Annual REPORT

2025/2026



NORTH WEST
DEVELOPMENT
CORPORATION

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Part A
General Information

1. General Information

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

AC	Audit Committee
AfCFTA	The African Continental Free Trade Area
AGSA	Auditor-General South Africa
ATR	Annual Training Report
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
GIAS	Global Internal Audit Standards
GDP	Gross Domestic Product
GLR	Golden Leopard Resorts SOC Ltd
GRAP	Generally Recognised Accounting Practices
HSE	Health, Safety, and Environment
IAF	Internal Audit Function
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	Mega Watt
MSME	Micro, Small, and Medium Enterprises
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
PPPFA	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, Micro 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
WSP	Workplace Skills Plan

3. Foreword by the Chairperson



Ms T Molefi
Chairperson of the Board

The journey of the North West Development Corporation (NWDC) through the 2025/26 financial year and beyond may best be described as a disciplined and deliberate ascent. While the destination remains clearly defined, the path demands resilience, careful judgement, and sustained commitment in the face of shifting economic conditions.

Reflecting on the year under review, I am satisfied that the NWDC advanced with purpose and resolve. The Corporation navigated a complex and often constrained economic landscape while strengthening its institutional foundations to support future growth and sustainability.

South Africa's broader macroeconomic environment continued to define the operating context within which the Corporation pursued its mandate. Economic growth prospects remained closely linked to progress in electricity supply stability, logistics performance, and global commodity market dynamics.

Although inflation showed signs of moderation and monetary policy conditions gradually eased, consumer demand remained sensitive to borrowing costs, while employment recovery continued at a measured pace amid persistent skills mismatches. Fiscal consolidation efforts remained under pressure, and revenue flows were exposed to both global and domestic volatility. Within this environment, progress required disciplined execution and sustained structural reform.

The North West Province (NWP), as the geographic focus of the NWDC's mandate, reflects both the opportunity and volatility inherent in this context. Historical Gross Domestic Product (GDP) trends show sharp fluctuations, largely driven by the province's reliance on mining. During 2025/26, economic growth remained subdued, mirroring national pressures. Nevertheless, the province retained important strengths, including a robust mining base, continued infrastructure investment, and a policy emphasis on job creation and Micro, Small and Medium Enterprises (MSMEs) development. These strengths are counter balanced by structural challenges, including high unemployment, a limited manufacturing base, and infrastructure and service delivery issues, underscoring the need for deliberate diversification and inclusive growth strategies.

In response to these conditions, the NWDC refined its strategic focus by revising the 2025/26 Corporate Plan. The inclusion of a dedicated audit outcome indicator, targeting an unqualified audit opinion, reflects an enhanced emphasis on governance, accountability, and institutional credibility. This strategic recalibration ensures that the Corporation's growth ambitions are firmly anchored in sound governance and control practices.

The year under review was not without internal challenges. Financial constraints and liquidity pressures tested operational flexibility, while rising incidents of vandalism and criminal activity at properties highlighted the socio-economic realities within which the Corporation operates. Limited funding for MSME development, skills shortages, and capacity gaps further constrained delivery. In addition, governance and compliance matters required focused management attention, while the broader economic environment continued to exert pressure on performance.

I am pleased to report that these challenges were addressed through decisive and targeted remedial actions. The NWDC undertook a comprehensive review of its funding model, intensified efforts to strengthen revenue generation, and implemented stricter property and debt management controls. Strategic emphasis was placed on leveraging the mining sector for downstream industrial development, advancing inclusive growth initiatives, and aligning skills development with emerging sectors such as renewable energy. Institutional strengthening,

enhanced governance compliance, and the filling of critical vacancies remain central to improving organisational capacity. These interventions represent a recalibration of approach, aimed at ensuring sustainability and continued progress.

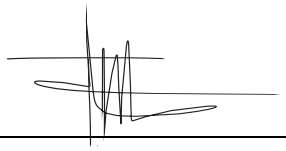
From a performance perspective, the Administration Programme demonstrated measurable improvements in organisational discipline and stability. The achievement of a favourable cost-to-income ratio reflects prudent financial management, while the improvement in risk management maturity signals a more embedded culture of accountability and foresight. A strong employee retention rate further underscores organisational cohesion and commitment. Management has also committed to strengthening internal controls and financial management practices to secure improved audit outcomes in future periods.

