



ANNUAL REPORT 2024/2025

To promote trade, attract investment, and ensure sustainable inclusive economic growth and transformation



Support the development, sustainability, and competitiveness of SMMEs and Cooperatives



Develop and manage a viable and sustainable property portfolio



To create wealth and facilitate job creation

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PART A

General Information

To create
wealth and
facilitate
job creation



Create a
synergy towards
fulfilling its vision
of promoting
trade

I) General Information

Registered Name of the Entity	North West Development Corporation SOC Ltd
Registration Number	1999/0026525/07
Registered Office Address	22 James Watt Crescent Industrial Sites MAHIKENG 2745
Postal Address	PO Box 3011 MMABATHO 2735
Contact Telephone Number	(018) 381-3663
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

AfCFTA	The African Continental Free Trade Area
AGSA	Auditor-General South Africa
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CASR	Christiana All Seasons Resort
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Properties Commission
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DDI	Domestic Direct Investment
DDM	District Development Model
DEDECT	Department of Economic Development, Environment, Conservation and Tourism
DPME	Department of Planning, Monitoring and Evaluation
DTIC	Department of Trade, Industry and Competition
EXCO	Executive Committee of the NWDC
EIA	Environmental Impact Assessment
FDI	Foreign Direct Investment
FiCS	Finance in Common Summit
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
MEC	Member of the Executive Council
MTDP	Medium-Term Development Plan
MW	Megawatt
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
PAA	Public Audit Act
PAAP	Post Audit Action Plan
PAYE	Pay As You Earn
PFMA	Public Finance Management Act
PPFPA	Preferential Procurement Policy Framework Act
PSIRA	Private Security Industry Regulatory Authority
PV	Photovoltaic
READ	Department of Rural, Environment, and Agricultural Development
SACPVP	South African Council for the Property Valuers Profession
SADC	Southern African Development Community
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	The Standing Committee on Public Accounts
SDL	Skills Development Levy
SEZ	Special Economic Zone
SIU	Special Investigating Unit
SLA	Service Level Agreement
SMME	Small, Medium, Macro Enterprises
SOC	State-Owned Company
SOPA	State of the Province Address
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
USA	United States of America
VAT	Value Added Tax

3) Report of the Accounting Authority



The 2024/2025 financial year presented the North West Development Corporation (NWDC) with a landscape marked by complexity and opportunity. Despite the challenges and unpredictability that defined much of the year, I am pleased to report that the NWDC has made significant progress in 2024/2025, advancing inclusive economic growth through strategic investment, infrastructure development, and enterprise support. These accomplishments demonstrate the steadfast support of our partners, stakeholders, and committed staff.

As we reflect on the year under review, we are pleased to highlight several significant achievements that demonstrate our dedication to economic development, enterprise support, and industrial growth in the North West Province.

Economic and Sectoral Progress

The North West Province experienced modest growth, with improved income distribution and urbanisation, especially in the Bojanala Platinum District. Key sectors remained resilient:

- Manufacturing showed recovery, led by agro-processing and metal fabrication.
- Mining continued to support jobs despite global and energy challenges.
- Agriculture rebounded with infrastructure investment.

SMME Empowerment and Outreach

The Mahikeng Trade Market was refurbished, delivering twenty-two (22) manufacturing units for Small, Medium, and Micro Enterprises, complete with smart meters, internet, and administrative support.

The SMME Development and Management unit assisted 735 enterprises with:

- Sixty-six percent (66%): Business registration, compliance, and B-BBEE certification.
- Nineteen percent (19%): Loan application guidance.
- Fourteen percent (14%): Referrals for training, land access, and equipment.

Through twenty (20) Thuntsha Lerole outreach events, the NWDC expanded access to services in underserved areas, distributing R3.024 million in equipment to fifteen (15) SMMEs.

Driving Investment and Industrial Growth

The NWDC played a key role in attracting high-impact investments, with a rand value of investments into the province of R950 million and a total number of jobs to be created through these investments of 1,736. One of the investors also trained three-hundred and five (305) SMME participants.

The NWDC received seventy (70) investment enquiries, of which forty (40) were successfully shortlisted. Engagements with China, the United States of America (USA), and South Korea opened new avenues in infrastructure, mining, and manufacturing.

Bojanala Special Economic Zone (SEZ): A Magnet for Investment

The Bojanala SEZ attracted major proposals:

- Investment in battery storage, gas-to-power, and mineral beneficiation of R128 billion (2,800+ jobs).
- Solar photovoltaic (PV) project of R2 billion (200 jobs).
- Locomotive maintenance hub of R3 billion (1,500 jobs).
- Mining equipment facility of R238,6 million (280 jobs).

Strategic Engagements and Recognition

- The NWDC hosted a Chinese delegation and co-led an investment workshop promoting the province as a gateway to Africa via Southern African Development Community and the African Continental Free Trade Area (AfCFTA).
- It also supported the Finance in Common Summit (FiCS) 2025, advancing global sustainable finance.
- In April 2025, the NWDC participated in the Premier's Roundtable with Captains of Industry, aligning public-private efforts to unlock growth in mining, agriculture, manufacturing, tourism, information, communication, and technology and construction.

- The NWDC was honoured with the PMR Africa Diamond Arrow Award for its leadership in economic development.

Strengthening Operations and Financial Stability

- The NWDC enhanced its property portfolio with smart metering upgrades at the Mahikeng Trade Market and is exploring security enhancements.
- To address rental arrears, legal action has been initiated to recover outstanding payments and ensure lease compliance.
- The Corporation continues to transform its property portfolio into a sustainable, high-performing asset base aligned with the province's development agenda.

These milestone achievements set a strong foundation for the NWDC's continued role in facilitating investment, supporting enterprise development, and driving inclusive economic transformation in the years ahead.

Building a competent and ethical entity will be the focus of ongoing efforts in the 2025/2026 financial year. This

entails concentrating on creating exceptional customer experiences, embracing good corporate citizenship, implementing a sustainable business model, and ensuring financially viable operations grounded in commercial principles, thereby securing the entity's going-concern status.

I extend my sincere gratitude to the NWDC's Shareholder for its unwavering support, and to the management team and all NWDC's employees for their commitment to building a high-performing organisation. Let us move forward with confidence, purpose, and determination, knowing that the NWDC is pivotal to driving sustainable economic growth and transforming the lives of the people of the North West during the seventh administration and beyond.



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 Standards of Generally Recognised Accounting Practice (GRAP).

- 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.



Mr M J Nale
Accounting Authority



5) Strategic Overview

5.2 Mission

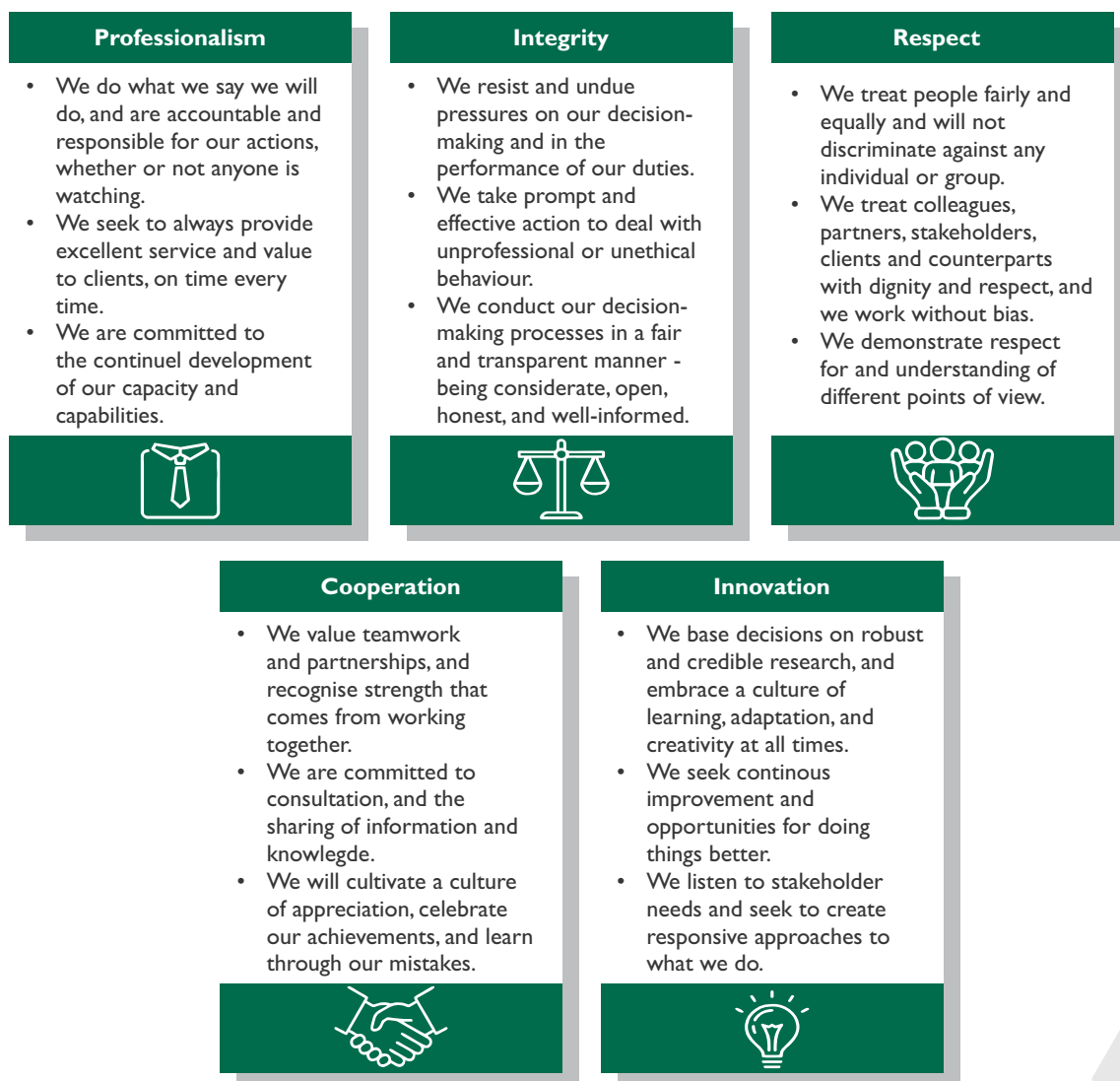
5.1 Vision

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

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



5.3 Values



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 the Executive Council for the Department of Economic Development, Environment, Conservation and Tourism (MEC of DEDECT).

The NWDC operates under the supervision of an independent board of directors, whose non-executive members are appointed by the MEC of 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 Entity are freely transferable within the North West Provincial Government and the Entity 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:

- a) The NWDC Act No 6 of 1995;
- b) Companies Act as amended;
- c) Public Finance Management Act as amended (and its treasury regulations); and
- d) Memorandum of Incorporation (if applicable).

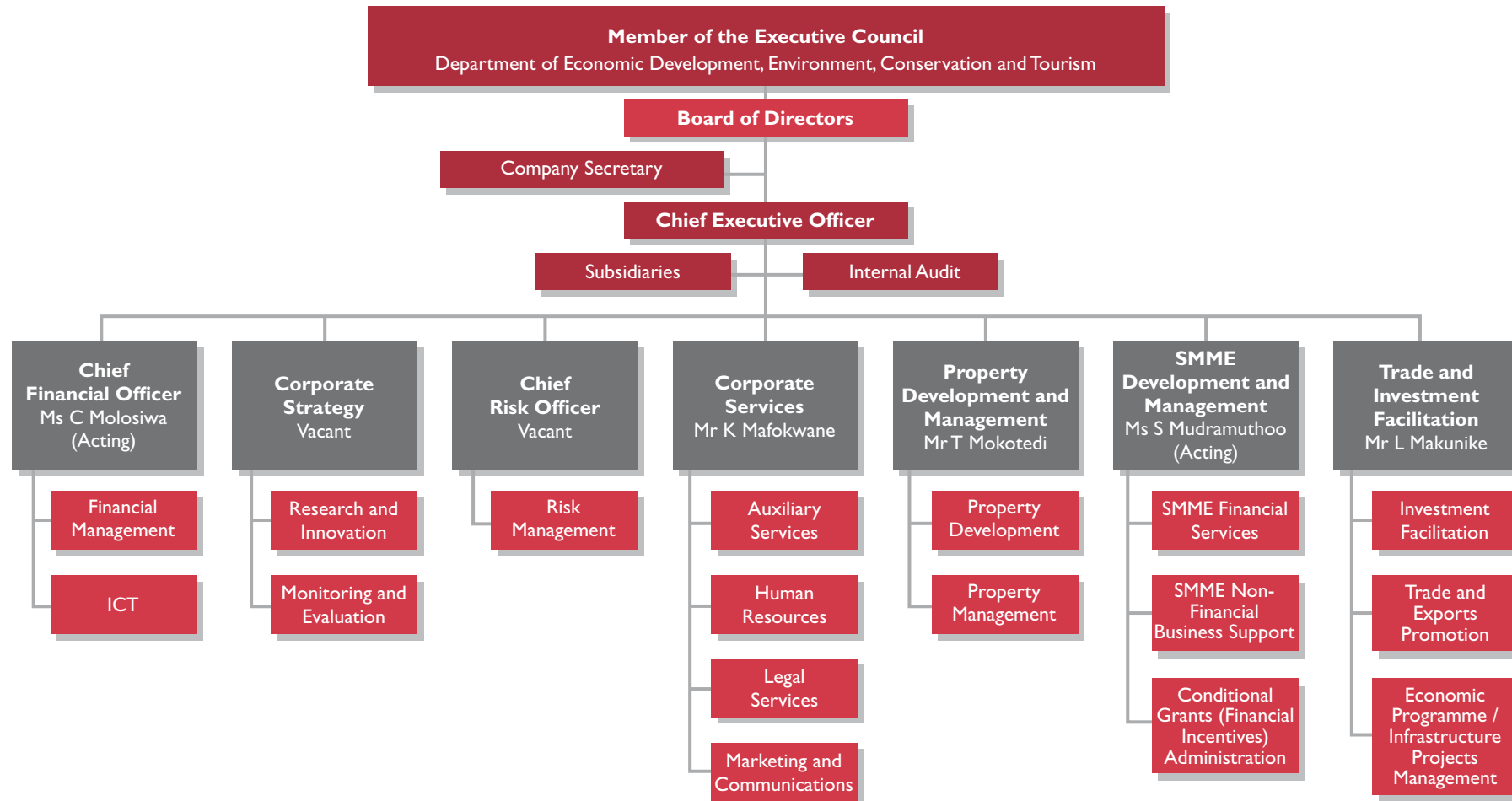
The Entity has, subject to section 19(1)(b)(i) of the Companies Act, all of the legal powers and capacity of an individual, and the legal powers and capacity of the Entity, are not subject to any restrictions, limitations or qualifications contemplated in section 19(1)(b)(ii) of the Companies Act. In particular and without derogating from the provisions of clause 7.1 the Entity 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.

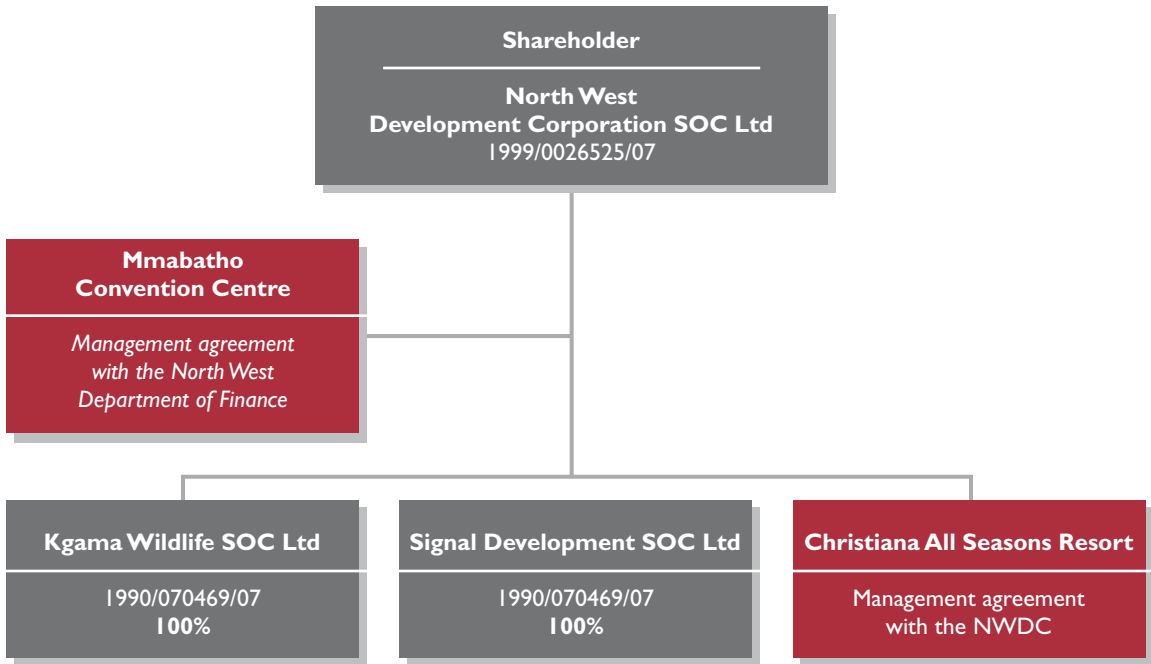


7. Organisational Structure

7.1 The Administrative Structure of the NWDC Group



7.2 The Structure of the NWDC Subsidiaries



7.3 Executive Management of the NWDC Group



Mr M Nale
Chief Executive Officer



Ms C Molosiwa
Chief Financial Officer (Acting)



Mr T Mokotedi
Executive Manager: Property
Development and Management



Ms S Mudramuthoo
Executive Manager: SMME
Development and Management
(Acting)



Mr K Mafokwane
Executive Manager:
Corporate Services



Mr A Tau
Executive Manager:
Bojanala SEZ



Ms M Seleke
Company Secretary



Mr L Makunike
Manager: Trade and
Investment Facilitation

The Original Shares
issued by the Entity
are freely
transferable within
the North West
Provincial
Government



The NWDC was
established in 1999
through the North
West Development
Corporation Limited
Act

PART B

Performance Information

The North West Province continues to face pressing socio-economic challenges



Looking ahead, the provincial GDP is projected to grow at an average annual rate of 1.88% to 2029

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 (1) programme, and reported on material findings only.

