	4 516	7 888	4 269
Bank charges	496	441	496	438
Christiana expenses	2 516	1 360	2 516	1 360
Computer expenses	5 571	3 083	5 571	3 083
Consulting and professional fees	14 570	23 941	14 543	23 941
License fees	22	26	22	26
Fuel and oil	1 565	713	1 565	713
IT expenses	1 026	921	1 026	921
Insurance	134	-	134	-
Magazines, books and periodicals	18	58	18	58
Other expenses	-	35	-	35
Printing and stationary	220	300	220	300
Property related expenses	77 905	45 545	77 905	41 143
Repairs and maintenance	17 234	7 002	17 234	7 002
Telephone and fax	1 175	1 140	1 175	1 140
Training	2 054	1 406	2 054	1 406
Travel (local)	409	319	409	319
	136 274	**91 404**	**135 976**	**86 752**

30. Cash (used in) generated from operations

(Deficit)/surplus	(85 979)	166 949	(85 993)	170 620
Adjustments for:				
Depreciation and amortisation	1 423	20 206	1 423	20 206
Fair value adjustments	-	(211 846)	-	(211 846)
Debt impairment	129 018	92 445	129 018	92 415
Movements in retirement benefit assets and liabilities	(149)	(536)	(149)	(536)
Movements in provisions	-	311	-	311
Actuarial gains	-	(388)	-	(388)
Changes in working capital:				
Receivables from exchange transactions	8 545	11 264	8 545	11 234
Consumer debtors	(129 018)	(92 445)	(129 018)	(92 415)
Payables from exchange transactions	26 414	4 036	26 428	4 800
VAT	13 795	(6 570)	13 795	6 570
	(11 322)	**23 784**	**(11 294)**	**28 189**

31.Taxation

Major components of the tax expense:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Deferred: Deferred tax	24 611	26 686	24 611	26 686

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	9	218	9	218
Depreciation on property, plant and equipment	1 423	20 206	1 423	20 206
Employee costs	99 869	87 114	99 869	87 114

33. Fair value adjustments

Investment property (fair value model)	-	211 846	-	211 846

34. Financial instruments disclosure

Financial assets: Economic Entity 2024

	At amortised cost	Total
Trade and other receivables from exchange transactions	18 651	18 651
Cash and cash equivalents	65 724	65 724
VAT receivable	1 340	1 340
	85 715	**85 715**

Financial liabilities: Economic Entity 2024

Other financial liabilities (current)	**60 291**	**60 291**
Trade and other payables from exchange transactions	202 240	202 240
VAT payable	9 716	9 716
Other financial liabilities (non -current)	24 241	24 241
	296 488	**296 488**

Financial assets: Economic Entity 2023	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
	69 428	**69 428**

Financial liabilities: Economic Entity 2023		
Other financial liabilities (current portion)	**50 228**	**50 228**
Trade and other payables from exchange transactions	170 261	170 261
Other financial liabilities (non -current portion)	28 192	28 192
Bank overdraft	6 874	6 874
	255 555	**255 555**

Financial assets: Controlling Entity 2024		
Loans to economic entities	**11 165**	**11 165**
Trade and other receivables from exchange transactions	18 651	18 651
Cash and cash equivalents	65 724	65 724
VAT receivable	1 340	1 340
	96 880	**96 880**

Financial liabilities: Controlling Entity 2024		
Other financial liabilities (current)	**41 409**	**41 409**
Trade and other payables from exchange transactions	195 502	195 502
Other financial liabilities (non -current)	24 241	24 241
VAT payable	9 716	9 716
	270 874	**270 874**

Financial assets: Economic and Controlling Entity 2023		
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
	80 565	**80 565**

Financial liabilities: Economic and Controlling Entity 2023		
Other financial liabilities (current portion)	**31 346**	**31 346**
Trade and other payables from exchange transactions	169 071	169 071
Other financial liabilities (non -current portion)	28 192	28 192
Bank overdraft	6 874	6 874
	235 483	**235 483**

35. Commitments

Authorised operational expenditure:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Already contracted but not provided for:				
Construction	2 311	7 263	2 311	7 263
Valuation of properties	-	2 404	-	2 404
Property, plant and equipment register compilation	-	2 468	-	2 468
	2 311	**12 135**	**2 311**	**12 135**

Total operational commitments:

Already contracted but not provided for	2 311	12 135	2 311	12 135

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.

MA Huma	23 000	-	23 000	-
Floxifor (Pty) Ltd	-	10 000	-	10 000
Altimax	18 000	-	18 000	-
BRS/MRS	-	(7 400)	-	(7 400)
	41 000	**2 600**	**41 000**	**2 600**

- **MA Huma:** The Huma family are claiming an amount of R23 million from the NWDC, which amount of claim is self enrichment and/or loss of income on the basis among that the NWDC has been renting out their property thus they are entitled to recoup their monies. The case is still pending.

- **Altimax:** The NWDC has appointed attorneys to litigate and defend the claims estimated at R11 million, which claim is based on services rendered and not paid. Altimax reinstated that they will not accept any settlement offer not less than R18 000 000. The matter is still on going with possible trial date around June 2024.