The Trade and Investment Programme delivered outcomes that reinforce the NWDC's role as a catalyst for economic development. Investment facilitation significantly exceeded targets, with an investment value of R1.079 billion, reflecting sustained investor confidence and effective promotion efforts. Job creation targets were met and exceeded, contributing meaningfully to employment outcomes. Export development initiatives expanded the competitiveness and market reach of local enterprises, positioning the province more firmly within regional and global value chains.

The Bojanala Special Economic Zone (SEZ) continued to emerge as a strategic driver of industrialisation and investment. The facilitation of R13.16 billion in investments during the reporting period signals growing momentum and confidence in the SEZ. Strengthened infrastructure, improved regulatory coordination, and targeted investor engagement have reinforced the Bojanala SEZ's role in promoting regional competitiveness, value-chain development, and sustainable employment creation.

Reflecting on the year, it is evident that while the ascent remains demanding, the NWDC has secured firm footholds. Progress has been achieved not through favourable conditions alone, but through deliberate strategy, strengthened governance, and the collective commitment of all stakeholders.

I extend my sincere appreciation to the Shareholder, the Honourable MEC Bitsa Lenkopane, and the Department of Economic Development, Environment, Conservation and Tourism, for their continued guidance and support. My gratitude also extends to the Board of Directors, executive management, and the entire NWDC workforce, whose dedication, professionalism, and resilience continue to sustain and advance the Corporation's mandate. Together, we continue this journey with discipline and clarity of purpose, confident that each step taken brings us closer to a more inclusive, diversified, and resilient economy for the North West Province.



Ms T Molefi
Chairperson of the Board

4. Overview by the Chief Executive Officer



Mr M Mahapa
Chief Executive Officer (Acting)

It is my privilege to present the Annual Report of the NWDC for the 2025/26 financial year. The year under review was characterised by purposeful action, strengthened collaboration, and measurable progress in advancing the Corporation's mandate to promote trade, attract investment, and drive sustainable and inclusive economic growth across the North West Province.

The reporting period unfolded against a challenging macroeconomic backdrop, marked by subdued national economic growth, fiscal consolidation, commodity price volatility, and a provincial unemployment rate of 41.3%. Notwithstanding these constraints, the NWDC demonstrated resilience, adaptability, and a steadfast commitment to service delivery. Through innovation, partnerships, and disciplined execution, the organisation continued to translate challenges into opportunities for impact.

Strengthening the Property Portfolio

The Property Development and Management Programme remains a key contributor to the NWDC's revenue base and socio-economic objectives. During the year under review, the Corporation marginally exceeded its occupancy target, achieving an average 75.08% occupancy across available lettable property space. In line with sound asset management practices, 10% of rental revenue was ring-fenced for maintenance, ensuring the preservation and enhancement of the property portfolio. In addition, the renovation and repair programme exceeded its target by 5.15%, reflecting sustained progress in improving the condition, functionality, and attractiveness of properties for tenants and surrounding communities.

Empowering MSMEs and Cooperatives

The development of sustainable Micro, Small, and Medium Enterprises (MSMEs) remains central to the NWDC's economic transformation agenda. During the financial year, the Province allocated R1.013 billion towards economic development, conservation, tourism, and MSME support, underscoring the strategic importance of enterprise development. The SMME Development and Management Programme exceeded performance expectations by providing financial support to 20 enterprises and non-financial support to 739 MSMEs and cooperatives, surpassing the annual target of 700. This performance was enabled by strengthened partnerships with key stakeholders, which broadened outreach and enhanced access to business advisory services, mentorship, and coaching.

It is acknowledged that the MSME function remains largely unfunded and continues to focus primarily on bridging finance and non-financial support. Despite these limitations, the programme delivered notable results through innovation, collaboration, and effective leveraging of partnerships. The NWDC remains committed to advocating for a sustainable funding model aligned with the province's enterprise development priorities.

Positioning the Province on the Global Stage

The 2025/26 financial year coincided with South Africa's historic G20 Presidency, during which the NWP played a prominent role by hosting several high-level working group meetings and engagements. The NWDC actively participated in the G20 Energy Transitions Working Group (ETWG) meeting held at Sun City, engaging international stakeholders, exploring investment opportunities, and showcasing the products and services of North West-based MSMEs operating in the energy sector.