Refer to pages 61 and 62, paragraphs 20 to 30, of the Auditors Report, published as Part F: Financial Information.

2) INTRODUCTION

Performance information is critical to effective management, planning, budgeting, implementation, monitoring, evaluation and reporting of the entity's impacts and outcomes. Performance information must be available to management at each stage of the planning, budgeting and reporting cycle to enable them to adopt a results-based approach to managing service delivery. This approach emphasises planning and managing with a focus on desired results, and managing inputs, activities and outputs to achieve these results.

Measuring performance:

- Ensures that policy, planning, budgeting and reporting are aligned in order to achieve improved service delivery.
- Indicates how well the entity is meeting its outcomes and impacts, and which policies and processes are working. Making the best use of available data and knowledge to track and report on performance is crucial for improving the execution of the entity's mandate.
- Facilitates effective accountability, Provincial Legislature, members of the public and other interested parties to track progress of the entity's activities, identify the scope for improvement and hold the entity to account.

The NWDC strives for the alignment between the impacts and outcomes in the Strategic Plan, and associated programme outputs, output indicators and targets in the Corporate Plan, and estimates of expenditure and adjusted estimates of expenditure.

The performance information indicates the achievements against targets for performance indicators as identified in the Corporate Plan, estimates of expenditure and adjusted estimates of expenditure.

3) OVERVIEW OF PERFORMANCE

3.1 Service Delivery Environment in relation to Socio-economic Factors

The North West Province continues to face pressing socio-economic challenges despite modest demographic and economic growth. As of 2024, the province's population was approximately **4.17 million**, comprising **6.5%** of South Africa's total population. The majority (**91.7%**) identified as African, followed by White (5.8%), Coloured (1.9%) and Asian (0.6%) residents (S&P Global, 2025).

Economic Growth and Structure

The province contributed **5.9%** to the national Gross Domestic Product (GDP) in 2024, valued at **R429 billion**. Economic activity remains concentrated in the **mining sector**, which accounted for **26.3%** of Gross Value Added (GVA). Other significant sectors include community services (25.3%) and finance (15.8%). A **Tress Index** of **48.5** underscores the province's limited economic diversification, primarily due to dependence on mining (S&P Global, 2025).

Labour Market and Unemployment

The working-age population was **2.76** million in 2024, with a labour force participation rate of **52.8%**. The **unemployment rate** was **41.6%**, significantly higher than the national average. By race, unemployment was highest among African individuals, with **44.2%** unemployed in 2024. In contrast, White and Asian population groups experienced unemployment rates of **8.9%** and **10.4%**, respectively, while the **Coloured** group recorded **26.2%** (S&P Global, 2025).

Poverty and Inequality

The **poverty rate** in the North West stood at **63.2%** in 2024, higher than the national average of **55.5%**. The **Gini coefficient**, a measure of income inequality, was **0.62**, indicating entrenched disparities in income distribution. The **Human Development Index (HDI)** for the province was **0.64**, reflecting challenges in access to income, healthcare and education (S&P Global, 2025).

Education and Skills

Educational attainment levels remain low. In 2024, **only 31.3%** of adults aged twenty (20) and above had completed Grade 12, and **8.5%** held post-secondary qualifications. Functional literacy stood at **86.6%**, below the national average, pointing to constraints on workforce readiness and economic mobility (S&P Global, 2025).

Infrastructure and Living Conditions

Access to basic infrastructure showed gradual improvements: over **90%** of households had access to electricity, **84%** had piped water, and **72%** had access to

improved sanitation. However, rural areas continued to lag in refuse removal and reliable water supply services (S&P Global, 2025).

Crime and Safety

The North West Province recorded a **composite crime index score of one hundred fifteen (115)**, higher than the national average of one hundred (100). Property-related crimes, such as burglary and stock theft, were most prevalent in rural municipalities, impacting investor confidence and community well-being (S&P Global, 2025).

Outlook

Looking ahead, the provincial GDP is projected to grow at an average annual rate of 1.88% to 2029, with growth led by the **finance, community services, and transport**

sectors. Targeted interventions are needed to reduce youth unemployment, diversify the economic base, and expand access to quality education and healthcare. These priorities are critical to achieving inclusive and sustainable development across the province.

3.1.1 Services the NWDC rendered to the Public:

Despite the socio-economic factors that not only affect the NWP but also the entity was faced with, the NWDC was able to render (but not limited to) the following services to its stakeholders:

- A property portfolio that is sustainable, competitive and thrives towards being a driver of socioeconomic development in an environmentally sustainable manner, and to be the destination of choice.

Table: Social Indicators data based on the economic cycle

Indicator	Q4:2023	Q4:2024	Year-on-Year (YoY) Change	Analysis
Unemployment Rate	39%	41.3%	+2.3%	The Official Unemployment Rate exhibited considerable fluctuations throughout the observed periods. It improved slightly from 39.0% in Q4 2023 to 36.8% in Q3 2024, reflecting temporary employment gains possibly driven by seasonal or temporary economic improvements. However, by Q4 2024, the rate increased to 41.3%, indicating worsening labour market conditions year-over-year (YoY change: +2.3 percentage points). This sharp rise is due to economic downturns, policy inefficiencies, and reduced investor confidence or disruptions in key sectors.
Expanded Unemployment Rate	52.2%	52.8%	+0.6%	The Expanded Unemployment Rate, which includes discouraged job seekers, demonstrated a relatively stable yet persistently high trend. It slightly improved from 52.2% in Q4 2023 to 51.5% in Q3 2024, suggesting marginal absorption of discouraged workers into the labour market. Nevertheless, it worsened slightly to 52.8% by Q4 2024 (YoY change: +0.6 percentage points). This marginal increase indicates persistent structural issues within the economy, such as mismatched skills, inadequate job creation, and persistent barriers preventing the re-entry of discouraged job seekers into active employment.
Employment Rate	54%	56.6%	+2.6%	Labour Force Participation increased from 54.0% in Q4 2023 to 56.6% in Q4 2024 (YoY change: +2.6 percentage points). This rise indicates greater workforce engagement driven by improved economic incentives, demographic changes leading more individuals, particularly youth and women, to actively seek employment. However, despite higher participation, the increasing unemployment rates reflect that job creation efforts are not keeping pace with the growing active workforce, highlighting a critical need for enhanced employment creation strategies or skills development interventions.

Source: Statistics South Africa (StatsSA. 2024: Quarterly Labour Force Survey Q4:2023, Q4:2024)

- A Bojanala SEZ that promotes industrial development, attract FDI/DDI, foster a culture of entrepreneurship and innovation, and create jobs.
- Sustainable small enterprises that contributed to the economic growth and transformation of the NWP.
- Stimulated economic development in the NWP by attracting foreign and local direct investments into the province.
- Promotion of exports and having facilitated market access for local businesses.

3.1.2 Internal Challenges the NWDC faced

- Due to budget constraints and the current liquidity of the entity, the NWDC has not been able to implement the revitalisation plan for the maintenance of its property portfolio.
- Operational debts owed to municipalities and other service providers.
- Increased levels of vandalism and criminal activities. This is influenced by the location, security, and unemployment.
- The SMME Development and Management is tasked with implementing the wealth and job creation mandate of the NWDC in relation to the development of sustainable SMMEs. However, the function is largely under funded and is limited to the provision of bridging finance for SMMEs that have secured contracts and non-financial support services.

3.1.3 Opportunities that arose in the year under review:

- Attracting and securing investors in (but not limited to) renewable energy, Agro-processing and Manufacturing through the Trade and Investment Facilitation programme and the Bojanala SEZ.
- Number of jobs to be created through these investments.
- Collaboration with the Shareholder department and other entities to drive investment in provincial priority sectors.
- Having built strong ties with local communities and stakeholders.
- Having to strengthen the NWDC's brand visibility and credibility as a well-governed and capable development agency.

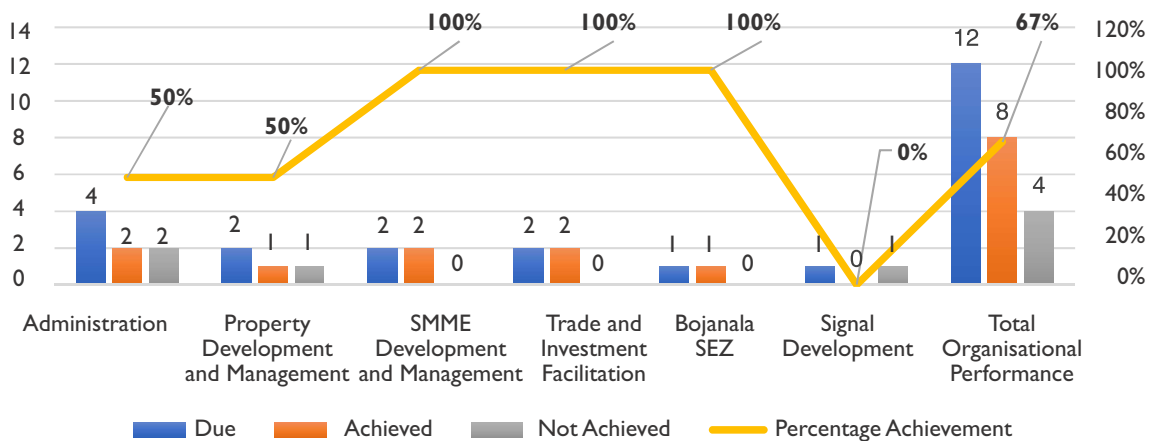
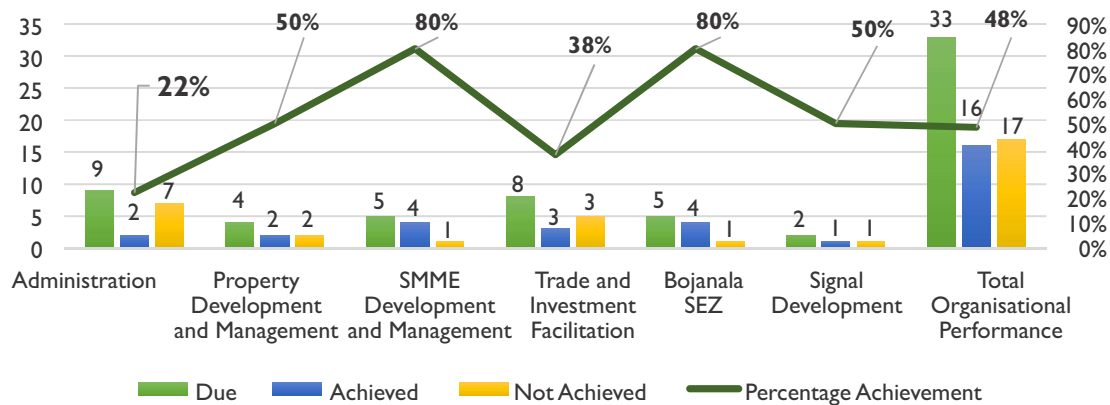
- Planning for the implementation of skills and business development programmes focused on women, youth, and persons with disabilities.

3.1.4 Proposed Remedial Actions:

- A thorough review and development of a strategically aligned funding model.
- Continue attracting investors in Manufacturing and Agro-processing.
- Reducing the excessive debtors' balance and debtor's days.
- Building capacity in capital, revenue generation, and venture creation to leverage opportunities.
- Development and implementation of property management controls such as reviewing of lease agreements rental billings, addressing the electricity supply crisis, and stringent debt collection.
- Leverage Mining Growth for Downstream Industries.
- Focusing on inclusive economic growth, prioritise job creation programmes, and infrastructure investments that address inequality, and targeting high-impact sectors like renewable energy and SMME support.
- Engaging in Skills Development to align workforce training with the province's growing sectors, especially in informal economy resilience and green job skills.

3.2 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 organisational performance has improved since the appointment of the Chief Executive Officer (CEO) in January 2024. Since the appointment of the CEO, great strides were made with the implementation of certain projects and key measures which contributed to the organisational performance. The graphs on the next page reflect the performance of the current and prior year performance of the Programmes as per the approved Corporate Plans:

2024/2025 non-financial performance:**2023/2024 non-financial performance:**

The entity appointed the Skills Development and Labour Relations Manager in November 2024. The purpose of this appointment was to assist the NWDC's ability to manage employee relations effectively because this efficiency has impacted the entity's capacity to represent itself at the CCMA, handle collective bargaining and overseeing disciplinary processes.

In addition, the NWDC further enhanced the capacity within the Finance unit with the appointment of the Financial Planning, Analysis and Forecasting Manager in

November 2024. The appointment of this incumbent will assist the Finance unit in addressing the AGSA recommendation of capacitating this unit with skilled staff to implement the necessary financial reporting and forecasting for better budgeting and planning within the NWDC.

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

3.3 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 2024/2025 as follows:

- Constitutional Mandate.
- NWDC Establishment/Enabling Legislation.
- Legislation governing the:
 - SMME and Cooperatives sector development mandate;
 - Lending and financial intermediary mandate,
 - Property (and investment) management mandate; and
 - Construction/infrastructure and 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.

3.4 Revised Corporate Plan 2024/2025

The Department of Planning, Monitoring and Evaluation (DPME) is responsible for the provision of oversight and direction in respect of strategic and annual performance planning. That is done through the implementation of the Revised Framework for Strategic Plans and Annual Performance Plan (2019), which DPME oversees for the national and provincial spheres of government. The Revised Framework makes provision for the development, revision and re-tabling of Annual Performance Plans (APPs).

Following the general elections on 29 May 2024, the Government of National Unity for the 7th

Administration was announced on 30 June 2024. At the sitting of the Houses of Parliament on 18 July 2024, the President delivered the Opening of Parliament Address (OPA) which outlined the strategic priorities of the 7th Administration. These three (3) strategic priorities are to:

- Drive inclusive growth and job creation;
- Reduce poverty and tackle the high cost of living; and
- Build a capable, ethical and developmental state.

Further, the President outlined that these priorities would be translated and unpacked within the Medium-Term Development Plan (MTDP) 2024-2029 which will set out the goals, interventions and targets in support of the strategic priorities. This necessitated the revision of the NWDC key output indicators.

Following the reconfiguration of Departments in terms of the transfer of functions and the adjusted budget process, national and provincial institutions were requested to revise and re-table their 2024/2025 Annual Performance and/or Corporate Plans.

Revised plans should incorporate commitments of the new administration as outlined in the 2024 Opening of Parliament Address and the State of the Province Addresses. Outputs and targets within the revised 2024/2025 plans should have been set in line with available budgets to be implemented for the remainder of the 2024/2025 financial year. This necessitated the revision of the NWDC's Corporate Plan for the financial year 2024/2025.

Furthermore, the NWDC Corporate Plan 2024/2025 that was tabled in March 2024 was not in line with the Draft Guideline Framework for Corporate Planning and Shareholder's Compact (2002) applicable to Schedule 2, 3B and 3D Major Public Entities format, and the NWDC therefore had to align it accordingly.

The NWDC has revised and re-tabled its Corporate Plan 2024/2025 and it was implemented from Q3 of 2024/2025. The initially approved and tabled 2024/2025 Corporate Plan had seventeen (17) indicators that after revision were reduced to twelve (12) indicators and the remaining five (5) were moved to Operational Plans of relevant programmes.



4) PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Progress made towards the achievement of the NWDC long-term goals over the period of the Strategic Plan assessed through the defined outcome indicators and five-year targets, as follows:

NWDC Outcome	Outcome Indicator	Baseline (Audited 2023/2024)	Current Progress (31 March 2025)	Mid-Term Target (31 March 2028)	Five-Year Target (31 March 2030)
A financially viable and sustainable organisation	Rand value of revenue generated (non-grant)	R122 million	R131 million	R159 million	R175 million
	Return on assets	2.13%	4.39%	2.5%	2.5%
	Cost-to-income ratio	0.75 to 1	0.87 to 1	0.75 to 1	0.60 to 1
	Rental debtor days	434 days	136 days	30 days	30 days
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)	R692k (NWDC) <u>R25.576 billion (SEZ)</u> R25.6 billion	R950m (NWDC) <u>R136.238 billion (SEZ)</u> R137.1 billion	R1.2 billion (NWDC) <u>R15 billion (SEZ)</u> R16.2 billion	R2 billion (NWDC) <u>R18 billion (SEZ)</u> R20 billion
	Number of jobs to be created through investments facilitated into the North West Province (including Bojanala SEZ)	NWDC: 0 <u>SEZ: 2 740</u> 2 740	NWDC: 1 736 <u>SEZ: 4 280</u> 6 016	NWDC: 600 <u>SEZ: 2 220</u> 2 820	NWDC: 800 <u>SEZ: 3 000</u> 3 800
	Number of companies taken through export development	81	0	35	45
	Number of companies assisted to access export markets	11	2	25	35
Increased growth and competitiveness of small enterprises in priority sector industries	Number of SMMEs and Cooperatives provided with financial support	26	15	35	40
	Number of SMMEs and Cooperatives provided with non-financial support	650	735	800	900

NWDC Outcome	Outcome Indicator	Baseline (Audited 2023/2024)	Current Progress (31 March 2025)	Mid-Term Target (31 March 2028)	Five-Year Target (31 March 2030)
A well-managed and competitive property portfolio	Percentage occupancy rate on lettable properties	77%	76%	85%	90%
	Percentage revenue collected to be allocated or ring-fenced for maintenance	3.5%	6.38%	20%	25%
	Percentage properties renovated and repaired	New Output Indicator	During the 2024/2025 financial year the NWDC renovated the Development House	15%	20%
	Number of properties installed with smart meters	3	0	140	140
A well-governed, agile, and high-performing organisation	NWDC external audit outcome (consolidated)	Adverse	Qualified	Unqualified	Unqualified
	Percentage overall organisational performance rating	48%	67%	>80%	>80%

5) PERFORMANCE OF PROGRAMMES

5.1 Programme I: Administration

The purpose of the programme is 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 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Cost-to-income ratio	0.75 to 1.0	0.75 to 1.0	0.87 to 1.0	0.12	Target not achieved due to the following reasons: • Increase in security costs. • Increase in Eskom tariffs. • The servicing of old outstanding municipal debts.	Management agreed to amend the target for the next three (3) years to be consistent on the 0.75 to 1.0 ratio to allow for the entity to improve on its revenue enhancement strategies.
Rand value of rental income collected	R122.323m	R120m	R130.988m	(R10.988m)	Target exceeded. The following measures contributed towards the achievement: • The establishment of the call centre within the Finance division has contributed towards the following up on current and outstanding rental due from tenants. Constant contacts were made, to tenants reminding them of their payments and that resulted in regular payments being made.	Management resolved that the output indicator should be placed under Programme I: Administration and it was therefore moved. The Finance unit is responsible and accountable for financial management of the NWDC, and rental income collected falls under the revenue and costs managed within the Entity.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
					- Regular one-on-one engagements with the tenants to ensure that issues pertaining to their accounts are addressed, and any other matters that may exist. - The Rental Collection Task Team, who on a monthly basis, tracked progress with regards to the payment of rentals by tenants. The Task Team also ascertains the core reasons as to why tenants are not paying and addresses those reasons and makes arrangements for them to pay their accounts.	
Percentage of material audit findings in the Post-Audit Action Plan (PAAP) addressed	80%	90%	91%	(1%)	The target has been exceeded because the entity completed the property valuation exercise. Furthermore, the NWDC also entered into an agreement with the Moses Kotane Local Municipality with regards to the ownership of the infrastructure of that municipality.	Not applicable.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage NWDC risk maturity	72%	85%	83%	2%	Target not achieved. The Risk Management Maturity assessment was done by the NW Provincial Risk Management Unit and they found that: • The NWDC's risk appetite has not been correctly set, and this may be an indication that the decisions taken are not correctly based on risk appetite. This affects the linkage of tracking the risk exposures faced by the Entity against the risk appetite. • The risk appetite statement was also not formulated correctly and therefore the Entity's key risk indicators around the impacts may be not measured correctly and this may also affect the decision making within the entity. • The Entity did not complete and monitor the risk registers timeously as they were approved during Q2 of the 2023/2024 financial year. This impacts on the maintenance and updating of the risk register timeously as required.	Not applicable.