- **City of Tshwane:** 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 and the amount of R52 million is heavily disputed. Negotiations between 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 NWDC.

- During 2015 NWDC purchased the Christiana All Season Resort (CASR) on public auction. As per section 7 the property was purchased "voetstoots". On the purchased property there is a mining quarry as a result of previous activities conducted on the property by the previous owner and the mining activities were never done by NWDC. NWDC appointed experts in 2018 to value the rehabilitation of the quarry for inclusion in the annual financial statements. The reports sighted various limitations on due to the closure requirements not being known and the value not estimated reliably.

- During 2022/23 another valuation was obtained and the following limitations was also sighted in determining the value as no site verification could be done due to the pit being filled with water. It further indicated that the actual closure can only be estimated once the NWDC has engaged with the Department of Mineral Resources on the actual closure requirements. Based on the matters mentioned, the actual closure cost may therefore vary significantly from the figures calculated.

The rehabilitation cost cannot be measured reliably as at year end.

38. Related parties

Relationships:

Members	Refer to Report of the Board
Controlling Department	North West Department of Economic Development, Environment, Conservation and Tourism
Controlled Entities	Kgama Wildlife Operations SOC Ltd Signal Development SOC Ltd

Related party balances:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Balances owing (to)/by related parties:				
Department of Economic Development, Environment, Conservation and Tourism			8 833	9 362
Department of Human Settlements			10 483	7 587
Department of Tourism			(13)	(13)
Department of Finance: Mahikeng			(9 436)	(9 563)
North West Gambling Board			11	11
Department of Local Government and Traditional Affairs			199	199
Department of Social Development: Mogwase			83	72
Department of Social Development: Ganyesa			3 786	2 816
Department of Health: Mogwase			94	116
Department of Public Works (Correctional Services: Mogwase)			1 413	1 599
Department of Public Works (Labour: Mogwase)			819	705
Department of Education (East: Mogwase)			217	300

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.

Related party transactions:

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Rentals (billed) from related parties				
Department of Economic Development, Environment, Conservation and Tourism			14 324	15 751
Department of Human Settlements			9 962	9 054
Department of Finance: Mahikeng			494	457
Department of Public Works (Correctional Services: Mogwase)			627	633
Department of Public Works (Labour/UIF: Mogwase)			195	197
Department of Education (East: Mogwase)			766	696
Department of Social Development: Ganyesa			497	448
Rental payments received from related parties				
Department of Economic Development, Environment, Conservation and Tourism			15 919	12 558
Department of Human Settlements			8 076	6 799
Department of Finance: Mahikeng			366	494
Department of Public Works (Correctional Services: Mogwase)			351	375
Department of Education (East: Mogwase)			888	638
Department of Public Works (Labour/UIF: Mogwase)			192	-
Interest charged on related party debtors				
Department of Economic Development, Environment, Conservation and Tourism			1 067	669
Department of Human Settlements			1 009	684
Department of Social Development: Ganyesa			473	267
Department of Public Works (Correctional Services: Mogwase)			(461)	144
Department of Public Works (Labour/UIF: Mogwase)			112	62
Department of Education (East: Mogwase)			38	24
Department of Social Development: Mogwase			11	8

Remuneration of management

For the information relating to the key management (executive) and their remuneration, refer to employee related costs, note 24.

38. Board members' emoluments (non-executive)

Non -Executive 2024	Board Members' Fees	Total
Mr KK Konopi (Chairperson)	589	589
Ms E Mokua	7	7
Ms MJ Msiza	143	143
Mr M Mhlungu	103	103
Ms N Phadu -More	48	48
Ms MET Malaka	174	174
Ms SM Maleka	268	268
Mr V Shuping	163	163
Mr SA Ngobeni	161	161
Dr G Malebe	69	69
Dr SN Nokaneng	46	46
Ms MK Sentle	44	44
Mr ME Mojaki	83	83
Mr SW Ncongolo	64	64
	1 962	**1 962**

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

The directors' emoluments above related 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 and Controlling Entity 2022	Note	As previously reported	Correction of error	Restated
Investment property	4	2 713 905	102 184	1 816 089
Accumulated surplus		(1 547 719)	(102 184)	(1 649 903)
		1 166 186	**-**	**1 166 186**

Economic and Controlling Entity 2023	Note	As previously reported	Correction of error	Change in Accounting Policy	Restated
Investment property	4	2 713 905	62 768	102 184	2 878 857
Accumulated surplus		(1 689 775)	(27 139)	(102 184)	(1 819 098)
Deferred tax	8	(400 946)	(35 629)	-	(436 575)
Provisions		(5 881)	5 881	-	-
		617 303	**5 881**	**-**	**623 184**

Statement of financial performance:

Economic and Controlling Entity 2023	Note	As previously reported	Correction of error	Restated
Fair value adjustment	34	149 078	62 768	211 846
Income tax expense	32	8 944	(35 629)	(26 685)
Surplus for the year		**157 711**	**27 450**	**185 161**

Investment property:

An exercise was performed to confirm the completeness of the investment properties. This exercise unearthed that investment property was not included in the investment register to correct this anomaly. The adjustment has been made in the 2022 financial year end closing balance.