The G20 programme further advanced women's economic empowerment through the Financial Inclusion Conference and the Empowering Women in Energy Transitions event, reinforcing the province's commitment to inclusive growth and gender equality. In addition, the launch of the North West Growth Hub at OR Tambo International Airport by Premier Lazarus Kagiso Mokgosi marked a strategic milestone in positioning the

province as a destination for trade, tourism, and investment, while accelerating support for township economies. The NWDC also participated in the South African Development Finance Institutions Forum (SADFIF) Workshop hosted by the Development Bank of Southern Africa, strengthening alignment with the Medium-Term Development Plan and enhancing the province's positioning for coordinated national investment initiatives.

Driving Investment and Job Creation

The Trade and Investment Facilitation Programme delivered strong performance outcomes during the year. The Corporation facilitated investments exceeding R1.079 billion into the province, significantly surpassing the annual target of R700 million, and supported the creation of 380 jobs. In addition, 33 companies were taken through export development programmes against a target of 25, while 16 companies were assisted to access export markets.

The Bojanala SEZ continued to attract significant investor interest, with facilitated investments amounting to R13.16 billion, exceeding the R10 billion target. Once operational approval is granted, the Bojanala SEZ is projected to create nearly 20,000 jobs, representing a transformative contribution towards addressing unemployment in the province.

Operational Resilience and Governance

At an organisational level, the NWDC strengthened operational and governance performance. The cost-to-income ratio improved to 0.63:1.0, exceeding the set target and reflecting enhanced financial discipline. Risk management maturity increased to 92%, the highest level achieved by the organisation to date, while a 96% employee retention rate reflected workforce stability and commitment.

While the audit outcome did not meet the targeted unqualified opinion, management has implemented comprehensive corrective measures addressing asset management, financial reporting, and supply chain management controls. These interventions aim to strengthen governance and deliver improved audit outcomes in future reporting periods.

Words of Appreciation

The achievements outlined in this report are the result of collective effort, collaboration, and shared commitment. I extend sincere appreciation to our Shareholder, the Honourable MEC Bitsa Lenkopane, and the Department of Economic Development, Environment, Conservation and Tourism, for their strategic guidance, continued support, and visionary leadership.

I further acknowledge the Chairperson and members of the Board of Directors for their governance oversight and strategic stewardship, which have strengthened institutional accountability during a period of transition. My appreciation also extends to the Senior Management Team, including Executive Managers and the Company Secretary, for their professionalism, resilience, and unwavering dedication.

Finally, I wish to commend all NWDC employees, whose commitment, expertise, and perseverance remain the foundation of the organisation's success. Your collective efforts continue to translate policy into impact and strategy into meaningful economic opportunities for the people of the NWP.

As we look to the future, we do so with confidence and resolve. While challenges remain, the NWDC is well-positioned to continue delivering sustainable economic growth, meaningful employment, and lasting development for the communities we serve.



Mr M Mahapa
Acting Chief Executive Officer

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

(In terms of section 55(1) of the Public Finance Management Act)

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

- The Annual Report fairly presents the state of affairs of the public entity, its performance against predetermined objectives, and its financial position for the financial year ended 31 March 2026, as required by section 55(1)(a) of the PFMA.
- All information and amounts disclosed throughout the Annual Report are consistent, complete, and accurate, and free from material misstatements or omissions, as contemplated in section 55(1)(c).
- The Annual Report has been prepared in accordance with the guidelines for Annual Reports issued by the National Treasury, in compliance with section 55(1)(b) of the PFMA.
- The Annual Financial Statements (Part F) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), as required by section 55(1)(a) of the PFMA.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments and estimates made in the preparation thereof.
- The Accounting Authority is responsible for establishing and maintaining effective, efficient, and transparent systems of financial management, risk management, and internal control, designed to provide reasonable assurance regarding the integrity and reliability of the performance information, human resource information, and the Annual Financial Statements, in line with sections 51(1)(a) and 55(1) of the PFMA.

Accordingly, the Accounting Authority accepts responsibility for the accuracy, completeness, and reliability of the information contained in this Annual Report.



Ms T Molefi
Chairperson of the Board

6. Strategic Overview

6.1. Vision and Mission



6.2. Values

Professionalism

We do what we say we will do, and are accountable and responsible for our actions, whether or not anyone is watching.

- We seek to always provide excellent service and value to clients, on time every time.
- We commit to the continual development of our capacity and capabilities.

Integrity

We resist undue pressures on our decision-making and in the performance of our duties.

- We take prompt and effective action to deal with unprofessional or unethical behaviour.
- We conduct our decision-making processes in a fair and transparent manner – being considerate, open, honest, and well-informed.

Respect

We treat people fairly and equally and will not discriminate against any individual or group.