Highlights for the year under review:

In July 2024, the Harvest Bopp Bag Manufacturing (Pty) Ltd, an industrial bag manufacturer and industrial tenant of the NWDC, in the Babelegi Industrial Park, launched their new non-woven industrial production line. This investment into the manufacturing sector contributes significantly to economic growth and stability. The launch included a tour of the new factory which showcased and demonstrated the state-of-the-art machinery and large-scale spun-melt non-woven manufacturing line with a maximum production speed of up to 500 metres per minute.



Left: Honourable MEC Bitsa Lenkopane (MEC for Economic Development, Environment, Conservation and Tourism), Mr Mojalefa Nale (CEO of the NWDC), and Mr Thapelo Mokotedi (Executive Manager: Property Development and Management NWDC) and Middle: Mr Shenton Sun (CEO of the Harvest Group) and Mr Mojalefa Nale (CEO of the NWDC)

Strategies to overcome areas of under performance:

- Plans and mechanisms to reduce the excessive debtors' balance and debtor's days are in place. These will see fruition on fast-tracking processes relating to asset write-offs and disposals of non-productive and non-strategic assets, for revenue generation and strengthening the NWDC's balance sheet.
- Building capacity in revenue generation and venture creation to leverage opportunities.
- Conduct regular market analysis to adjust rental rates to maximise income.
- Development and implementation of property management controls, that is reviewing lease agreements, reviewing rental billings and having stringent debt collection mechanisms.
- Continue improving the NWDC's risk management practices as it is a fundamental component of the combined assurance framework that supports good governance by managing the requisite risk appetite level within the Entity's capabilities.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Financial Management	20 852 767	20 570 400	282 367	31 473 000	24 694 000	6 779 000
Corporate Services	36 367 233	36 569 600	(202 367)	48 346 000	46 688 000	1 658 000
TOTAL	57 220 000	57 140 000	80 033	79 819 000	71 382 000	8 437 000

5.2 PROGRAMME 2: PROPERTY DEVELOPMENT AND MANAGEMENT

The purpose of the programme is to:

Transform the NWDC's investment 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 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage occupancy on available lettable property spaces	77%	75%	76%	(1%)	The target was exceeded due to the retention of the existing tenants and completion of new rental applications.	Not applicable.
Number of properties with smart meters installed	3	12	0	12	Target not achieved due to the service provider being unable to perform all installations due to stock availability.	Management resolved to increase the annual target from six (6) to twelve (12).

Highlights for the year under review:

Although the target for the smart metering was not achieved during the 2024/2025 financial year, the NWDC's continuous efforts to enhance our facilities and provide top-notch services, has commenced in April 2025 where twenty-two (22) workshops was equipped with smart meters at the Mahikeng Trade Market, Stand 3290 (refer to the photos below).

An internet link has already been established, connecting the current workshop to our Head Office, ensuring seamless internet access. Our IT Unit has also successfully set up the IT environment on-site, including the addition of Wi-Fi to the on-site office. Once tenants move into the workshops, they will benefit from these advanced services, along with 3CX telephone services. In our pursuit of making the Mahikeng Trade Market a benchmark for technological advancement, we are also exploring the installation of security cameras. This initiative aims to enhance security and set a new standard for our other properties.



Strategies to overcome areas of under performance:

- Smart Metering: Installation of smart water and electricity meters to monitor consumption, identify leaks, and improve billing accuracy.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Property Development and Management	110 453 000	111 131 000	(678 000)	110 688 000	129 494 000	(18 806 000)
TOTAL	110 453 000	111 131 000	(678 000)	110 688 000	129 494 000	(18 806 000)

5.3 PROGRAMME 3: SMME DEVELOPMENT AND MANAGEMENT

The purpose of the programme is to:

- Support the development of sustainable and competitive SMMEs, thus, to contribute to the economic growth and transformation of the province and to generate revenue and returns for the NWDC through the provision of financial and non-financial support services to small enterprises.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Number of SMMEs and Cooperatives provided with financial support	26	14	15	(1)	The NWDC exceeded this target. 15 SMMEs and/or Cooperatives were supplied with machinery and equipment amounting to R3,024m.	Management agreed to increase the target from four (4) to fourteen (14) and the words "and Cooperatives" were added to the output indicator.
Number of SMMEs and Cooperatives provided with non-financial support	650	600	735	(135)	Target exceeded. The following can be highlighted: 66% of these services rendered was for access to DBS, which is where the NWDC assisted the SMMEs and Cooperatives with registration of new businesses, filing of annual returns, beneficial ownership declarations, changing of directors and/or business details, B-BBEE certificates, etc. 19% of the SMMEs and Cooperatives enquired about the term loan finance and how to apply for a business loan.	The words "and Cooperatives" were added to the output indicator.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
					• SMMEs and Cooperatives also enquired about other information which comprised 14% of the total services rendered.	

Highlights for the year under review:

For the year under review, the NWDC actively participated in a total number of twenty (20) Thuntsha Lerole Outreach initiatives throughout the Province. These events were held inwards wherein communities struggled to access government services and thus enabled the NWDC to provide much needed entrepreneurship and business advisory services to these communities. The resultant output was an increased demand for non-financial services from the NWDC and an increase in SMME and Cooperative company registrations.



Left: Honourable MEC Bitsa Lenkopane (MEC for Economic Development, Environment, Conservation and Tourism), and Mr Mojalefa Nale (CEO of the NWDC) with the Ditsobotla SMMEs in August 2024 who were presented with new equipment. Middle: MEC Bitsa Lenkopane and Right: Mr Mojalefa Nale.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
SMME Development and Management	8 099 000	9 707 000	(1 608 000)	4 455 000	8 923 000	(4 468 000)
TOTAL	8 099 000	9 707 000	(1 608 000)	4 455 000	8 923 000	(4 468 000)



5.4 PROGRAMME 4: TRADE AND INVESTMENT FACILITATION

The purpose of the programme is 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.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Rand value of investment into the North West Province	R629 000	R500 million	R950 million	(R450 million)	Target exceeded. The total rand value of investment into the province (R950 million) surpassed the entity's planned annual target (R500 million) by R450 million.	The word 'facilitated' was removed from the output indicator.
Number of jobs to be created through investments into the North West Province	0	300	1 736	(1 436)	Target exceeded. The total number of jobs (1 736) to be created through investments into the province also surpassed the planned annual target (300) that the entity had.	The word 'facilitated' removed and the words 'into the North West Province' were added to the output indicator.

Highlights for the year under review:

Through its collaboration with the Shareholder department and other stakeholders, investments into the NWP on clean renewable energy and jobs to be created was achieved. The Trade and Investment Facilitation unit has also converted enquiries to leads in various projects. The NWDC received nearly seventy (70) enquiries that were generated from various markets efforts including: direct enquiries, emails, web responses, events and exhibitions, national and provincial collaborations, District Development Model (DDM) and local municipality intergovernmental referrals. Thirty (30) enquiries fell off the list leaving forty (40) for further review.

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The Entity has had interactions with the People's Republic of China through various platforms, the USA Embassy and its various government agencies, and the South Korean Embassy which visited the province. The NWP hosted delegations from Hunan and Henan China, following the NWP visit during the 2024/2025 financial year. The NWDC interacted with the Engineering Director of China Harbour Engineering Co CHEC SA on possible opportunities in railroad and infrastructure in the NWP.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Trade and Investment Facilitation	25 286 000	11 672 000	13 614 000	4 648 000	4 385 000	263 000
TOTAL	25 286 000	11 672 000	13 614 000	4 648 000	4 385 000	263 000

5.5 SUBSIDIARY: BOJANALA SPECIAL ECONOMIC ZONE

The purpose of the programme is 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.

Output Indicator	Audited Actual Achievement 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Rand value of investment facilitated into the SEZ	R25.576 billion	R6 billion	R136.238 billion	(R130.238 billion)	Target exceeded. Due to its strategic location, there has been a heightened interest and commitment from investors in the Bojanala SEZ.	Not applicable.

Highlights for the year under review:

There has been progress made in relation to expressed interest in investing in the economic activities of the Bojanala Special Economic Zone (SEZ). These engagements are in the mining, mineral beneficiation, and renewable energy sectors, with a particular focus on battery storage and gas-to-power technologies.

A project involving the development of a power plant, connected through the Eskom grid via a power purchase agreement, is expected to generate employment for approximately 700 individuals, including local labour and emerging enterprises.

An initiative which involves the development of a 1,000 MW Gas-to-Power Facility in the Mogwase area, located within the Bojanala SEZ is designed to support the energy needs of the region's mining operations, businesses, and government institutions. The construction phase is projected to create over 1,000 jobs, with 600 permanent positions post-completion. The total capital investment is estimated at over R100 billion at commercial close, with substantial economic benefits including new industry creation, infrastructure development, and procurement opportunities. In addition, a mineral beneficiation project is expected to inject a further R3 billion and provide employment for 500 people.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Bojanala SEZ	55 059 000	22 870 000	32 189 000	35 000 000	20 576 000	14 424 000
TOTAL	55 059 000	22 870 000	32 189 000	35 000 000	20 576 000	14 424 000

5.6 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 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Variance Under/(Over) Achievement 2024/2025	Reasons for Deviations	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Percentage achieved on the Revitalisation Plan	New Output indicator	100%	45%	55%	Target not achieved due to Signal Development not having an independent non-executive Board, thereby rendering the subsidiary non-operational. Plans to transfer Signal Development's assets to NWDC and its winding down are at advanced stages of finalisation.	Not applicable.

Strategies to overcome areas of under performance:

The revitalisation of the Leopard Park Golf Course will proceed through a dual-pronged strategy with immediate activation for revenue generation followed by strategic investment for long-term quality.

Phase 1: Immediate Activation for Revenue Generation:

- **Fairway, Rough, and Driving Range Preparation:** A private service provider has been contracted for three months to move and precisely level these areas. This foundational work requires a monthly investment to be approved and is essential for creating a basic yet functional golfing experience.
- **Temporary Greens and T-Box Establishment:** A temporary maintenance team will focus on preparing these key playing surfaces for use. This rapid creation of playable greens and tees aims to facilitate a swift return of golfers to the course.
- **Irrigation System Restoration:** Electrical repairs to the irrigation pump-station will be undertaken, followed by thorough testing of all sprinkler points. A reliable water supply is critical for maintaining the condition of the newly worked areas and the temporary greens.
- **Clubhouse Reopening:** Prioritisation will be given to reopening the bar to provide an immediate source of income and enhance the amenity offering for returning golfers.

Phase 2: Strategic Investment for Long-Term Quality:

- **Original Greens and Bunker Restoration:** Recognising the need for specialised expertise and equipment, the restoration of the original greens and bunkers, estimated at R2.8 million will be undertaken strategically once the necessary budget is available. This phased approach ensures that initial revenue generation from a playable course can contribute to funding these substantial improvements.
- An **entertainment area**, such as a table paddling facility near the clubhouse, presents a viable opportunity to diversify revenue streams and enhance the overall appeal of Leopard Park Golf Course. This addition could attract a broader audience beyond golfers, including families and individuals seeking recreational activities.
- The implementation of a **paddling area** would require further investigation into several key aspects which includes, among others, Feasibility Study, Infrastructure and Investment, Operational Considerations, Marketing and Integration, and Regulatory Approvals.

Linking performance with budgets

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

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Programme 1: Administration	3 246 000	249 000	2 997 000	500 000	199 000	301 000
TOTAL	3 246 000	249 000	2 997 000	500 000	199 000	301 000

6) SUMMARY OF FINANCIAL INFORMATION

6.1 Revenue Collection

Sources of Revenue	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Revenue	1 18 639 000	131 190 305	12 551 305	150 421 000	151 761 000	(1 340 000)
Grants	72 988 000	89 256 000	(16 268 000)	71 588 000	89 988 000	(18 400 000)
Grants Investment and Other Income (SEZ)	-	3 721 000	(3 721 000)	-	4 548 000	(4 548 000)
Other Gains and Losses	31 440 000	308 535 695	277 095 695	12 601 000	-	12 601 000
TOTAL	223 067 000	532 703 000	312 636 000	234 610 000	246 297 000	(11 687 000)

6.2 Programme expenditure

Programme Name	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Property Development and Management	110 453 000	111 131 000	(678 000)	110 688 000	129 494 000	(30 493 000)
Bojanala SEZ	55 059 000	22 870 000	32 189 000	35 000 000	20 576 000	14 424 000
SMME Development and Management	8 099 000	9 707 000	(1 608 000)	4 455 000	14 372 000	(9 917 000)
Trade and Investment Facilitation	25 286 000	11 672 000	13 614 000	4 648 000	4 385 000	263 000
Economic Programme Management	-	-	-	-	-	-
Financial Management	20 852 767	20 570 400	282 367	31 473 000	24 694 000	6 779 000
Corporate Services	36 367 233	36 569 600	(202 367)	48 346 000	46 688 000	1 658 000
TOTAL	259 363 000	212 769 000	46 594 000	234 610 000	209 240 000	25 370 000

6.3 Capital investment, maintenance and asset management plan

The following table presents the maintenance and repairs:

Infrastructure Projects	2024/2025			2023/2024		
	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
Chief Executive Officer

PART C

Corporate Governance

The Companies Act 71 of 2008 (as amended) directs to the establishment of the Audit and Risk Committee as a statutory Committee of the Board



Corporate Governance embodies processes and systems by which the North West Development Corporation is directed, controlled, and held to account

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

1) Parliamentary Oversight

The Standing Committee on Public Accounts (SCOPA) considers and evaluates the financial statements, business performance, and audit reports submitted by the AGSA. The Portfolio Committee on Economic Development, Environment, Conservation and Tourism provides quarterly oversight on the performance of the NWDC against its key performance indicators as incapsulated in its Corporate Plan.

During the year under review, the Portfolio Committee had oversight engagements as follows:

- On 18 July 2024, a meeting was held for the NWDC to present their Corporate Plan 2024/2025.
- On 27 August 2024, a meeting was held for the NWDC to present their Performance Information Q1 of 2024/2025 Report.
- On 29 October 2024, a meeting was held for the NWDC to present their Annual Report 2023/2024.
- On 31 October 2024 the NWDC Revised Corporate Plan 2024/2025 was tabled at the North West Provincial Legislative under ATC No 35 of 2024.
- On 14 November 2024, a Special Portfolio Committee Meeting was held for the entities to present their State of Affairs and the Legal Standing of the Entity.
- On 19 November 2024 a meeting was held to discuss the Performance Information Q2 of 2024/2025 Report and the First Draft Corporate Plan 2025/2026.
- On 11 February 2025 an oversight meeting was held by the Portfolio Committee for the NWDC Bakeries site visit.

- On 20 March 2025 a meeting was held to discuss the Draft 5-year Strategic Plan and the second Draft Corporate Plan 2025/2026.

2) Executive Authority

The NWDC Executive Authority is the Member of the Executive Council for the Department of Economic Development, Environment, Conservation and Tourism, who in terms of Section 3 of the NWDC Act, constitutes the Board consisting of executive and non-executive directors, and enters into the annual Shareholders Compact with the Board.

During the 2024/2025 financial year, the Shareholder held the following interactions and/or meetings with the North West Development Corporation:

- The 7th Administration Budget Speech was delivered on 26 July 2024, and the Accounting Authority participated in meetings held by the Executive Authority in this regard.
- On 30 and 31 August 2024, the Entity held its internal Strategic Planning Session to align its mission and vision to the mandate, as stipulated in the NWDC Act, Act No 6 of 1995, which 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 September 2024, the Accounting Authority was part of the Provincial delegation that attended the South Africa-China Business Forum held in Beijing. The Business Forum was an opportunity for engagements that would improve the trade and investment relationship between the two countries, and to the North West Province.
- The Shareholder along with its entities hosted a three-day Strategic Planning Session from 1 to 3 October 2024 which its aim was to formulate the departmental Strategic Plan 2025-2030 and the Annual Performance Plan for 2025/2026. The team also aimed to ensure that the planning efforts reflected the priorities of the 7th Administration, such as the service delivery acceleration highlighted by MEC Bitsa Lenkopane.