The financial year 2023 adjustment to the investment property is due to aligning the financial statements to the valuation reports and the related deferred tax.

Deferred tax and current tax expense

The deferred tax adjustment arose from the changes in the value of the investment property as given above.

Fair value adjustment

The prior year changes arose from valuation work performed by the sworn appraisers which was not completely captured on the investment register.

Environment rehabilitation provision

The group has reanalysed its obligation relating to the rehabilitation of mining pits identified on one of the company's properties (Christiana All Seasons Resort) and that it has no legal (or otherwise) obligation to restore the portion of land where the quarry mining took place.

40. Comparative figures

Certain comparative figures have been restated according to Note 39 above.

41. Risk management

Financial risk management:

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the group consists of debt, which includes borrowings, cash and cash equivalents and equity. There are no externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the prior year.

Liquidity risk:

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

Economic Entity at 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	60 291	5 720	10 623	7 898
Trade and other payables	196 672	-	-	-
Bank overdraft	4 701	-	-	-

Economic Entity at 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	50 228	6 391	15 965	5 836
Trade and other payables	170 260	-	-	-
Bank overdraft	6 865	-	-	-

Controlling Entity at 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	41 409	5 720	10 623	7 898
Trade and other payables	195 502	-	-	-
Bank overdraft	4 701	-	-	-

Controlling Entity at 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	31 346	6 391	15 965	5 836
Trade and other payables	169 077	-	-	-
Bank overdraft	6 865	-	-	-

Credit risk:

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	Economic Entity 2024	Economic Entity 2023	Controlling Entity 2024	Economic Entity 2023
Cash and cash equivalents	65 724	36 813	65 724	36 813
Receivables from exchange transactions	18 651	27 196	18 651	27 196

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.

42. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R1 761 230 000 and that the entity's total liabilities are exceeded by total assets by R2 351 984 000.

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.

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 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

Adverse events/conditions identified and management's plans to mitigate the adverse conditions or events

1. Average, the creditors are paid only after 406 days which signifies inability to pay payables as they fall due.

Management is aware of this issue and have improved the internal controls relating to payments. All payments are carefully scrutinised by the CFO and CEO before any payment can be made. This will reduce the fruitless and wasteful expenditure and will ensure cashflow management because payments are no longer haphazard and are carefully planned. Approval of the expenditure rest with the CEO until the situation normalise to ensure that only critical expenditure is incurred. Management has set a target of the cost-to-income ratio of 0,8 and during Q1 of 2024/2025 the ratio was at 0,46 which is above the planned target and a clear indication that costs are coming down. This will allow management time to repay long standing payables while creating less and less payables.

2. Debtors impairment provision at year-end as a percentage of accounts receivable is 98%.

Management enhanced revenue collection by appointing call centre agents within the entity. Their role will be to phone debtors and requesting them to make payments. The legal unit has also been strengthened by the appointment of a Legal Manager during 2023. Debt collections were outsourced previously and management is of the view appointing debt collections agents internally will enhance the collection.

3. Net current liability position adverse liquid asset percentage was realised (total current liabilities exceeded total current assets.

This issue requires a collective working capital management to resolve.This includes management of debtors by enhancing collection and ensuring a steady decrease in liabilities by reducing the expenditure ratio and paying off long standing creditors.

4. Creditors as a percentage of cash and cash equivalents is 249%.

This issue requires a collective working capital management to resolve.This includes management of debtors by enhancing collection and ensuring a steady decrease in liabilities by reducing the expenditure ratio and paying off long standing creditors.

43. Events after the reporting date

No material events after the reporting date were noted.

44. Fruitless and wasteful expenditure

	Economic Entity		Controlling Entity	
	2024	2023	2024	2023
Fruitless and wasteful expenditure identified (current)	8 088	5 497	8 070	5 484

Fruitless and wasteful expenditure is presented inclusive of VAT.

Details of fruitless and wasteful expenditure:

Interest and penalties (Municipalities)	5 850	2 876	5 850	2 876
Interest and penalties (ESKOM)	411	1 054	411	1 054
Interest and penalties (Auditor -General SA)	258	295	240	282
Interest and penalties (SARS)	1 569	1 272	1 569	1 272
	8 088	**5 497**	**8 070**	**5 484**

The fruitless and wasteful expenditure results from interest charged on late payment by various service providers due to lack of funds. There were no losses associated with the fruitless and wasteful expenditure.

45. Irregular expenditure

Irregular expenditure confirmed (current)	-	5 163	-	5 163

Irregular expenditure is presented inclusive of VAT.

Incidents/cases identified/reported in the current year include those listed below:				
Contracts extended on a month -to-month	-	5 163	-	5 163

The current year irregular expenditure consists of all expenditure incurred with non-compliance with PPPFA and PPR 2022 whilst the prior year irregular expenditure consists of security services.

46. Consolidated financial statements

The group consists of the NWDC, Signal Development SOC Ltd and Kgama Wildlife Operations.

47. Segment information

Management has assessed the GRAP 18 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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