- We treat colleagues, partners, stakeholders, clients and counterparts with dignity and respect.
- We demonstrate respect for and understanding of different points of view.

Cooperation

We value teamwork and partnerships, and recognise strength comes from working together.

- We are committed to consultation, and the sharing of information and knowledge.
- We will cultivate a culture of appreciation, celebrate our achievements, and learn through our mistakes.

Innovation

We base decisions on robust and credible research, and embrace a culture of learning, adaptation, and creativity at all times.

- We seek continuous improvement and opportunities for doing things better.
- We listen to stakeholder needs and seek to create responsive approaches to what we do.

7. Legislative and Other Mandates

7.1. Establishment and Enabling Legislation

The North West Development Corporation SOC Ltd was established in 1999 with the North West Development Corporation Limited Act, 1995 (Act No. 6 of 1995). The primary purpose of the establishment of the NWDC is to plan, finance, coordinate, promote, and implement economic development initiatives within the NWP, particularly in the areas of industry, commerce, finance, mining, and other business sectors, to promote wealth creation and employment generation.

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

The NWDC operates under the oversight of an independent Board of Directors, with non-executive members appointed by the MEC of DEDECT. The Corporation is committed to adhering to the principles of good corporate governance as outlined in the King V Report on Corporate Governance for South Africa.

As a pre-existing entity, the NWDC continues to exist as incorporated and registered in terms of the Companies Act. The original shares issued by the Corporation are freely transferable within the North West Provincial Government, and the Corporation is not permitted to offer its ordinary shares to the public.

7.2. Powers of the Company

The legislative framework governing the powers and operations of the NWDC derives from the following instruments:

- North West Development Corporation Act, 1995 (Act No. 6 of 1995);
- Companies Act, as amended;
- Public Finance Management Act, as amended, including Treasury Regulations; and
- Memorandum of Incorporation (MOI), where applicable.

Subject to section 19(1)(b)(i) of the Companies Act, the NWDC has the legal capacity and powers of a natural person, without restrictions, limitations, or qualifications as contemplated in section 19(1)(b)(ii) of the Act. In this regard, and without derogating from its enabling legislation, the Corporation may borrow funds without limitation and provide security in fulfilment of its obligations.

The Memorandum of Incorporation does not contain any restrictive conditions as contemplated in section 15(2)(b) of the Companies Act.

7.3. National and Provincial Legislation

As outlined in the NWDC Corporate Plan 2025/26, the Corporation is required to comply with legislative mandates governing the following functional areas:

- MSME and cooperative development;
- Lending and financial intermediary activities;
- Property and investment management;
- Construction and infrastructure delivery; and
- Governance and institutional arrangements applicable to the NWDC.

While compliance obligations are informed by specific enabling and sector-related legislation, the NWDC recognises that it is subject to and must comply with all applicable national and provincial legislation and regulations, as well as relevant municipal by-laws, in relation to its operations and areas of jurisdiction. Ongoing legal compliance and monitoring are guided by the Legislative Prescripts Framework, which provides a structured approach to ensuring full compliance with all applicable legislative requirements.