Left: Honourable MEC Bitsa Lenkopane (MEC for Economic Development, Environment, Conservation and Tourism - Shareholder), Middle: Mr Relebohile Mofokane (Acting Head of Department (HOD) – Department of Economic Development, Environment, Conservation and Tourism), and Right: Mr Mojalefa Nale (Accounting Authority of the NWDC)

- On 27 February 2025, the Premier of the North West Province held the North West State of the Province Address which addressed the tone for the implementation of the Medium-Term Development Plan (MTDP 2025-2030) for the next five (5) years.
- From 12 to 14 March 2025, the Shareholder (DEDECT) and its entities conducted the second Strategic Planning Session to finalise the Strategic Plan 2025-2030 and Annual Performance Plan 2025/2026 before submission and tabling at the North West Provincial Legislature on 31 March 2025.

The Accounting Authority was accountable for the following:

- Strategic Direction and Planning: The provision of strategic leadership, formulated policies, and set organisational objectives to guide the NWDC in achieving its mandate.
- Financial Management: Overseeing of all financial matters, ensuring the effective, efficient, and economical use of public resources. This included budget preparation, expenditure control, and revenue management.



Left: Honourable MEC Bitsa Lenkopane (MEC for Economic Development, Environment, Conservation and Tourism (DEDECT) - Shareholder), Middle: Mr Mojalefa Nale (Accounting Authority of the NWDC), and Right: Colleagues of DEDECT, the North West Parks and Tourism Board, North West Gambling Board, and the NWDC

This session focused on the entities' strategic plans, prioritising community needs, revenue generation, and strategies for sustainable growth beyond reliance on direct government funding. The proceedings aimed to refine the department's strategic framework to ensure effective service delivery and meaningful contribution to the economic growth of the North West province, utilising a citizen-centred approach.

3) Accounting Authority

On 1 April 2024, the Chief Executive Officer, Mr Mojalefa Nale, was appointed as the Accounting Authority of the NWDC by the Honourable MEC of Department of Economic Development, Environment, Conservation and Tourism. The appointment of the Accounting Authority of the NWDC is established in terms of the Public Finance Management Act. The NWDC is committed to the highest standards of corporate governance, including those advocated in the King IV Report on Governance for South Africa.

In the absence of a Board, the Accounting Authority (AA) assumed full responsibility for the governance and operational oversight of the North West Development Corporation during the financial year under review.

This report details how the Accounting Authority discharged these responsibilities, ensuring compliance with the Public Finance Management Act (PFMA) and upholding the principles of sound corporate governance.

- Risk Management: Identification, assessment, and the mitigation of key risks to safeguard the entity's assets, thus ensuring its sustainability and, on the upside, exploring opportunity risks in the macro environment. Also ensuring that fraud and corruption related risks are prioritised and closely monitored.
- Compliance: Assurance that the NWDC complied with all applicable laws, regulations, and policies, including the PFMA, Companies Act, and relevant Treasury Regulations.
- Internal Controls: Establishment and maintenance of robust internal controls to promote accountability, transparency, and the integrity of financial information.
- Performance Monitoring: Monitoring of the entity's performance against predetermined objectives and key performance indicators, ensuring accountability for results.

4) 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) Assurance

5.1 Risk Management

The Companies Act 71 of 2008 (as amended) directs to the establishment of the Audit and Risk Committee as a statutory Committee of the Board. The independent Committee oversees the monitoring and control systems and is accountable to the Board. The Committee does not assume management functions, which remains the responsibility of the Executive Management and all members of staff. The Committee has a role in ensuring, amongst others, that the disclosure of risks is comprehensive, timely and relevant and that the internal control systems are operating effectively.

5.2 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; and
- Reports to the Audit and Risk Committee detailing its performance against the plan to allow effective monitoring and intervention when necessary.

It is also the NWDC'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;
- Programmes, plans and objectives are achieved; and
- Applicable laws and regulations are complied with.

5.3 Fraud and Corruption

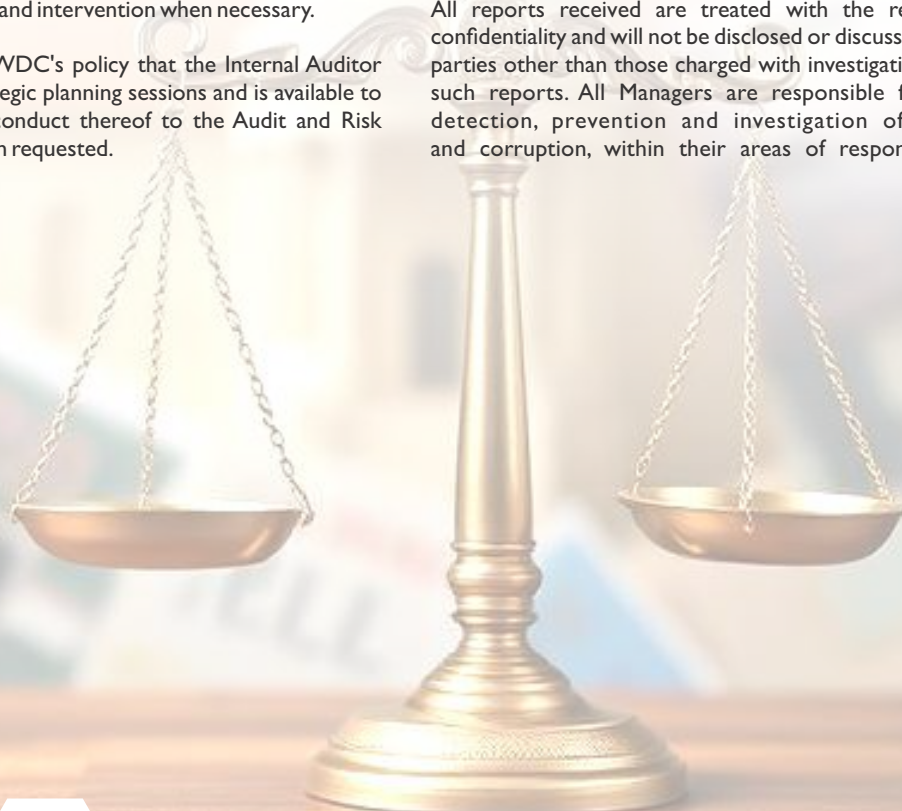
The NWDC does not tolerate corrupt or fraudulent activities, whether internal or external to the NWDC, and will vigorously pursue any party, by all legal means available, which engage in such practices or attempt to do so.

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:

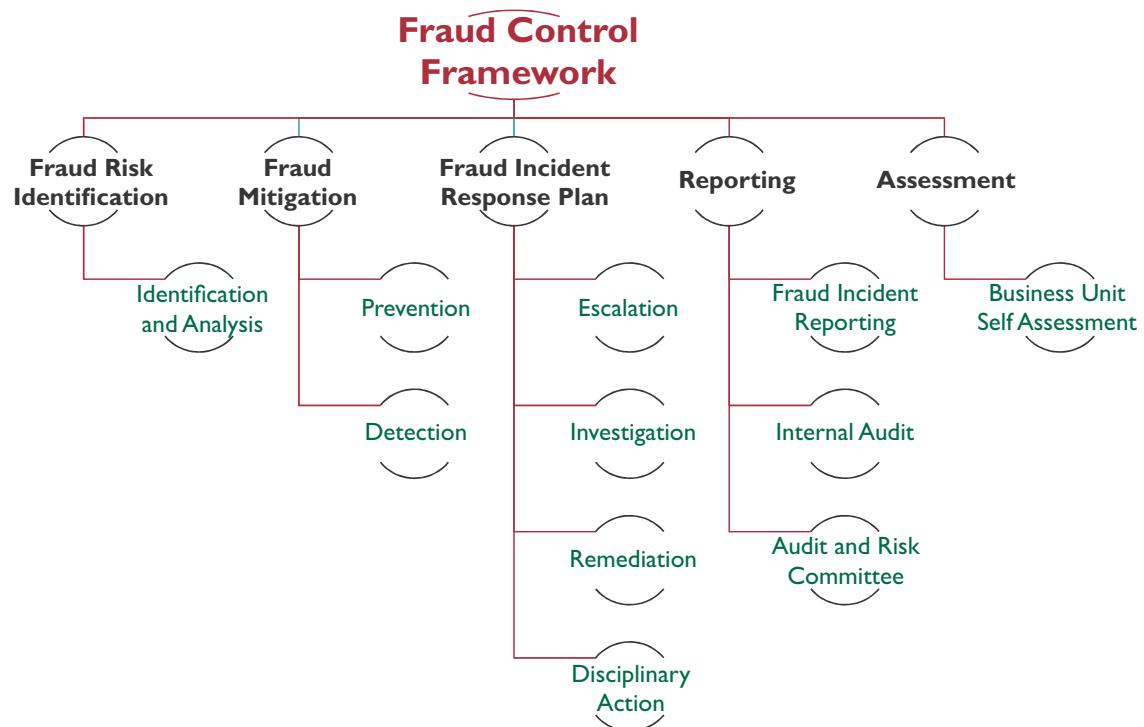
- Prevention of Fraud and Corruption Policy;
- Anti-Fraud and Corruption Strategy; and
- Whistle Blowing Policy.

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.

submission of necessary documentation to the Accounting Authority and other stakeholders.



5.4 Code of Conduct

The NWDC is committed to a Policy of fair dealing and integrity in the conduct of its 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 their 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) Company Secretary

The Company Secretary plays a crucial role in ensuring compliance, facilitating communication, and supporting effective governance within a company.

The Company Secretary is responsible for ensuring that the company complies with statutory and regulatory requirements. This includes filing annual returns, maintaining statutory registers, and ensuring timely

They maintain the company's statutory books, including registers of members, directors, and secretaries. The Company Secretary also records minutes during board meetings and general meetings, ensuring that decisions and resolutions are properly documented.

The Company Secretary facilitates communication between the company and its shareholders. This includes organizing annual general meetings (AGMs), preparing agendas, handling proxy votes, and ensuring shareholders are informed of their voting rights.

The Company Secretary plays a vital role in supporting the board's corporate governance framework, advising on duties, responsibilities, and powers. The Company Secretary ensures that Board members are kept up-to-date with legal obligations and corporate governance practices.

While not a legal advisor, the Company Secretary must have a solid understanding of laws affecting the company. They advise on legal and compliance issues related to operations, including contracts, mergers, acquisitions, and corporate policies.

7) Compliance with Laws and Regulations

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

8) 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.

9) Performance and Reporting

Management monitored the progress on attaining set goals, objectives and targets. The Accounting Authority approved and submitted, to the Shareholder, the following:

- Quarterly Reports;
- Shareholders Compact 2024/2025;
- Revised Corporate Plan 2024/2025;
- First Draft Corporate Plan 2025/2026; and
- Final Corporate Plan 2025/2026.

10) 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 AGSA, 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 AGSA to ensure a sound control environment that is effective, efficient, and transparent:

- 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.

11) 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 Level 1 to 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 R30 000. It is also in line with the Treasury Regulations.
Determining qualification criteria for the sale of state-owned enterprises?	No	The NWDC has not sold any of its properties during the year under review.
Developing criteria for entering into partnerships with the private sector?	No	Not applicable.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of B-BBEE?	No	Not applicable.

PART D

Human Resource Management

In the interim, the NWDC continued to work with staff members in an acting capacity due to the number of vacancies within the structure



The success of the entity depends on its capacity and capabilities to maintain a sound administration and to deliver on its mandate

1) Introduction

The Human Resource function within the NWDC focuses on the following:



1.1 Employee Performance Management

The NWDC, during the 2025/2026 financial year, will review the Performance Management Framework through the adoption of a balanced scorecard methodology, to ensure that 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.

1.2 Revision of the Organisational Structure

The entity has in principle approved the executive management structure which all executive managers, after having been appointed, will together with the Human Resources unit, be consulting with all the units to discuss their unit structures for approval.

This process may take longer than anticipated because there could be other new positions which might be added in different units, which positions first needs to be evaluated to ensure correct gradings, before the entity can continue with the advertising of those positions.

In the interim, the NWDC continued to work with staff members in an acting capacity due to the number of vacancies within the structure. The NWDC did advertise vacant positions during the period under review but due to the moratorium placed on filling of vacant positions, these processes were put on hold until further notice.

1.3 Strategies to be implemented in 2025/2026

- Filling of key positions within all NWDC Unit functions.

- Clarification of the roles of employees right down to the daily responsibilities.
- Development and implementation of the NWDC 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 competent 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.

2) Human Resource Oversight Statistics

Key information on human resources is outlined in the following tables and graphs. 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 housing allowances, and medical aid subsidies:

Table 3.1: Personnel cost by Salary Band

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
Top Management	8,439,452.50	9%	5	1,687,890.50
Senior Management	23,888,507.40	25%	20	1,194,425.37
Professionally Qualified	16,046,747.40	17%	20	802,337.37
Skilled	20,277,855.55	21%	29	699,236.40
Semi-Skilled	22,143,913.59	23%	56	395,427.03
Unskilled	1,990,898.29	2%	10	199,089.83
Contract Workers (Internships)	1,831,375.10	2%	18	101,743.06
TOTALS	94,618,749.83	100%	158	598,852.85

The information disclosed in the table above reflects the personnel expenditure incurred during the 2024/2025 financial year, inclusive of those employees who left the employment of the NWDC during the period under review. Therefore, in some of the tables that will follow, the 'number of employees' in the salary band category might change due to the exclusion of those who left the organisation.

Table 3.2: Overtime, Home Owners Housing Allowance and Medical Aid Subsidy

Salary Band	Salary	Overtime		Home Owners Housing Allowance		Medical Aid Subsidy	
		Amount (R'000)	Overtime as a % of Personnel Costs	Amount (R'000)	Home Owners Housing Allowance as a % of Personnel Costs	Amount (R'000)	Medical Aid Subsidy as a % of Personnel Costs
Top Management	8,439,452.50	0	0%	0	0%	210,253.00	2%
Senior Management	23,888,507.40	0	0%	75,800.00	0%	665,641.60	3%
Professionally Qualified	16,046,747.40	6,173.52	0%	154,600.00	1%	1,009,541.50	6%
Skilled	20,277,855.55	31,699.46	0%	163,600.00	1%	1,439,491.75	7%
Semi-skilled	22,143,913.59	410,366.98	2%	83,600.00	0%	1,652,151.00	7%
Unskilled	1,990,898.29	37,939.76	2%	72,000.00	4%	247,506.00	12%
Contract Workers	1,831,375.10	0	0%	0	0%	0	0%
TOTALS	94,618,749.83	486,179.72	1%	549,600.00	1%	5,224,584.85	6%

4) Performance Rewards

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

5) Training and Development

During the year under review, the Human Resources unit has complied with the Skills Development and Training Plan, however implementation thereof was halted due to budgetary constraints. No employees were therefore trained and/or attended short courses as per the Skills Development and Training Plan.

The NWDC assisted ten (10) employees that are currently pursuing their studies which is aligned to their fields of employment which will assist the development of the entity to realise its objectives and goals.

6) Employment and Vacancies

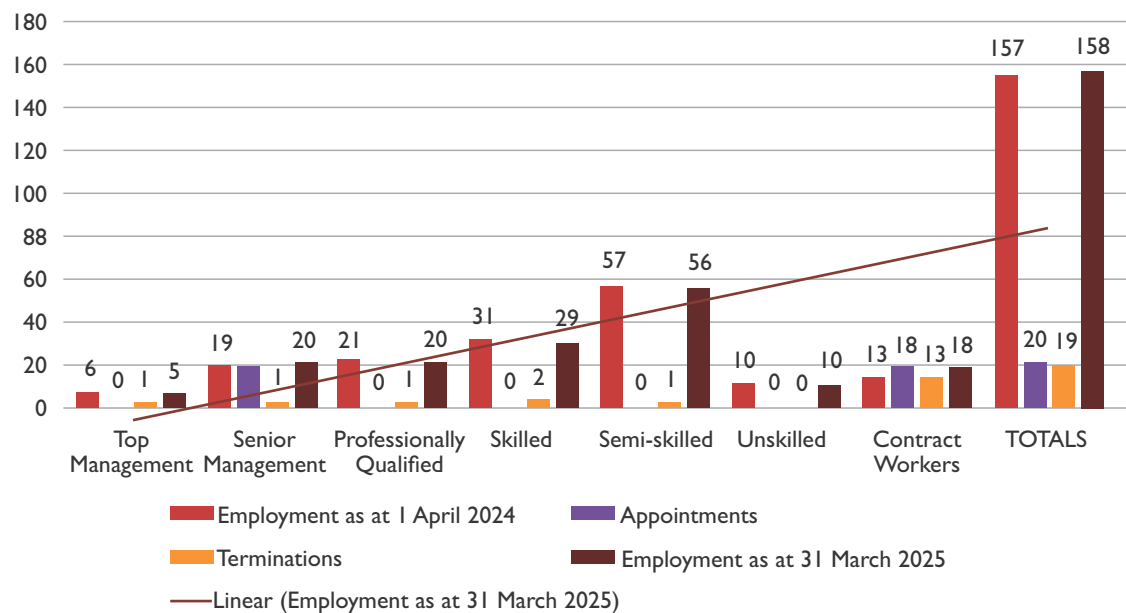
The majority of staff are support staff, and the entity suffers a lack of core business experts. The NWDC requires professional, multidisciplinary teams to meet the challenges of an expansive mandate.

In assisting the NWDC's ability to manage employee relations effectively, the entity appointed the Skills

Development and Labour Relations Manager in November 2024, on contract for a period of twelve (12) months. The employee relations efficiency has impacted the entity's capacity to represent itself at the CCMA, handle collective bargaining and overseeing disciplinary processes.

In addressing the AGSA recommendation of capacitating the Finance unit with skilled staff to implement the

The vacancy rate as per the approved establishment as at 31 March 2025, as depicted in the graph below, indicates a overall vacancy rate of 18%. Some of the reasons proffered for not filling vacancies within the prescribed time include, inter alia, the realignment of the organisational structure, shifting mandates and amendments to functions and post criteria. The high vacancy rate is partly attributed to the cost containment measures imposed by the National Treasury in respect of alleviating the wage bill.