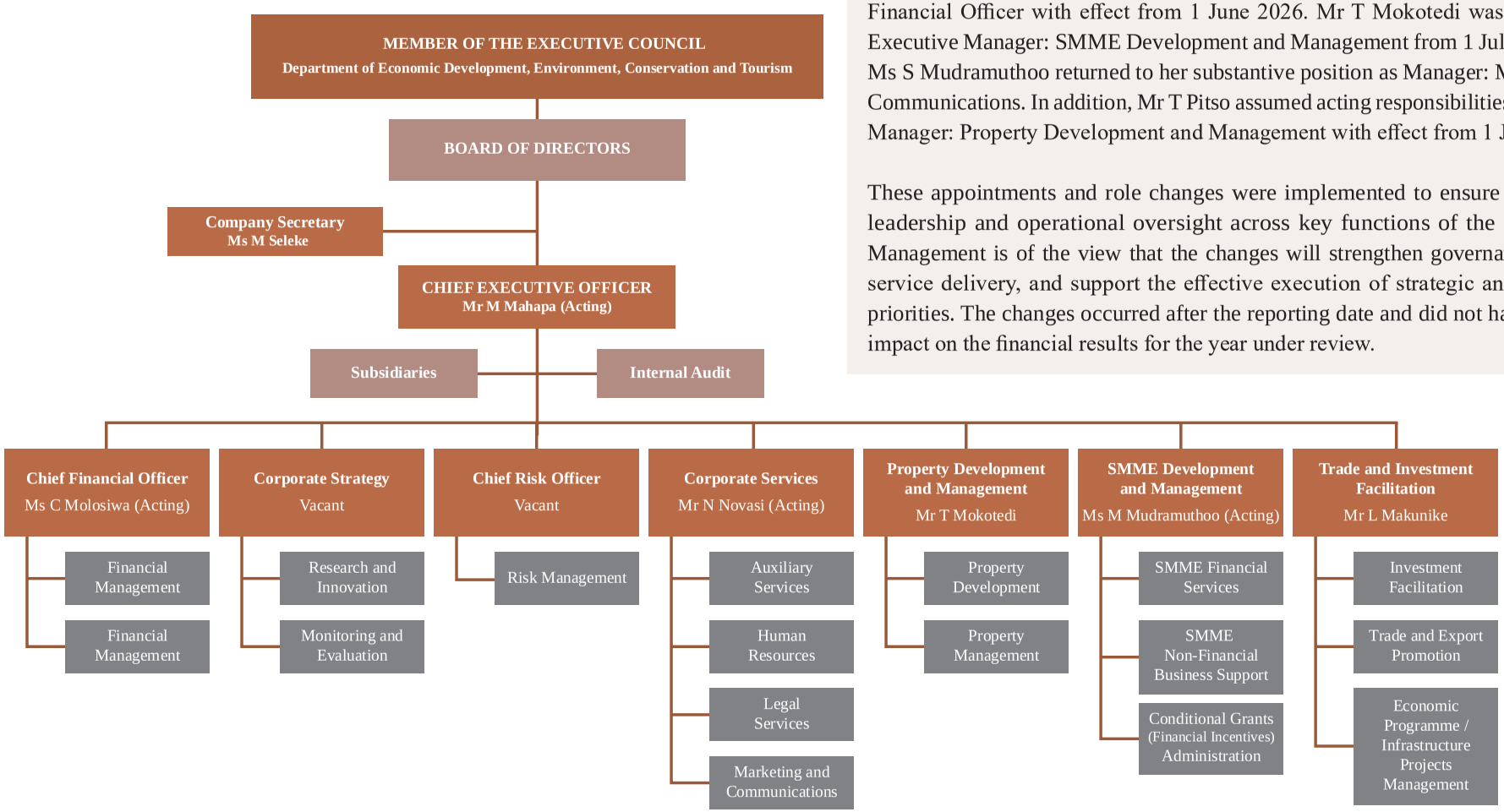
7.4. Institutional Policies and Strategies

The NWDC maintains a framework of institutional policies and strategies to support effective governance and operational efficiency. These policies are reviewed periodically, and where amendments are required, they are submitted to the Accounting Authority for approval before implementation. This process ensures that internal policies remain aligned with legislative requirements, governance best practices, and the strategic objectives of the Corporation.

8. Organisational Structure

8.1. The Administrative Structure of the NWDC Group

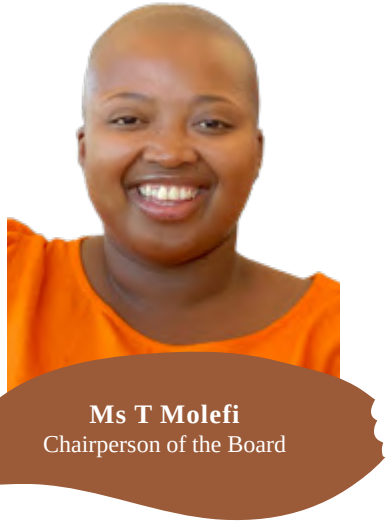
Note: *The management structure is currently under review and will be realigned to support the implementation of the new five-year strategic plan*



Subsequent to the financial year-end, several changes were made to the executive and management structure of the organisation. Ms C Molosiwa returned to her substantive position at DEDECT on 31 May 2026, and Mr T Pitso was appointed as Acting Chief Financial Officer with effect from 1 June 2026. Mr T Mokotedi was appointed as Executive Manager: SMME Development and Management from 1 July 2026, while Ms S Mudramuthoo returned to her substantive position as Manager: Marketing and Communications. In addition, Mr T Pitso assumed acting responsibilities as Executive Manager: Property Development and Management with effect from 1 July 2026.

These appointments and role changes were implemented to ensure continuity in leadership and operational oversight across key functions of the organisation. Management is of the view that the changes will strengthen governance, maintain service delivery, and support the effective execution of strategic and operational priorities. The changes occurred after the reporting date and did not have a material impact on the financial results for the year under review.