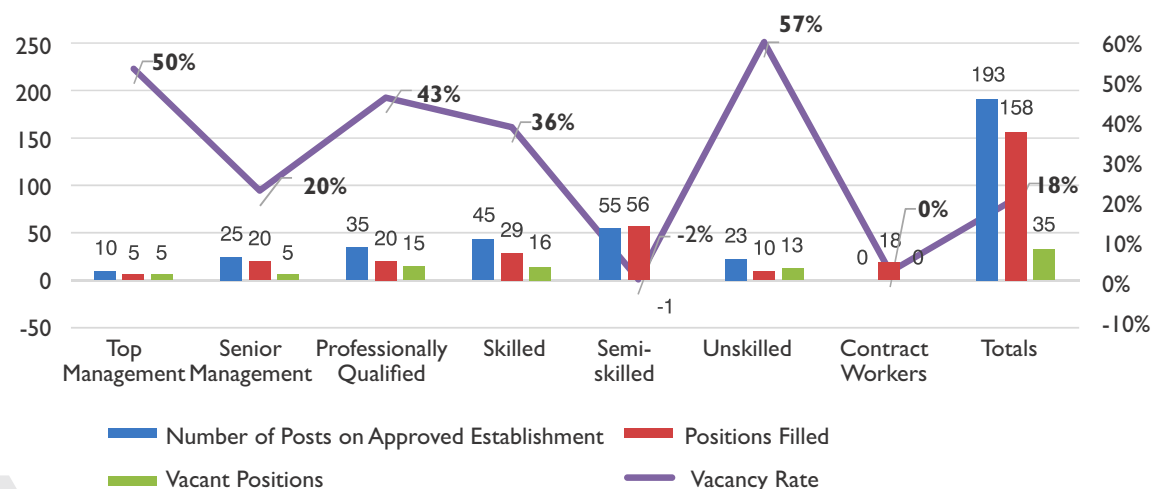


necessary financial reporting and forecasting for better budgeting and planning within the NWDC, the NWDC appointed the Financial Planning, Analysis and Forecasting Manager in November 2024, on contract for a period of twelve (12) months.

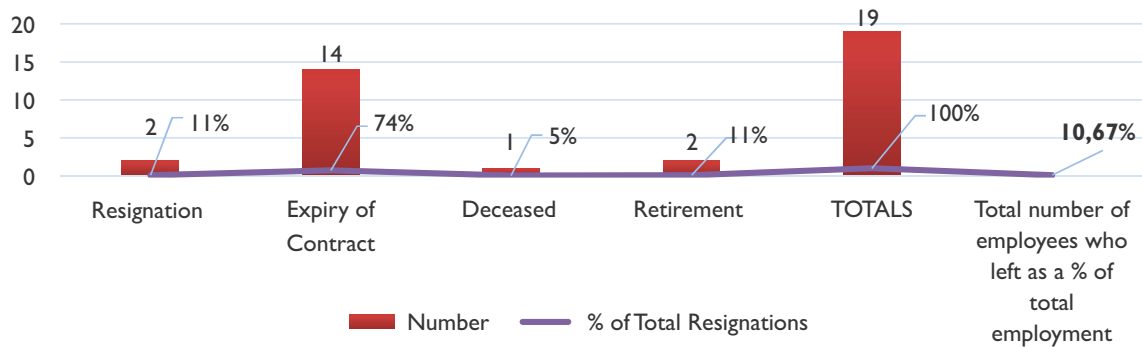
The success of the entity depend on its capacity and capabilities to maintain a sound administration and to deliver on its mandate. These capabilities in turn depend on the skills, performance, integrity, and motivation of the personnel.

The graph below reflects the movement of the human resources (employees) within the NWDC with an overall employee retention rate of 99%.

The increasing number of vacancies is undoubtedly hampering performance and will retard any progress in creating an efficient, capable and professional entity.



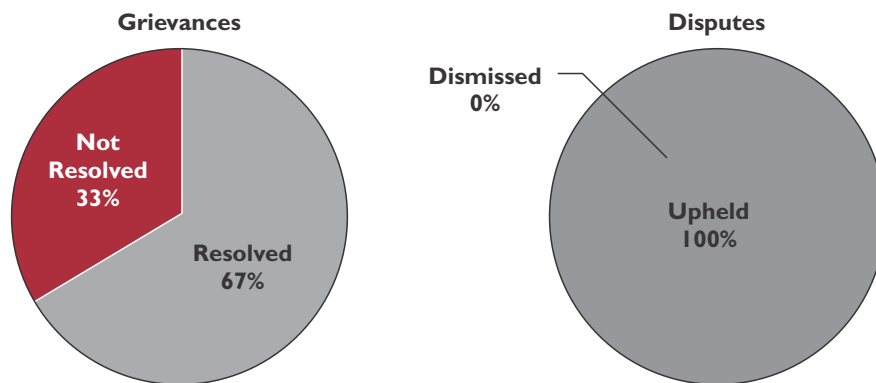
The graph below indicates why the employees left the employment of the NWDC during the 2024/2025 financial year. The total number of employees who left as a percentage of the total employment is 10.67%.



7) Labour Relations: Misconduct and Disciplinary Action

The NWDC has attended to the following labour relations matters:

7.1 Grievances and Disputes



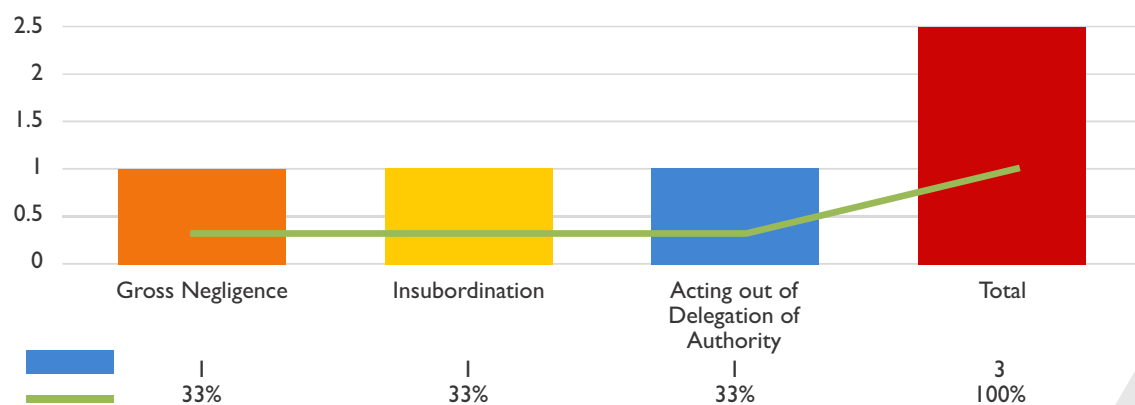
7.2 Misconduct

One (1) employee was charged with allegations of irregular appointments, breach of code of ethics, irregular appointments of Bid Evaluation Committee, insubordination and bringing the name of the entity into disrepute. The disciplinary case started on 5 December

2024 and is still in progress. It is expected to be finalised during Q2 of the 2025/2026 financial year.

One (1) employee was charged with allegations of violating the Supply Chain Management Policy, non-adherence to PPR (2022), and the appointment of unqualifying service provider. The employee resigned, pending the disciplinary case outcome.

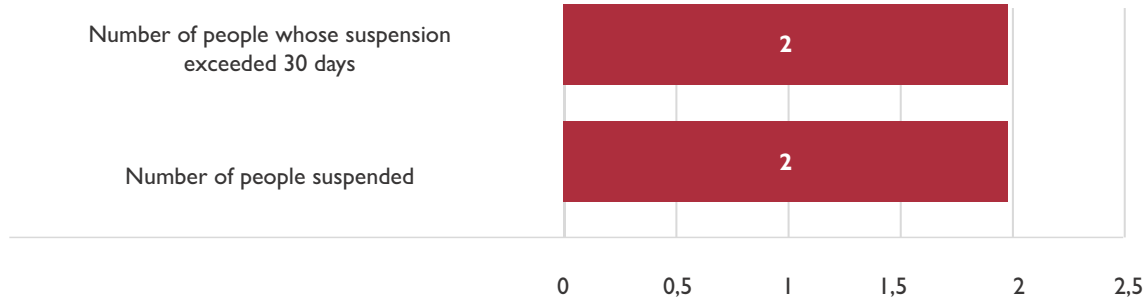
Types of Misconduct addressed at Disciplinary Hearings



7.3 Suspensions

From 1 April 2024 to 31 March 2025, two (2) employees were suspended for more than thirty (30) days as reflected in the picture below.

Precautionary Suspensions



7.4 Labour Court and CCMA Matters

The following matters were referred to the CCMA for arbitration:

Matter(s)	Number	Outcome
Allegation of unfair suspension/disciplinary action	1	Matter still in progress
Termination of contract with or without notice	1	Dismissed for lack of merits
Allegations of unfair labour practice	4	Withdrawn for lack of merits
Matter of equal work for equal pay	9	Withdrawn for lack of merits

The following matter was referred to the Labour Court:

Matter(s)	Number	Outcome
Unfair dismissal	1	Dismissed with costs for the lack of urgency

8) Equity Target and Employment Equity Status

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.

The information contained in the table below reflects the employment statistics of the NWDC with regards to race, gender and previously disadvantaged individuals.

Total number of employees (including employees with disabilities) in each of the Occupational Levels as at 31 March 2025:

Salary Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	1	0	0	0	5
Senior Management	11	0	0	1	7	0	1	0	20
Professionally Qualified	6	1	1	0	9	1	0	2	20
Skilled	10	0	0	0	18	0	0	1	29
Semi-Skilled	33	0	0	0	23	0	0	0	56
Unskilled	0	0	0	0	10	0	0	0	10
Contract Workers (Internships)	9	0	0	0	9	0	0	0	18
TOTALS	73	1	1	1	77	1	1	3	158

PART E

PFMA

Compliance Report

There were no disciplinary cases or criminal steps taken as a result of fruitless and wasteful expenditure



Irregular expenditure is expenditure that was not incurred in the manner prescribed by legislation

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

1) Irregular expenditure

Reconciliation of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Opening balance	551 806	474 505
Adjustment to opening balance	-	77 301
Opening balance as restated	551 806	-
Add: Irregular expenditure confirmed	-	-
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	551 806	551 806

- The prior year irregular expenditure is as a result of non-compliance with the Preferential Procurement Regulations (PPR) of 2022.

Reconciling Notes	2024/2025 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	551 806	474 505
Irregular expenditure identified in the current year	-	77 301
Total	551 806	551 806

Details of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	551 806	551 806
Irregular expenditure under investigation	-	-
Total	551 806	551 806

Details of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Irregular expenditure under condoned	-	-
Total	-	-

I) Irregular Expenditure (Continued)

Details of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Irregular expenditure NOT condoned and removed	551 806	551 806
Total	551 806	551 806

Details of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Irregular expenditure recoverable	-	-
Total	-	-

Details of irregular expenditure	2024/2025 R'000	2023/2024 R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to inter-institutional arrangements:

- Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)
 - None
- Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)
 - None

Details of disciplinary or criminal steps taken as a result of irregular expenditure:

- None

2) Fruitless and Wasteful expenditure

Reconciliation of Fruitless and Wasteful expenditure	2024/2025 R'000	2023/2024 R'000
Opening balance	58 459	50 389
Adjustment to opening balance	-	-
Opening balance as restated	58 459	-
Add: Fruitless and wasteful expenditure confirmed	6 701	8 070
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	65 160	58 459

The above fruitless and wasteful expenditure relates to interest and penalty due to late payment of service providers. There were no losses associated with the fruitless and wasteful expenditure.

Reconciling Notes	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure that was under assessment	8 070	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	6 701	8 070
Total	14 771	8 070

Details of Fruitless and Wasteful expenditure	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	14 771	8 070
Fruitless and wasteful expenditure under investigation	-	-
Total	14 771	8 070

Details of Fruitless and Wasteful expenditure	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	-	-

Details of Fruitless and Wasteful expenditure	2024/2025 R'000	2023/2024 R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure:

- There were no disciplinary cases or criminal steps taken as a result of fruitless and wasteful expenditure.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) and (iii):

Details of material losses through criminal conduct	2024/2025 R'000	2023/2024 R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-

3) Information on late and/or non-payment of suppliers

Format of disclosure	2024/2025 R'000	2023/2024 R'000
Valid invoices received	182 619	99 150
Invoices paid within 30 days or agreed period	51 912	28 538
Invoices paid after 30 days or agreed period	32 391	42 807
Invoices older than 30 days or agreed period (unpaid and without dispute)	98 316	16 207
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	11 598
Total	182 619	99 150

The NWDC is facing serious liquidity and cash-flow challenges resulting in its inability to meet its immediately financial obligations as and when they fall due. The matters in dispute fall from issues under investigation and taken under legal processes due to non-compliance with regulations.

4) Information on Supply Chain Management**4.1 Procurement by Other Means**

Project Description	Name of Supplier	Type of Procurement by Other Means	Value of Contract R'000
Legal fees regarding internal investigations of NWDC employees	Morris Bantu (Pty) Ltd	Deviation	42,000.00
Legal fees between the NWDC and the Leopard Park Home Owners Association	Maree & Maree Attorneys and Conveyancers	Deviation	400,291.71
Repairs and maintenance of kitchen, staff toilets and ceiling from boiler geyser at Signal Development SOC Ltd	D and C Building Projects	Deviation	213,300.00
Legal fees between NWDC, Pilot Furniture Manufacturers and six (6) other matters	KLM Maja Attorneys	Deviation	245,405.93
Plumbing works at Signal Development SOC Ltd	Batho Ba Lefatshe Building Enterprise (Pty) Ltd	Deviation	45,200.00
Repairs and building maintenance at Green Keeper House (Signal Development SOC Ltd)	S C F Builders and Projects	Deviation	143,820.00

4.2 Contract Variations and Expansions

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Original Contract Value R'000	Value of Current Contract Expansion or Variation R'000
Security Services	Crossline Security Service	Extension of contract	2,370,000.00	3,357,770.00
Security Services	Pasko Security Services	Extension of contract	2,494,800.00	4,592,975.00
Security Services	Modibakgoka Security Services (CASR)	Extension of contract	2,018,591.69	2,146,944.20
Security Services	Vidse Security Services	Extension of contract	2,424,000.00	3,636,000.00
Security Services	Modibakgoka Security Services	Extension of contract	2,476,200.00	4,946,382.57
Security Services	Topderm Security and Projects	Extension of contract	2,488,500.00	1,415,630.01
Security Services	Snave Security	Extension of contract	1,500,000.75	587,500.27
Security Services	Kangiso Juluka Security Services	Extension of contract	2,472,000.00	3,605,000.15
Repairs and maintenance to building	Teel Invest (Pty) Ltd	Extension of scope for emergency work done	497,700.00	138,000.00

PART F

Financial Information

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the economic entity's external auditors



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

1) Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the 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 entity 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 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 annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledge 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 Accounting Authority 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 2026 and, in the light of this review and the current financial position, it is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, it is supported by the economic entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the economic entity's annual financial statements. The annual financial statements have been examined by the economic entity's external auditors and their report is presented on page pages 60 to 67.

The annual financial statements set out on pages 68 to 120, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2025 and were signed on its behalf by:



Mr MJ Nale
Accounting Authority

2) Report of the Accounting Authority

The Accounting Authority submit its report for the year ended 31 March 2025.

2.1 Incorporation

The entity was incorporated on 1 February 1999 and obtained its certificate to commence business on the same day.

2.2 Review of Activities: Main Business and Operations

The economic entity is engaged in trade and investment facilitation, SMME finance and development, property management and project management, hospitality and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net surplus of the economic entity was R263 671 (2024: surplus R329 500), after taxation of R150 324 (2024: (R4 916)).

2.3 Going Concern

We draw attention to the fact that at 31 March 2025, the economic entity had an accumulated surplus of R2 365 044 and that the entity's total liabilities are exceeded its assets by R2 984 050.

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 is 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 is 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.

2.4 Subsequent Events

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

2.5 Accounting Policies

The annual financial statements prepared in accordance with GRAP, including any interpretations of such

Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of GRAP issued by the Accounting Standards Board as the prescribed framework by National Treasury.

2.6 Share Capital / Contributed Capital

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

2.7 Accounting Authority

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

Name	Changes
• Mr MJ Nale (Accounting Authority)	None
• Mr T Mokotedi (Executive Manager: Property Development and Management)	None
• Mr M Mahapa (Acting Chief Financial Officer)	Term ended on 28 February 2025
• Ms K Molosiwa (Acting Chief Financial Officer)	Appointed on 1 March 2025

2.8 Secretary

The secretary of the entity is Ms M Seleke.

2.9 Auditors

The AGSA will continue in office for the next financial period.

The annual financial statements set out on pages 68 to 120, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2025 and were signed on its behalf by:



Mr MJ Nale
Accounting Authority

3) Company Secretary's Certification

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

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



Ms M Seleke
Company Secretary

4) Report of the AGSA to Provincial Legislature on North West Development Corporation SOC Limited

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of the North West Development Corporation (NWDC) and its subsidiaries (the group) set out on pages 68 to 120, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and the consolidated and separate cash flow statement for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the NWDC as at 31 March 2025 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with 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 qualified opinion

Investment property

3. The group did not recognise all property held to earn rental as investment property in accordance with GRAP 16 – Investment property. The group did not account for properties that should have been accounted for and there were differences identified between the accounting records and the valuation reports. In addition, there were properties that were duplicated in the investment property register. I was unable to determine the full extent of misstatement on investment property and resulted impact on fair value adjustment, deferred tax, accumulated surplus 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 and control of investment property due to the non-submission of valid permission to occupy agreements 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 R3 325 037 000 (2024: R3 161 238 000) in note 2 to the consolidated and separate financial statements were necessary.

Property plant and equipment

5. The group did not recognise infrastructure in accordance with GRAP 17 – Property, plant and equipment, as they incorrectly disclosed infrastructure assets that they do not control. In addition, they incorrectly impaired the same infrastructure assets to the value of R53 572 000 when there was no indicator of impairment. Consequently, property, plant and equipment and impairment was overstated by an amount of R53 572 000 as disclosed in note 3, in the consolidated and separate financial statements.

Income tax

6. I was unable to obtain sufficient appropriate audit evidence that income tax for the current year had been properly accounted for, due to the status of the accounting records. I was unable to confirm whether all the income tax was recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to income tax stated at R1 50 324 000 in note 31, in the consolidated and separate financial statements.

Irregular expenditure

7. Section 55(2)(b)(i) of the PFMA requires the disclosure of irregular expenditure incurred. The entity incurred irregular expenditure in the current year in contravention of 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 42 to the consolidated and separate financial statements.

Net cash flows from operating activities

8. Net cash flows from operating activities was not correctly prepared and disclosed in accordance with Standards of GRAP 2 – Cash flow statements. This was due to multiple 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 R3 213 000 (2024: R32 515 000) in the consolidated and separate financial statements were necessary.

Context for opinion

9. 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.

10. 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.

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

Material uncertainty related to going concern

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

13. I draw attention to note 39 to the consolidated and separate financial statements, which indicates the adverse conditions of net current liability position and creditor's payment period. As stated in note 39, these events or conditions, along with the other matters as set forth in note 39, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

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

14. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the 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.

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

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

16. 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.

17. 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 on page 66 forms part of my auditor's report.

Report on the audit of the annual performance report

18. 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 material performance indicator presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

19. I selected the following material performance indicators related to property development and management presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage occupancy on available lettable property spaces
- Number of property developments with smart meters installed

20. I evaluated the reported performance information for the selected material performance indicators 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.

21. 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 and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

23. The material finding on the reported performance information for the selected material indicators is as follows:

Percentage occupancy on available lettable property spaces

24. An achievement of 76% on percentage occupancy on available lettable property spaces was reported against a target of 75%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. 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.

27. The table that follows provides information on the achievement of planned targets and lists the key indicator that was 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 25 and 26.

Targets achieved: 50%		
Key indicator not achieved	Planned target	Reported achievement
Number of properties with smart meters installed	12	0

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Property Development and Management. Management did not correct the misstatement, and I reported material finding in this regard.

Report on compliance with legislation

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

30. 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.

31. 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.

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

Annual financial statements and annual report

33. 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 non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Revenue management

34. 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

35. 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 qualified opinion, the value disclosed in note 42 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).

36. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 41 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 interest and penalties on payments.

Liability management

37. 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 section 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

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

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

Procurement and contract management

40. Some of the goods, works or services were not procured through a procurement process that is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

41. Some of the contracts were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by PFMA 57(b).

42. The preference point system was not applied in some of the procurement of goods and services as required by section 2(a) of the PPPFA. Similar non-compliance was also reported in the prior year.

Other information in the annual report

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

44. My opinion on the consolidated and separate financial statements and my reports on the audit of the annual performance report and 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.

45. 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.

46. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

47. 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.

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

49. 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.

50. 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 and non-compliance findings.

51. Management did not implement adequate controls to prevent non-compliance related to procurement and contract management, which resulted in the incurrence of irregular expenditure. Furthermore, investigations were not conducted on the prior year's irregular and fruitless and wasteful expenditure to ensure that consequence management is implemented in accordance with the required prescripts.

Material irregularities

52. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

53. The material irregularities identified are as follows: Effective and appropriate steps to collect all revenue due to the public entity not taken

54. The NWDC has not complied with section 51(1)(b)(i) of the PFMA, which requires the accounting authority of a public entity to take effective and appropriate steps to collect all revenue due to the entity. The NWDC has failed to enforce its debt collection processes as outlined in its Property Management, Credit Control and Debt Collection policies, leading to a continuous increase in outstanding receivables and impairments.

55. Over the last three audited financial years, rental income has increased, yet a significant portion remains unpaid, resulting in a growing balance of outstanding receivables. Most of these receivables have been impaired due to ineffective debt collection measures. Additionally, outstanding balances on loans issued to small, medium and micro enterprises have remained uncollected, with all amounts eventually becoming impaired, demonstrating a complete failure in recovering these funds. The lack of timely and appropriate action to address these issues has contributed to a persistent inability to collect revenue that is due to the entity.

56. The failure to collect revenue has already created liquidity challenges, limiting the entity's ability to settle its financial obligations, fund operational costs, and sustain its mandate of driving economic development in the province. The persistent shortfall in revenue collection has placed significant pressure on the entity's cash flow, leading to increased reliance on external financial support from other government departments to cover operational expenses. This reliance is unsustainable and, if not addressed, could lead to further financial distress.

57. The accounting authority was notified of this material irregularity on 27 May 2025 and invited to make a written submission on the actions taken or to be taken to address the matter.

58. The accounting authority responded to the notification on 25 June 2025, indicating that this is not due to an official of the public entity but to organisational challenges that cannot be attributed to one individual as they are organic and systematic in nature.

59. To address the material irregularity, the accounting authority has commenced with the appointment of a property valuator for conditional assessments of the properties, appointment of outsourced legal agencies and call centre agents within the entity for revenue collections, and engagements with tenants for payment potential and arrangements, indicating a step in the right direction

60. While several initial steps have been taken to address the material irregularity, critical gaps remain, particularly in relation to actual recovery of outstanding debts and systematic strengthening of controls.

61. I determined that the accounting authority is not taking appropriate action to resolve the material

irregularity. I am in the process of making a decision on further actions to be taken.

Other reports

62. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

63. The Special Investigating Unit 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 that the entity entered into in prior years. The investigations were still in progress at the date of this report.

Auditor - general

Rustenburg
31 July 2025



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 International Standards on Auditing, 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 programmes and on the entity's compliance with selected requirements in key legislation.

Consolidated and separate 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 the 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes 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, paragraphs or regulations
Public Finance Management Act No. 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 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)
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
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 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 Framework 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; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position
as at 31 March 2025

		Economic Entity		Controlling Entity	
Figures in Rand Thousand	Notes	2025	2024 Restated*	2025	2024 Restated*
ASSETS					
Current Assets					
Loans to economic entities	6	11 137	11 137	11 137	11 137
Operating lease asset	8	8 806	11 002	8 806	11 002
Receivables from exchange transactions	12	41 632	27 820	41 632	27 820
VAT receivable	13	6 926	1 340	6 926	1 340
Cash and cash equivalents	14	64 826	65 727	64 826	65 724
		133 327	131 072	133 327	131 069
Non-Current Assets					
Investment property	2	3 325 037	3 161 238	3 325 037	3 161 238
Property, plant and equipment	3	126 981	220 426	126 981	220 426
Intangible assets	4	9 274	9 274	4	4
Living resources	5	3 373	1 715	3 373	1 715
		3 464 665	3 392 653	3 455 395	3 383 383
Total Assets		3 597 992	3 509 679	3 588 722	3 500 406
LIABILITIES					
Current Liabilities					
Loans from economic entities	6	11 137	11 137	-	-
Other financial liabilities	17	18 882	18 882	-	-
Payables from exchange transactions	9	213 349	196 694	212 182	195 508
VAT payable	10	-	(4 481)	-	(4 481)
Bank overdraft	14	581	4 701	581	4 701
		243 949	226 933	212 763	195 728
Non-Current Liabilities					
Other financial liabilities	17	74 181	74 181	74 181	74 181
Employee benefit obligation	11	9 991	9 991	9 991	9 991
Deferred tax	7	390 828	413 245	390 828	413 245
Government projects	18	78 722	69 468	78 722	69 468
		553 722	566 885	553 722	566 885
Total Liabilities		797 671	793 818	766 485	762 613
Net Assets		2 800 321	2 715 861	2 822 237	2 737 793
Share capital / contributed capital	15	303 854	303 854	303 854	303 854
Revaluation reserve	16	315 152	332 552	315 152	332 552
Accumulated surplus		2 343 132	2 079 428	2 365 044	2 101 391
Total Net Assets		2 962 138	2 715 834	2 984 050	2 737 797

* See Note 37

Statement of Financial Performance
as at 31 March 2025

		Economic Entity		Controlling Entity	
Figures in Rand Thousand	Notes	2025	2024 Restated*	2025	2024 Restated*
REVENUE					
Revenue from exchange transactions					
Rental of facilities and equipment	20	141 945	157 439	141 945	157 439
Interest received (trading)		87 842	68 126	87 842	68 126
Rental income		291	494	291	494
Recoveries		8 961	5 273	8 961	5 273
Other income		5 724	1 803	5 701	1 800
Other income		-	9	-	-
Interest received (investment)	22	3 721	858	3 721	858
Fair value adjustments		163 799	370 216	163 799	370 216
Actuarial gains		-	338	-	338
Total revenue from exchange transactions		412 283	604 556	412 260	604 544
Revenue from non-exchange transactions					
Transfer revenue					
Government grants and subsidies	23	89 369	97 182	89 256	96 926
Total revenue	19	501 652	701 738	501 516	701 470
EXPENDITURE					
Employee related costs	24	(96 549)	(99 869)	(96 549)	(99 869)
Depreciation and amortisation	25	(74 908)	(19 982)	(74 908)	(19 982)
Finance costs	26	(8 324)	(16 792)	(8 318)	(16 775)
Lease rentals on operating lease	21	(25)	(9)	(25)	(9)
Debt impairment	28	(86 811)	(104 216)	(86 811)	(104 216)
Expenses (by function)	29	(121 688)	(136 286)	(121 577)	(136 003)
Total expenditure		(388 305)	(377 154)	(388 188)	(376 854)
Taxation	31	150 324	4 916	150 324	4 916
Surplus for the year		263 671	329 500	263 652	329 532

* See Note 37

Statement of Changes in Net Assets
as at 31 March 2025

Figures in Rand Thousand	Share Capital Contributed Capital	Revaluation Reserve	Accumulated Surplus/ Deficit	Total Net Assets
ECONOMIC ENTITY				
Balance at 1 April 2023	303 854	286 900	1 749 928	2 340 682
Changes in net assets: Revaluation of infrastructure assets	-	45 652	-	45 652
Net income (losses) recognised directly in net assets	-	45 652	-	45 652
Surplus for the year	-	-	329 500	328 500
Total recognised income and expenses for the year	-	45 652	329 500	357 152
Total changes	-	45 652	328 500	357 152
Restated* Balance at 1 April 2024	303 854	332 552	2 079 461	2 715 867
Changes in net assets: Impairment losses on revalued capital assets	-	62 080	-	62 080
Reversal of impairment losses on revalued capital assets	-	(81 135)	-	(81 135)
Revaluation of Living Resources	-	1 752	-	1 752
Depreciation of Living Resources	-	(97)	-	(97)
Net income (losses) recognised directly in net assets	-	(17 400)	-	(17 400)
Surplus for the year	-	-	263 671	263 671
Total recognised income and expenses for the year	-	(17 400)	263 671	246 271
Total changes	-	(17 400)	263 671	246 271
Balance at 31 March 2025	303 854	315 152	2 343 132	2 962 138
Notes	15	16		
CONTROLLING ENTITY				
Balance at 1 April 2023	303 854	286 900	1 771 859	2 362 613
Changes in net assets: Revaluation of infrastructure assets	-	45 652	-	45 652
Net income (losses) recognised directly in net assets	-	45 652	-	45 652
Surplus for the year	-	-	329 532	329 532
Total recognised income and expenses for the year	-	45 652	329 532	375 184
Total changes	-	45 652	329 532	375 184
Restated* Balance at 1 April 2024	303 854	332 552	2 101 392	2 737 798
Changes in net assets: Impairment losses on revalued capital assets	-	62 080	-	62 080
Reversal of impairment losses on revalued capital assets	-	(81 135)	-	(81 135)
Revaluation of Living Resources	-	1 752	-	1 752
Depreciation of Living Resources	-	(97)	-	(97)
Net income (losses) recognised directly in net assets	-	(17 400)	-	(17 400)
Surplus for the year	-	-	263 652	263 652
Total recognised income and expenses for the year	-	(17 400)	263 652	246 252
Total changes	-	(17 400)	263 652	246 252
Balance at 31 March 2025	303 854	315 152	2 365 044	2 984 050
Notes	15	16		

Statement of Cash Flows

as at 31 March 2025

		Economic Entity		Controlling Entity	
Figures in Rand Thousand	Notes	2025	2024 Restated*	2025	2024 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods and services		131 187	122 323	131 187	122 323
Grants		79 988	96 926	79 988	96 926
Interest income		3 721	858	3 721	858
Other cash item		11 226	-	11 226	-
		226 122	220 107	226 122	220 107
Payments					
Employee costs		(96 549)	(99 869)	(96 549)	(99 869)
Suppliers		(126 360)	(87 723)	(126 342)	(87 723)
		(222 909)	(187 592)	(222 891)	(187 592)
Net cash flows from operating activities	30	3 213	32 515	3 231	32 515
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase/(decrease) in cash and cash equivalents		3 213	32 515	3 231	32 515
Cash and cash equivalents at the beginning of the year		61 026	29 948	61 023	29 948
Cash and cash equivalents at the end of the year	14	64 245	61 023	64 245	61 023

The accounting policies on pages 72 to 91 and the notes on pages 92 to 120 form an integral part of the annual financial statements.

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 consolidated annual financial statements have been prepared in accordance with the Standards of GRAP issued by the Accounting Standards Board in accordance with Section 91(1) of the PFMA.

These consolidated 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 unless otherwise stated.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 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

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non-financial. The actual impact of an entity's involvement with another entity can have positive or negative aspects.

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

Consolidated annual financial statements are the annual financial statements of an economic entity in which 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.

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.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties. An economic entity is a controlling entity and its controlled 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.

1.6 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

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

Trade receivables / held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including changes in the Property market performance together with economic factors such as changes in macro economic policies, inflation rates or interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the annual financial statements.

Contingent provisions on entity combinations

Contingencies recognised in the current year required estimates and judgments, refer to note on entity combinations.

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 to note 7: Deferred Tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The economic entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The economic entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the economic entity to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the economic entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11: Employee Benefit Obligations.

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.

Any difference between the fair value of the Property at that date and its previous carrying amount shall be recognised in surplus and deficit.

Compensation from third parties for investment Property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment Property in the following circumstances:

- When classification is difficult, the criteria used to distinguish investment Property from owner-occupied Property and from Property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:
 - The nature **OR** type of properties classified as held for strategic purposes are as follows:
 - The economic entity separately discloses expenditure to repair and maintain investment Property in the notes to the annual financial statements (see note 2: Investment Property).
 - The economic entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 2: Investment Property).

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.

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 in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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 3: Property, plant and equipment).

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

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

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.

In the entity's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost.

In the entity's separate financial statements, investments in controlled entities are carried at cost.

In the entity's separate financial statements, investments in associates are carried at cost.

In the entity's separate financial statements, investments in joint ventures are carried at cost.

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

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

1.1.1 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.

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

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

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

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

A financial asset is:

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

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

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

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

Class	Category
Other financial liabilities	Financial liability measured at 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).

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

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

Tax expenses

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

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

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

1.13 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.

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 / contributed capital

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

1.17 Employee benefits

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.

Classification of plans

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

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

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

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

State plans are plans established by legislation that operate as if they are multi-employer plans for all entities in economic categories laid down in legislation.

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 pre-payment 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 (12) months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

Other long-term benefits: Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- service cost;
- net interest on the net defined benefit liability (asset); and
- remeasurements of the net defined benefit liability (asset).

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/(deficit).

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number

of employees who will be compensated for services being terminated;

- the expenditures that will be undertaken; and
- when the plan will be implemented;
- has raised a valid expectation in those affected that it 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 35 Contingencies.

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.

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.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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 arises 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 nonexchange 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

Where 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

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

- the PFMA; 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 and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

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 pro-creation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

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

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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 or non-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.

The residual value of an asset is the estimated amount that an economic entity would currently obtain from disposal of the asset, after deducting the estimated costs

of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an economic entity, or the number of production or similar units expected to be obtained from the asset by an economic entity.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

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 economic entity 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 economic entity 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 cost.

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.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

The economic entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource 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(s) are accounted for as a change in an accounting estimate.

In assessing whether there is any indication that the expected useful life of the living resource has changed, the economic entity considers the following indications:

- The use of the living resource has changed, because of the following:
 - The economic entity has changed the manner in which the living resource is used.
 - The economic entity has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
 - Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
 - The living resource was idle or retired from use during the reporting period.
- The living resource is approaching the end of its previously expected useful life.
- There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.
- The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the economic entity considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource 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 living resource, the method is

changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Other	Straight-line	3-20 years

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
as at 31 March 2025

2. INVESTMENT PROPERTY

Economic Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 325 037	-	3 325 037	3 161 238	-	3 161 238

Controlling Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 325 037	-	3 325 037	3 161 238	-	3 161 238

Reconciliation of Investment Property:

Economic Entity 2025	Opening balance	Fair value adjustments	Total
Investment Property	3 161 238	163 799	3 325 037

Economic Entity 2024	Opening balance	Transfers	Fair value adjustments	Total
Investment Property	2 793 612	(2 590)	370 216	3 161 238

Notes to the Financial Statements
as at 31 March 2025

2. INVESTMENT PROPERTY (Continued)

Controlling Entity 2025	Opening balance	Fair value adjustments	Total
Investment Property	3 161 238	163 799	3 325 037

Controlling Entity 2024	Opening balance	Transfers	Fair value adjustments	Total
Investment Property	2 793 612	(2 590)	370 216	3 161 238

Pledged as security:

No investment properties were pledged as security.

A register containing the information required by the PFMA is available for inspection at the registered office of the entity.

Investment property valuations were conducted by Eagilwe Property Consulting and Asset Management at fair value, based on the aggregate on comparable sales and cost estimate method. The valuations were performed before the submission of the financial statements to reflect the fair values as at the end of the financial year, 31 March 2025. A material fair value adjustment was made to the Investment property balance to ensure fair presentation as at year end. Gains and losses arising from a change or re-measurement to fair values were recognised in the profit or loss section.

Eagilwe Property Consulting and Asset Management's independent professional valuers who hold a professional registration with the South African Council for the Property Valuers Profession (SACPVP). Rental revenue to the amount of R140 765 was generated from the investment properties for the financial year ended 31 March 2025. No direct operating expenses were incurred on properties which do not generate rental revenue.