8.2. Board of Directors



Ms T Molefi
Chairperson of the Board



Mr GED Tabane
Director



Dr G Malebe
Director



Ms Z Makhubo
Director



Ms T Lekoma
Director



Ms S Nkadimang
Director

8.3. Executive Management



Mr M Mahapa
Chief Executive Officer (Acting)



Mr T Pitso
Chief Financial Officer (Acting)



Mr T Mokotedi
Executive Manager:
Property Development
and Management



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



Mr N Novasi
Executive Manager: Corporate
Services (Acting)

Vacant Position
Executive Manager:
Bojanala SEZ

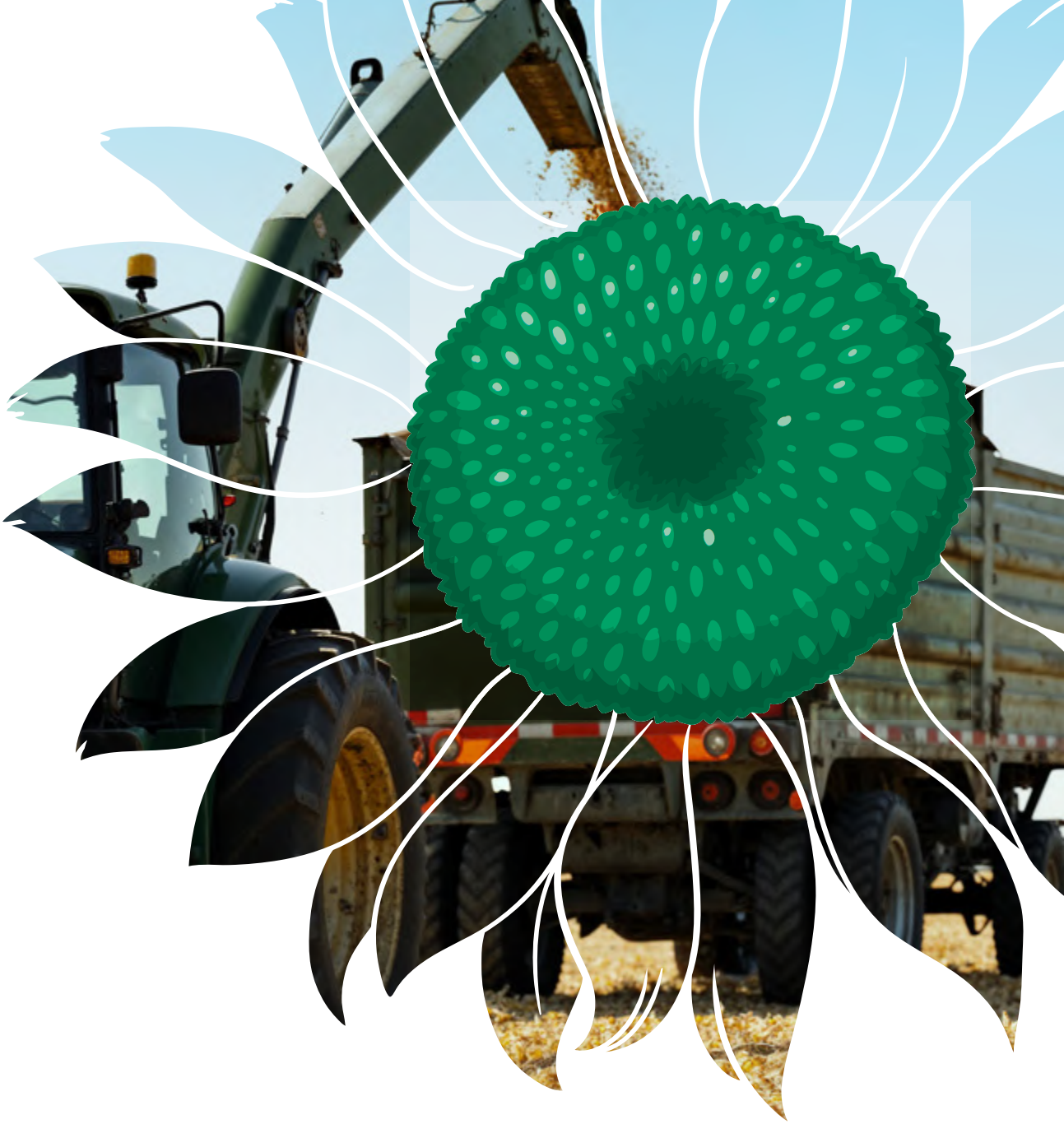


Ms M Seleke
Company Secretary



Mr L Makunike
Manager: Trade and
Investment Facilitation





Part B
Performance Information

1. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) audited the entity's performance against predetermined objectives for the financial year ended 31 March 2026, in accordance with the Public Audit Act 25 of 2004 (PAA), the PFMA, and applicable auditing standards. The audit focused on assessing whether the reported performance information was useful and reliable, as required by the Framework for Managing Programme Performance Information.