Notes to the Financial Statements
as at 31 March 2025

	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Amounts recognised in surplus or deficit				
Rental revenue from investment property	140 765	151 761	140 765	151 761
From investment property that generated rental revenue				
Direct operating expenses (excluding repairs and maintenance)	(63 859)	(77 905)	(63 859)	(77 905)
Repairs and maintenance	(8 647)	(17 234)	(8 647)	(17 234)
	(72 506)	(95 139)	(72 506)	(95 139)

As of 31 May 2025, the entity includes several parcels of properties occupied under Permission to Occupy (PTO) arrangements within its investment property portfolio. These properties are measured at fair value in accordance with the accounting policy adopted for investment property as per GRAP 16: Investment Property. However, legal titles to these properties cannot currently be proven, as the entity does not hold registered title deeds or equivalent legal documentation confirming ownership. This is because these properties were acquired several decades ago by the then Bophuthatswana National Development Corporation (BNDC). Despite the absence of title deeds, the entity continues to occupy and exercise control over these properties, including exclusive access and use of the properties; and long-term uninterrupted possession, and intention to derive future service potential or capital appreciation. Based on this continued occupation and control, management has judged it appropriate to continue recognising these properties as investment property, and to measure them at fair value.

In line with GRAP 1 and GRAP 16, management discloses the assessment of control over properties with unconfirmed ownership based on factual use and historical occupation. The fair value remains reliably measurable.

The impact of the properties with unconfirmed ownership on the financial statements is as follows:

Statement of Financial Position:

Value of Investment Properties as disclosed in the Statement of Financial Position	3 325 037	3 161 238	3 325 037	3 161 238
Fair value of properties with unconfirmed ownership	(149 870)	(141 199)	(133 382)	(141 199)
	3 175 167	3 020 039	3 191 655	3 020 039

Statement of Financial Performance:

Fair value of adjustments of Investment Properties as disclosed in the Statement of Financial Performance	163 799	370 216	163 799	370 216
Fair value adjustment relating to properties with unconfirmed ownership	(8 672)	(15 514)	(8 672)	(15 514)
	155 127	354 702	155 127	354 702

3. PROPERTY, PLANT AND EQUIPMENT

Economic Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Land	6 388	-	6 388	6 388	-	6 388
Buildings	29 825	(14 743)	15 082	29 825	(14 072)	15 753
Furniture and fixtures	2 737	(2 348)	389	2 486	(2 281)	205
Motor vehicles	8 537	(7 914)	623	8 535	(7 835)	700
Office equipment	7 055	(5 237)	1 818	6 803	(4 710)	2 093
Infrastructure	582 795	(480 139)	102 656	664 028	(468 766)	195 262
Other property, plant and equipment	25	-	25	25	-	25
Total	637 362	(510 381)	126 981	718 090	(497 664)	220 426

Controlling Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Land	6 388	-	6 388	6 388	-	6 388
Buildings	29 825	(14 743)	15 082	29 825	(14 072)	15 753
Furniture and fixtures	2 737	(2 348)	389	2 486	(2 281)	205
Motor vehicles	8 537	(7 914)	623	8 535	(7 835)	700
Office equipment	7 055	(5 237)	1 818	6 803	(4 710)	2 093
Infrastructure	582 795	(480 139)	102 656	664 028	(468 766)	195 262
Other property, plant and equipment	25	-	25	25	-	25
Total	637 362	(510 381)	126 981	718 090	(497 664)	220 426

Reconciliation of property, plant and equipment:

Economic Entity 2025	Opening Balance	Additions	Disposals	Revaluations	Depreciation	Impairment Loss	Total
Land	6 388	-	-	-	-	-	6 388
Buildings	15 753	-	-	-	(671)	-	15 082
Furniture and fixtures	205	250	-	-	(66)	-	389
Motor vehicles	700	2	-	-	(79)	-	623
Office equipment	2 093	289	(22)	-	(542)	-	1818
Infrastructure	195 262	-	-	(19 151)	(19 883)	(53 571)	102 656
Other property, plant and equipment	25	-	-	-	-	-	25
Total	220 426	541	(22)	(19 151)	(21 241)	(53 571)	126 981

Economic Entity 2024	Opening Balance	Additions	Additions through transfer of functions / mergers	Transfers	Revaluations	Depreciation	Total
Land	5 981	-	-	407	-	-	6 388
Buildings	13 884	305	-	2 183	-	(619)	15 753
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	-	-	-	45 653	(18 560)	195 262
Other property, plant and equipment	-	25	-	-	-	-	25
Total	190 252	1 465	448	2 590	45 653	(19 982)	220 426

Controlling Entity 2025	Opening Balance	Additions	Disposals	Revaluations	Impairment Loss	Depreciation	Total
Land	6 388	-	-	-	-	-	6 388
Buildings	15 753	-	-	-	-	(671)	15 082
Furniture and fixtures	205	250	-	-	-	(66)	389
Motor vehicles	700	2	-	-	-	(79)	623
Office equipment	2 093	289	(22)	-	-	(542)	1818
Infrastructure	195 262	-	-	(19 151)	(53 571)	(19 884)	102 656
Other property, plant and equipment	25	-	-	-	-	-	25
Total	220 426	541	(22)	(19 151)	(53 571)	(21 242)	126 981

Controlling Entity 2024	Opening Balance	Additions	Additions through transfer of functions / mergers	Transfers	Revaluations	Depreciation	Total
Land	5 981	-	-	407	-	-	6 388
Buildings	13 884	305	-	2 183	-	(619)	15 753
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	-	-	-	45 653	(18 560)	195 262
Other property, plant and equipment	-	25	-	-	-	-	25
Total	190 252	1 465	448	2 590	45 653	(19 982)	220 426

Pledged as security:

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

Impairment:

The NWDC's infrastructure assets, with a total carrying amount of R156 324 871 were reviewed for indications of impairment. The assessment was triggered by ongoing challenges in substantiating the historical ownership records of certain infrastructure items, as well as the absence of supporting documentation (such as title deeds, engineering certificates, handover documentation, or capital project completion files) that would confirm the source, nature, and original intent behind the capitalisation of these assets. As a result of this process, two sites were identified with infrastructure assets amounting to a combined carrying value of R53 571 995 (Babelegi and Ga-Rankuwa locations). The assets are in use or situated in areas that fall under the service delivery jurisdiction of local municipalities.

In accordance with GRAP 21, an impairment loss is recognised when the recoverable service amount of an asset is less than its carrying amount. Where there is no foreseeable use, no future service potential, and no expectation of economic benefit flowing to the entity, the recoverable service amount is considered to be nil.

Based on this assessment, an impairment loss of R53 571 995 was recognised, reflecting the write-down of these specific assets to a nil carrying amount. This treatment was applied as it is the most prudent and appropriate accounting response to ensure that the NWDC's asset base is not overstated, and that the carrying values reflect only those assets which are supported by reliable historical and financial information.

Revaluations:

Revaluations were performed by Eagilwe Property Valuers. A Total Replacement Cost model was used to determine the value of the infrastructure. The register containing details of the valuations is available at the registered offices of the entity.

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

	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Included in the Statement of Financial Performance:				
Repairs and maintenance	1 358	2 591	1 358	2 591

4. INTANGIBLE ASSETS

Economic Entity	2025			2024		
	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	2025			2024		
	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 2025

	Opening balance	Total
Computer software, other	4	4
Intangible assets	9 270	9 270
	9 274	9 274

Economic Entity 2024

	Opening balance	Total
Computer software, other	4	4
Intangible assets	9 270	9 270
	9 274	9 274

Controlling Entity 2025

	Opening balance	Total
Computer software, other	4	4

Controlling Entity 2024

	Opening balance	Total
Computer software, other	4	4

5. LIVING RESOURCES

Economic Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game	3 468	(95)	3 373	1 715	-	1 715

Controlling Entity	2025			2024		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game	3 468	(95)	3 373	1 715	-	1 715

Reconciliation of living resources:

Economic Entity 2025	Opening balance	Revaluation increase/decrease recognised in net assets	Depreciation	Total
Game	1 715	1 753	(95)	3 373

Economic Entity 2024	Opening balance	Additions through transfer of functions/mergers	Total
Game	-	1 715	1 715

Controlling Entity 2025	Opening balance	Revaluation increase/decrease recognised in net assets	Depreciation	Total
Game	1 715	1 753	(95)	3 373

Controlling Entity 2024	Opening balance	Additions through transfer of functions/mergers	Total
Game	-	1 715	1 715

Item	Depreciation Method	Average Useful Life
Blesbok	Straight-line	12-15 years
Gemsbok	Straight-line	20 years
Giraffe	Straight-line	20-25 years
Impala	Straight-line	13-15 years
Impala Ewe	Straight-line	8-15 years
Kudu	Straight-line	7-8 years
Red Hartebeest	Straight-line	19 years
Springbok	Straight-line	7-10 years
Black Wildebeest	Straight-line	20 years
Ostrich	Straight-line	30-40 years
Waterbuck	Straight-line	11-18 years
Zebra	Straight-line	20 years
Mountain Reedbuck	Straight-line	8-12 years

Revaluations:

Game:

The effective date of the revaluation was 31 March 2025. Revaluations were performed by Bassair Aviation (an independent valuator) for flying and data capturing. The fair values are industry related prices from various sources, due to the nature of the game industry there is no single source to determine the fair value.

The asset count was conducted on 31 March 2025, and the following were observed:

Non-financial information	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Blesbok	49	38	49	38
Gemsbok	15	17	15	17
Giraffe	17	20	17	20
Impala	23	33	23	33
Impala Ewe	77	-	77	-
Kudu	43	9	43	9
Red Hartebeest	94	101	94	101
Springbok	64	45	64	45
Black Wildebeest	200	189	200	189
Ostrich	64	42	64	42
Waterbuck	66	18	66	18
Zebra	54	95	54	95
Mountain Reedbuck	1	-	1	-
	767	607	767	607

6. LOANS TO (FROM) ECONOMIC ENTITIES

Controlled Entities	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Group co ID 1	11 137	11 137	11 137	11 137
Terms and conditions	-	-	-	-
Current assets	11 137	11 137	11 137	11 137
Current liabilities	(11 137)	(11 137)	-	-
	-	-	11 137	11 137

7. DEFERRED TAX LIABILITY

Property, plant and equipment	(390 828)	(413 245)	(390 828)	(413 245)
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset/(liability):

At beginning of year	(413 245)	(434 614)	(413 245)	(434 614)
Deferred tax movement	22 417	21 369	22 417	21 369
	(390 828)	(413 245)	(390 828)	(413 245)

Recognition of deferred tax asset:

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- The utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- The economic entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

8. OPERATING LEASE ASSET (LIABILITY)

Current assets	8 806	11 002	8 806	11 002
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9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	115 166	107 447	114 070	106 350
Other payables	-	(5 192)	-	(5 192)
Other payables 2	71	89	-	-
Accrued leave pay	13 713	17 783	13 713	17 783
Accrued expenses	7 793	391	7 793	391
Deposits received	27 912	26 587	27 912	26 587
Other creditors	48 694	49 589	48 694	49 589
	213 349	196 694	212 182	195 508

10. VAT PAYABLE

Value control	-	(4 481)	-	(4 481)
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II. EMPLOYEE BENEFIT OBLIGATIONS

Defined Benefit Plans: Post employment Medical Benefit:

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 2025 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 five (5) years of continuous service, and every five (5) years of continuous service from five (5) years of service to thirty (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 2025 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.

	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Present value of the defined benefit obligation (wholly unfunded)	(4 568)	(4 568)	(4 568)	(4 568)
Long service award	(5 423)	(5 423)	(5 423)	(5 423)
	(9 991)	(9 991)	(9 991)	(9 991)

Calculation of actuarial gains and losses:

Actuarial (gains)/losses	-	(338)	-	(338)
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Key assumptions used: Assumptions used at the reporting date

Discount rates: PERMAL	10.27%	11.50%	10.27%	11.50%
Discount rates: LSA	9.87%	11.25%	9.87%	11.25%
Consumer Price Inflation (CPI): PERMAL	5.24%	6.56%	5.24%	6.56%
Consumer Price Inflation (CPI): LSA	5.27%	6.69%	5.27%	6.69%
Normal salary increase rate: PERMAL	6.24%	7.56%	6.24%	7.56%
Net effective discount rate: PERMAL	3.79%	3.66%	3.79%	3.66%
Normal salary increase rate: LSA	6.27%	7.69%	6.27%	7.69%
Net effective discount rate: LSA	3.38%	3.30%	3.38%	3.30%

Other assumptions:

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

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Amounts for the previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	4 355	4 568	5 053	5 341	5 437
Long service awards	5 547	5 423	5 101	5 335	5 411
	9 902	9 991	10 154	10 676	10 848

Members of the post-employment medical benefits:

	2025	2024	2023	2022	2021
Continuation members (Pensioners)	13	15	17	19	17

Members entitled to long service awards:

	2025	2024	2023	2022	2021
Male	72	74	72	73	72
Female	82	83	72	74	72
	154	157	144	147	144

12. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Trade debtors	609 475	509 584	609 475	509 584
Allowance account for losses: Trade debtors	(573 782)	(488 542)	(573 782)	(488 542)
Deposit	2 727	2 727	2 727	2 727
Sundry debtors	4 101	905	4 101	905
SMME and loan debtors	133 686	123 154	133 686	123 154
Allowance account for losses: SMME and loan debtors	(134 575)	(120 008)	(134 575)	(120 008)
Other receivable: Golden Leopard Resorts SOC Ltd (GLR)	57 899	57 899	57 899	57 899
Allowance account for losses: Other receivables GLR	(57 899)	(57 899)	(57 899)	(57 899)
	41 632	27 820	41 632	27 820

No trade and other receivables have been pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. None of the financial assets that are fully performing have been renegotiated in the last year.

Trade and other receivables impaired

As of 31 March 2025, trade and other receivables of R99 807 (2024: R119 849) were impaired and provided for. The amount of the provision was R708 357 as of 31 March 2025 (2024: R608 550).

Reconciliation of provision for impairment of trade and other receivables:

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Opening balance	(586 271)	(488 701)	(586 271)	(488 701)
Provision for impairment	(122 086)	(97 570)	(122 086)	(97 570)
	(708 357)	(586 271)	(708 357)	(586 271)

13. VAT RECEIVABLE

VAT control	-	138	-	138
VAT input accrual	6 926	1 202	6 926	1 202
	6 926	1 340	6 926	1 340

14. CASH AND CASH EQUIVALENTS**Cash and cash equivalents consist of:**

Cash on hand	(581)	(601)	(581)	(601)
Bank balances	64 826	65 724	64 826	65 724
Bank overdraft	-	(4 100)	-	(4 100)
	64 245	61 023	64 245	61 023
Current assets	64 826	65 727	64 826	65 724
Current liabilities	(581)	(4 701)	(581)	(4 701)
	64 245	61 026	64 245	61 023

Cash and cash equivalents pledged as collateral:

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

The entity had the following bank accounts:

Account Number/Description	Bank Statement Balances			Cash Book Balances		
	31 March 2025	31 March 2024	31 March 2023	31 March 2025	31 March 2024	31 March 2023
Standard Bank Current Account 00030885531	47 000	193	1 594	39 155	(4 092)	(2 946)
FNB Cheque Account 62105349551	7 024	11 731	1 440	4 941	9 481	(3 166)
FNB Money Market: Cheque Account 62145018067	1 636	685	5	1 636	(7)	5
Standard Bank Current Account 00030879019	2 299	37	166	2 299	37	2 595
Standard Bank SBD 00030503644	42	7	32	42	7	(753)
FNB Government Projects 62144597129	4	28 041	8	4	28 041	8
ABSA Call Account 09106777730	9	43	13 459	9	43	13 459
FNB Cheque Account 62590269075	24	27 974	20 524	24	27 974	20 524
Standard Bank Market Link 00136065473	5	1	2	5	1	1
Standard Bank SBC (2) 00238574679	16 560	141	134	16 560	141	134
NWDC	150	-	-	150	-	-
	74 753	68 853	37 364	64 825	61 626	29 861

15. SHARE CAPITAL / CONTRIBUTED CAPITAL

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Authorised: Ordinary shares	303 854	303 854	303 854	303 854
Issued: Ordinary	303 854	303 854	303 854	303 854

16. REVALUATION RESERVE

Opening balance	332 552	286 900	332 552	286 900
Change during the year: Infrastructure	(19 153)	45 652	(19 153)	45 652
Change during the year: Living resources	1 753	-	1 753	-
	315 152	332 552	315 152	332 552

Revaluation surplus relating to property, plant and equipment, and living resources.

17. OTHER FINANCIAL LIABILITIES**Designated at fair value:**

Bank Loan:	10 082	10 082	-	-
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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 I:	8 800	8 800	-	-
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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.

	18 882	18 882	-	-
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At cost:

Bank loan	74 181	74 181	74 181	74 181
Terms and conditions	-	-	-	-

Non-current liabilities:

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
At amortised cost	74 181	74 181	74 181	74 181

Current liabilities:

Designated at fair value	18 882	18 882	-	-
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18. GOVERNMENT PROJECTS

Government Projects: READ	12 452	12 452	12 452	12 452
Government Projects: COVID-19 Relief Fund	19 291	19 291	19 291	19 291
Government Projects: DEDECT	46 979	37 743	46 979	37 743
	78 722	69 486	78 722	69 486

19. REVENUE

Rental of facilities and equipment	141 945	157 439	141 945	157 439
Interest received (trading)	87 842	68 126	87 842	68 126
Rental income	291	494	291	494
Recoveries	8 961	5 273	8 961	5 273
Other income 1	5 724	1 803	5 701	1 800
Other income 3	-	9	-	-
Interest received (investment)	3 721	858	3 721	858
Government grants and subsidies	89 369	97 182	89 256	96 926
Fair value adjustment	163 799	370 216	163 799	370 216
	501 652	701 400	501 516	701 132

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

Rental of facilities and equipment	141 945	157 439	141 945	157 439
Interest received (trading)	87 842	68 126	87 842	68 126
Rental income	291	494	291	494
Recoveries	8 961	5 273	8 961	5 273
Other income 1	5 724	1 803	5 701	1 800
Other income 3	-	9	-	-
Interest received (investment)	3 721	858	3 721	858
	248 484	234 002	248 461	233 990

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

Taxation revenue: Transfer revenue:

Government grants and subsidies	89 369	97 182	89 256	96 926
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20. RENTAL OF FACILITIES AND EQUIPMENT

Included in the above rentals are operating lease rentals at straight-lined amounts of R7 656 880 (2024:R9 566 803).

21. LEASE RENTALS ON OPERATING LEASE**Lease rentals on operating lease 2:**

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	2025	2024	2025	2024
Contractual amounts	25	9	25	9

22. INVESTMENT REVENUE

Interest revenue: Bank	3 721	858	3 721	858
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23. GOVERNMENT GRANTS AND SUBSIDIES**Operating grants:**

Equitable share	89 256	96 926	89 256	96 926
Government grant (operating) I	113	256	-	-
	89 369	97 182	89 256	96 926

24. EMPLOYEE RELATED COSTS

Basic	70 957	69 314	70 957	69 314
Bonus	1 972	1 407	1 972	1 407
Medical Aid: Company contributions	5 267	3 077	5 267	3 077
UIF	322	308	322	308
Workers' Compensation Assistance	81	152	81	152
Leave pay provision charge	663	5 623	663	5 623
Short term benefit I	950	573	950	573
Overtime payments	486	502	486	502
Long service awards	706	476	706	476
Acting allowances	1 547	2 154	1 547	2 154
Transport allowance (bus coupons)	1 143	1 130	1 143	1 130
Other #4	12 455	15 153	12 455	15 153
	96 549	99 869	96 549	99 869

25. DEPRECIATION AND AMORTISATION

Property, plant and equipment	21 241	19 982	21 241	19 982
Living resources	95	-	95	-
Impairment of infrastructure	53 572	-	53 572	-
	74 908	19 982	74 908	19 982

26. FINANCE COST

Trade and other payables	8 324	9 719	8 318	9 702
Employee benefits obligation	-	961	-	961
Bank	-	6 112	-	6 112
	8 324	16 792	8 318	16 775

27. AUDITORS' REMUNERATION

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Fees	5 935	7 905	5 824	7 649
Consulting	-	239	-	239
	5 935	8 144	5 824	7 888

28. DEBT IMPAIRMENT

Debt impairment	86 811	104 216	86 811	104 216
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29. GENERAL EXPENSES

Advertising	97	3 200	97	3 200
Auditors remuneration	5 935	8 144	5 824	7 888
Bank charges	493	496	493	496
Computer expenses	3 663	5 571	3 663	5 571
Consulting and professional fees	22 307	14 597	22 307	14 570
Insurance	149	134	149	134
IT expenses	864	1 026	864	1 026
Magazines, books and periodicals	33	18	33	18
Fuel and oil	1 256	1 565	1 256	1 565
Printing and stationery	218	220	218	220
Repairs and maintenance	12 044	17 234	12 044	17 234
Telephone and fax	1 252	1 175	1 252	1 175
Training	284	2 054	284	2 054
Travel (local)	54	409	54	409
Property related expenses	64 985	77 905	64 985	77 905
Motor vehicle licences	22	22	22	22
Accrued expenses	8 037	2 516	8 037	2 516
Other expenses	(5)	-	(5)	-
	121 688	136 286	121 577	136 003

30. CASH GENERATED FROM OPERATIONS

Surplus	263 671	329 500	263 652	329 532
Adjustments for:				
Depreciation and amortisation	21 336	19 982	21 336	19 982
Fair value adjustments	(163 799)	370 216	(163 799)	(370 216)
Debt impairment	140 383	104 216	140 383	104 216
Movements in operating lease assets and accruals	2 196	(11 002)	2 196	(11 002)
Movements in retirement benefit assets and liabilities	-	(149)	-	(149)
Annual charge for deferred tax	(150 324)	-	(150 324)	-
Straight lining of operating lease expenses	(7 656)	-	(7 656)	-
Non-cash donations and other in-kind benefits	14 046	-	14 046	-
Other non-cash items	-	(67 682)	-	(67 723)
Other non-cash items	(26 416)	27 866	(26 398)	27 875
Changes in working capital:				
Receivables from exchange transactions	(21 173)	-	(21 173)	-
Consumer debtors	(86 811)	-	(86 811)	-
Payables from exchange transactions	16 655	-	16 674	-
VAT	1 105	-	1 105	-
	3 213	32 515	3 231	32 515

31. TAXATION**Major components of the tax expense:**

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	2025	2024	2025	2024
Deferred: Deferred tax	150 324	4 916	150 324	4 916

Reconciliation of the tax expense: Reconciliation between applicable tax rate and the average effective tax rate:

Applicable tax rate	28.00%	28.00%	28.00%	28.00%
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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	25	9	25	9
Depreciation on property, plant and equipment	74 813	19 982	74 813	19 982
Employee costs	96 549	99 869	96 549	99 869

33. FAIR VALUE ADJUSTMENTS

Investment property (fair value model)	163 799	370 216	163 799	370 216
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34. COMMITMENTS**Authorised operational expenditure:****Already contracted but not provided for:**

Construction	-	2 311	-	2 311
Operational commitments	2 490	-	2 490	-
	2 490	2 311	2 490	2 311

Total operational commitments:

Already contracted but not provided for	2 490	2 311	2 490	2 311
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35. CONTINGENCIES

The NWDC is involved in the cases listed below. The details of the cases are available at the company's offices in Mahikeng. The contingent liabilities are disclosed as such because the determination of whether it is payable are dependent on the outcome of the courts and is wholly outside the control of the NWDC management.

Updates on the following pending matters:

- The estimated quantum of the claims for Moses Kotane Local Municipality, City of Tshwane Municipality and Mahikeng Local Municipality cannot be estimated at this stage.
- MA Huma:** The Huma family is 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 million. The matter is still ongoing.
- City of Tshwane (liability):** The amount of the obligation cannot be measured with sufficient reliability. The parties are working towards reaching a compromise as they owe each other in principle. Negotiations between 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.
- Christiana All Seasons Resort (CASR):** During 2015 the NWDC purchased the 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 the NWDC. The NWDC appointed experts in 2018 to value the rehabilitation of the quarry for inclusion in the annual financial statements. The reports sighted various limitations due to the closure requirements not being known and the value not estimated reliably.
- During 2022/2023 another valuation was obtained and the following limitations were 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.
- Unpaid services:** Tshireletso Professional Services, Tokiso Security Services, and Bucs Security Services are claiming against the NWDC for unpaid services.
- Opal Mining (Pty) Ltd:** The client is claiming against the NWDC for possible breach of funding by the NWDC.

Contingent liabilities incurred relating to interests in other entities:

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
MA Huma	23 000	23 000	23 000	23 000
Opal Mining (Pty) Ltd	30 000	-	30 000	-
Altimax	18 500	18 000	18 500	18 000
Tshireletso Professional Services	4 597	-	4 597	-
Tokiso Security Services	1 250	-	1 250	-
Bucs Security Services	900	-	900	-
	78 247	41 000	78 247	41 000

36. RELATED PARTIES

Relationships:

Controlling Entity

North West Development Corporation SOC Ltd

Related party balances:

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Loan accounts - Owning (to) by related parties				
Department of Economic Development, Environment, Conservation and Tourism			16 342	8 833
Department of Human Settlements			13 509	10 483
Department of Tourism			(13)	(13)
Department of Finance: Mahikeng			562	(9 436)
North West Gambling Board			11	11
Department of Local Government and Traditional Affairs			199	199
Department of Social Development: Mogwase			96	83
Department of Social Development: Ganyesa			4 957	3 786
Department of Health: Mogwase			94	94
Department of Public Works (Correctional Services: Mogwase)			1 796	1 413
Department of Public Works (Labour: Mogwase)			1 146	819
Department Education (East: Mogwase)			798	217
South African Micro-Finance Apex Fund			(49)	-
Independent Primary Cooperative			(44)	217
North West Housing Corporation			217	-
North West Provincial Government			(4)	-

The balances above relate 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:**Rental billed to related parties:**

	14 948	14 324
Department of Human Settlements	9 962	9 962
Department of Finance: Mahikeng	350	494
Department of Public Works (Correctional Services: Mogwase)	408	627
Department of Public Works (Labour/UIF: Mogwase)	187	195
Department of Education (East: Mogwase)	842	766
Department of Social Development: Ganyesa	542	497

Rental payments received from related parties:

Department of Economic Development, Environment, Conservation and Tourism	13 702	15 919
Department of Human Settlements	14 113	8 076
Department of Finance: Mahikeng	400	366
Department of Public Works (Correctional Services: Mogwase)	271	351
Department of Education (East: Mogwase)	842	888
Department of Public Works (Labour/UIF: Mogwase)	-	192

Interest charged on related parties:

Department of Economic Development, Environment, Conservation and Tourism	1 280	1 067
Department of Human Settlements	1 366	1 009
Department of Social Development: Ganyesa	43	473
Department of Public Works (Correctional Services: Mogwase)	222	(461)
Department of Public Works (Labour/UIF: Mogwase)	140	112
Department of Social Development: Mogwase	13	11
Department of Education (East: Mogwase)	54	38

Remuneration of Management:**Management Class: Board Members:**

Board Members' Emoluments (Non-Executive): 2024	Board Fees	Total
Mr KK Konopi (Chairperson)	589	589
Ms E Mokuu	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

Management Class: Executive Management:

2025	Basic Salary	Other Short-Term Employee Benefits	Other Benefits Received	Total
Mr MJ Nale (Chief Executive Officer)	1 914	-	59	1 973
Mr MN Mahapa (Acting Chief Financial Officer)	641	237	268	1 146
Mr T Mokotedi (Executive Manager: Property Development and Management)	962	360	41	1 363
Ms K Molosiwa (Acting Chief Financial Officer)	132	-	-	132
Mr K Mafokwane (Executive Manager: Corporate Services)	1 378	-	41	1 419
Ms N Phamodi (Executive Manager: SMME Development and Management)	691	-	31	722
Ms S Mudramuthoo (Acting Executive Manager: SMME Development and Management)	1 068	-	112	1 180
Mr A Tau (Executive Manager: Bojanala SEZ)	1 698	-	50	1 748
Mr N Novasi (Acting Executive Manager: Corporate Services)	1 036	142	38	1 216
	9 520	739	640	10 889

2024	Basic Salary	Other Short-Term Employee Benefits	Other Benefits Received	Total
Mr MJ Nale (Chief Executive Officer)	471	-	35	506
Mr MN Mahapa (Acting Chief Financial Officer)	838	-	72	910
Mr K Mpofo (Chief Financial Officer)	1 265	57	81	1 403
Mr T Mokotedi (Executive Manager: Property Development and Management)	902	-	667	1 569
Mr K Mafokwane (Executive Manager: Corporate Services)	1 312	577	256	2 145
Ms N Phamodi (Executive Manager: SMME Development and Management)	988	-	50	1 038
Mr A Tau (Executive Manager: Bojanala SEZ)	1 617	-	61	1 678
Ms H Hoogkamer (Acting Chief Risk Officer)	277	-	101	378
	7 670	634	1 323	9 627

Key notes to Management remuneration:

The appointment of Mr MN Mahapa, in the position as Acting CFO ended on 28 February 2025 and Ms K Molosiwa was appointed as Acting Chief Financial Officer effective 1 March 2025.

Mr K Mafokwane is currently on special leave and Mr N Novasi was appointed as Acting Executive Manager: Corporate Services.

The term of contract of Ms N Phamodi ended on 30 November 2024 and Ms S Mudramuthoo was appointed Acting Executive Manager: SMME Development and Management.

37. 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:

Controlling Entity 2024	Note	As previously reported	Correction of error	Reclassification	Restated
Receivables from exchange transactions		18 651	9 169	-	27 820
Investment Properties		2 878 857	282 381	-	3 161 238
Property Plant and Equipment		190 252	29 683	-	219 935
Other Financial liabilities		(41 409)	(24 241)	(8 531)	(74 181)
Other Financial liabilities		(24 241)	24 241	-	-
Accumulated surplus		(1 739 274)	(340 171)	-	(2 079 455)
Revaluation reserve		(286 900)	(45 652)	-	(332 552)
Deferred tax		(461 186)	47 941	-	(413 245)
		534 740	(16 649)	(8 531)	509 560

Statement of Financial Performance:

Controlling Entity 2024	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions		151 761	9 567	161 328
Fair value adjustments		-	(370 216)	(370 216)
Depreciation		1 423	18 559	19 982
Debt impairment		129 018	(9 169)	119 849
		282 202	(351 259)	(69 057)

The following prior period errors adjustments occurred:

Investment Properties:

In the prior year the entity did not perform the valuation of the investment properties as required by standard of GRAP 16. The entity performed the valuation in the current year and also determined prior year fair values of investment properties to correct the prior year error. The changes were applied retrospectively and the prior period balances as well as the fair value adjustments were restated. The effects of the prior year adjustments are listed below:

Statement of Financial Position:**Controlling Entity 2024**

Opening balance	2 878 857	-	2 878 857
Restating the opening balance to correct valuation error	-	(85 245)	(85 245)
Prior year fair value adjustment	-	370 216	370 216
Reclassification of investment properties into property, plant and equipment	-	(2 590)	(2 590)
	2 878 857	282 381	3 161 238

Statement of Financial Performance:

Fair value adjustments	-	370 216	370 216
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Property, plant and equipment:

The valuation of infrastructure was not conducted as required by GRAP 17 in the prior financial year. In the current year the valuation was performed to correct the prior year figures.

Land and Building that was owner occupied in the prior year was incorrectly classified as investment properties. It has now been reclassified to property, plant and equipment and the adjustment was retrospective.

Statement of Financial Position:

Controlling Entity 2024	As previously stated	Correction of an error	Total
Opening Balance: Cost	516 361	147 667	664 028
Accumulated depreciation - Infrastructure	(348 192)	(120 574)	(468 766)
Furniture and Fittings	48	-	48
Motor Vehicles	865	-	865
Office Equipment	1 305	-	1 305
Land	5 981	407	6 388
Building	13 884	2 183	16 067
	190 252	29 683	219 935

Statement of Financial Performance:

Depreciation	1 423	18 559	19 982
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Receivables from exchange transactions:

There was an error in the determination of the provision for impairment in the prior year. The error has been corrected and the comparative figures have been restated to that effect.

The impact of the adjustment on the financial statements is indicated below:

Statement of Financial Position:

Controlling Entity 2024	As previously stated	Adjustments	Total
Receivables from exchange transactions (gross)	636 370	-	636 370
Provision for impairments	(617 719)	9 169	(608 550)
	18 651	9 169	27 820

Statement of Financial Performance:

Debt impairment loss	129 018	(9 169)	119 849
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Other Financial Liabilities:

Other financial liabilities consist of the loan from the Development Bank of Southern Africa (DBSA). The loan is interest free. As at the end of the financial year, the loan had a nominal value of R74 181 081. 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. Therefore, the entity is in default of the original agreement.

The loan was previously carried at amortised cost. However, because of the extended period of the non-payment by the NWDC, the interest portion and the capital amount would exceed the loan balance which currently is at R74 181 081. The DBSA is not expected to increase or add any additional interest to the loan due to the in-duplum rule. Therefore, the loan is carried at nominal value/cost as this will be a total amount of any capital and the interest payable. Furthermore, there are ongoing discussions/disputes between the NWDC, Provincial Treasury and DBSA pertaining to the loan balance and the non-payment has been going on for a number of years. As a result the change in measurement will be regarded as an error and adjusted retrospectively.

Statement of Financial Position:

Controlling Entity 2024

Other financial liabilities (non-current liabilities)	(24 241)	(49 940)	(74 181)
Other financial liabilities (current liabilities)	(41 409)	41 409	-
	(65 650)	(8 531)	(74 181)

Revenue from exchange transactions:

The adjustment was as a result of rental straight-lining which was previously not done.

38. 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:

The economic entity's risk to liquidity is as a result of the funds available to cover for future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

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 2025

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	7 368	14 536	40 786	30 373
Trade and other payables	202 711	-	-	-
Bank overdraft	581	-	-	-

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	29 505	7 898
Derivative financial instruments	196 672	-	-	-
Bank overdraft	4 701	-	-	-

Controlling Entity at 31 March 2025

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	7 368	14 536	21 904	30 373
Trade and other payables	201 615	-	-	-
Bank overdraft	581	-	-	-

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	60 291	5 720	10 623	7 898
Trade and other payables	195 508	-	-	-
Bank overdraft	4 701	-	-	-

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		Controlling Entity	
	2025	2024	2025	2024
Cash and cash equivalents	64 826	65 724	64 826	65 724
Receivables from exchange transactions	36 659	27 820	36 659	27 820

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. The risk associated with changes in interest rate is considered minimal because of a lower gearing ratio.

39. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus (deficit) of R2 365 044 and that the entity's total liabilities are exceeded its assets by R2 984 050.

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

The current liabilities exceed the current assets by R79 436, this creates a challenge in ensuring that short term liabilities are paid when they are due. The current creditors payment period is 488.7 days. This may create uncertainty regarding the going concern due to the prevailing liquidity challenges.

Management acknowledges the liquidity challenges the economic entity is faced with, however the following measures have been adopted to address the challenges:

- The disposal of properties which are not making profits and reinvesting the proceeds in cash generating activities. The group has obtained the necessary approval and are at the implementation stage.
- 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 because of the diversified tenant mix in our property portfolio.
- Implementation of more stringent debt collection measures. The entity has appointed Call centre agents whose main task is to follow up on slow paying tenants. Progress reports on this measure are monitored monthly.
- The entity has also appointed a legal panel to assist with ensuring that a legal process is followed for non-paying tenants.

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. To address this energy challenge and turn this "Threat" to an "Opportunity", the entity has embarked on a programme to apply for energy generation and distribution licence, which will provide the entity with an alternative source of revenue.

40. EVENTS AFTER THE REPORTING DATE

No material events after the reporting date were noted.

41. FRUITLESS AND WASTEFUL EXPENDITURE

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2025	2024	2025	2024
Interest and penalties on late payments	6 701	8 070	6 701	8 070

Disciplinary steps taken/criminal proceedings: None

42. IRREGULAR EXPENDITURE

Correction of prior period error	-	-	-	77 301
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Irregular expenditure is presented inclusive of VAT. The irregular expenditure relates to the non-compliance with the Preferential Procurement Regulations (PPR) of 2022.

43. SEGMENT INFORMATION**General Information:****Identification of segments:**

The economic entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

ANNEXURE A

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 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 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 NWDC for the financial year ended 31 March 2025.



Mr MJ Nale
Accounting Authority

North West Development Corporation SOC Ltd
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