The AGSA has performed a findings engagement, selecting Programme 2: Property Development and Management, and reported only on material findings.

Refer to pages 68 to 69, paragraphs 22 to 34, of the Auditor's Report, published as Part F: Financial Information.

2. Introduction

Performance information:

- Is crucial to effective management, planning, budgeting, implementation, monitoring, evaluation, and reporting of the entity's impacts and outcomes.
- 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 such.

Measuring performance:

- Ensures that policy, planning, budgeting, and reporting are aligned 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, submitting to the 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 alignment between the impacts and outcomes in the Strategic Plan, and associated programme outputs, output indicators, and targets in the Corporate Plan, estimates of expenditure and adjusted estimates of expenditure.

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

3. Overview of Performance

The NWP is a key economic region in South Africa, driven primarily by the mining sector, particularly platinum production. The following provides statistics of the performance of South Africa and the NWP during the 2025/26 financial year.

3.1. South Africa National Outlook Overview: 2025/26

Africa's economic environment during the 2025/26 financial year remained constrained by structural challenges, including electricity supply instability, logistics inefficiencies, and global economic uncertainty. Despite these constraints, gradual improvements were observed in key macroeconomic indicators.

Economic growth remained modest, supported by stabilising inflation and cautious monetary policy adjustments. The South African Reserve Bank maintained a prudent policy stance to ensure inflation remains within the target band while supporting economic recovery.

Commodity markets continued to influence national revenue performance, particularly for mining-dependent provinces such as the North West. Consumer demand remained sensitive to interest rates and credit, while unemployment and skills mismatches continued to limit labour market recovery.

Structural reforms in energy generation, logistics infrastructure, and investment promotion are expected to improve economic performance over the medium term.

Key Economic Takeaways:

- Gradual stabilisation of inflation and interest rate outlook.
- The energy sector reforms are beginning to support improved electricity availability.
- Commodity price fluctuations continue to influence fiscal performance.
- Tourism recovery is contributing positively to the services sector growth.
- Structural reforms remain critical to unlocking long-term economic growth.

3.2. North West Province Demographics: 2025/26

The North West Province has an estimated population of approximately 4.15 million people, representing about 6.6% of South Africa's total population. The province maintains a relatively youthful demographic profile, with a significant proportion of the population within the economically active age group.

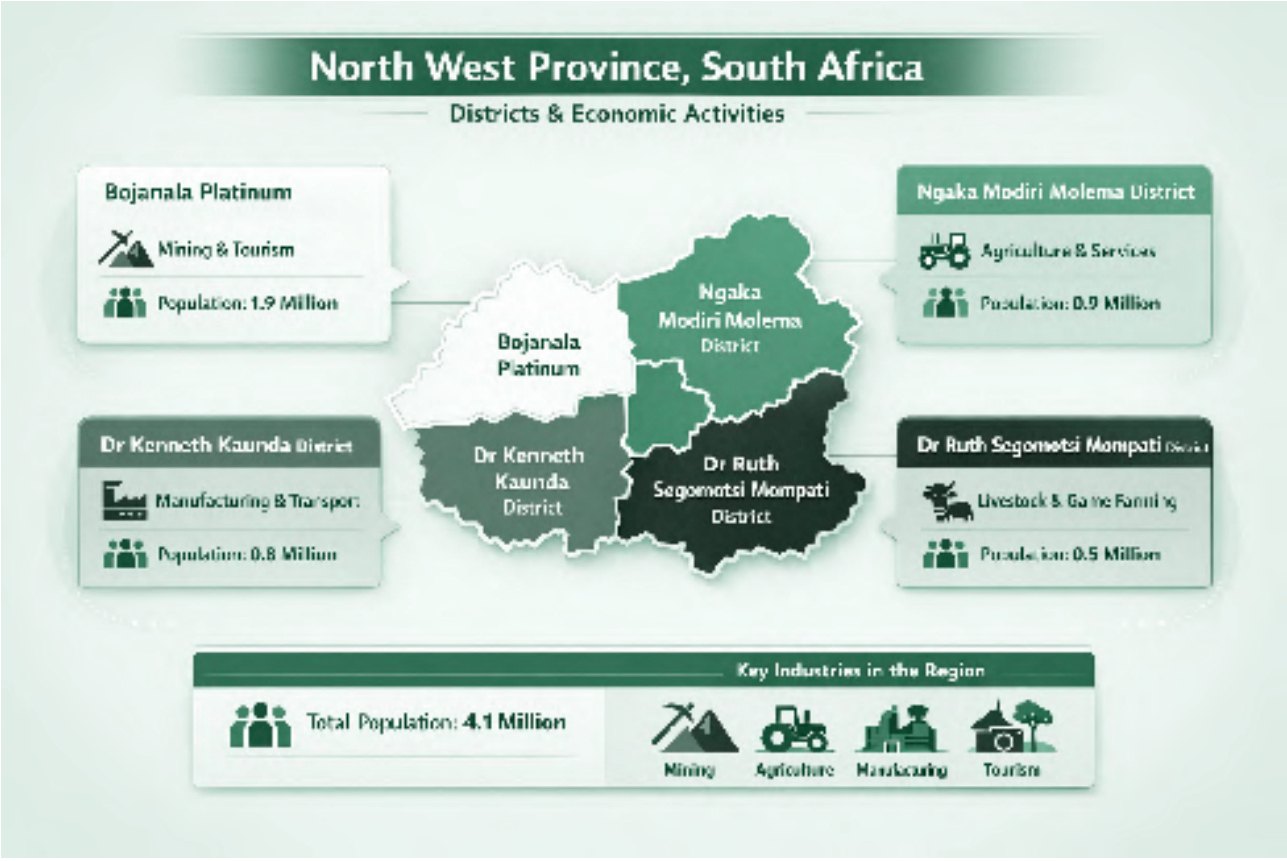
Population distribution shows:

- Children (0–14 years): 1,077,032
- Working Age (15–64 years): 2,491,402
- Seniors (65+): 235,816

This demographic structure presents both opportunities and challenges. The large working-age population creates potential for economic growth and labour force participation, while also requiring increased investment in job creation, education, and skills development.

Gender distribution remains consistent with national trends, with women accounting for approximately 51% of the population.

Key population centres include:



Urbanisation trends continue to increase in mining-related municipalities, placing pressure on infrastructure and service delivery while simultaneously creating opportunities for economic development and investment.

3.3. North West Province Economic Performance: 2025/26

The provincial economy in 2025/26 operated in an environment influenced by **weak national economic performance**, fiscal constraints, and global uncertainty, as highlighted in the 2025/26 Provincial Budget Speech. South Africa's overall economic outlook remained subdued, affecting provincial growth prospects. Despite this, the NWP still maintained strategic advantages, owing to its strong mining base and its contribution to national commodity production.

3.3.1. Economic Growth and Sector Performance

Mining remained the **largest industry in the North West**, and contributed **28% of the provincial GDP** (based on the latest available provincial economic structure). The province is one of four in South Africa where mining is the dominant sector (statssa.gov.za and tips.org.za). Platinum group metals (PGMs), gold, and chrome remained important drivers. However, price volatility in global commodity markets contributed to unstable growth patterns.

3.3.2. GDP Growth Trends

In 2025/26, the NWP moved from contraction to weak positive GDP growth, but its performance remained constrained by its dependence on mining, limited diversification, and low employment-generating capacity.

The historical trajectory from the Provincial Economic Review indicates:

- The province recorded **high volatility** due to mining dependency.
- After a **+12% surge in 2021**, growth declined in 2023 by **–2%**. *(tips.org.za)*
- The 2025/26 provincial budget reinforces that fiscal and economic pressures continued nationally, meaning subdued provincial growth was expected. *(treasury.gov.za)*

3.3.3. Primary, Secondary, and Tertiary Sectors

The North West Economic Outlook shows:

- **Primary sector (mining, agriculture):** dominant, but vulnerable to external shocks.
- **Secondary sector:** small, with manufacturing contributing only 6% of provincial GDP, mainly food, beverages, and metals. *(tips.org.za)*
- **Tertiary sector:** services remain steady but constrained by unemployment and limited household income.

3.3.4. Labour Market Performance

The 2025/26 provincial budget reported an extremely high unemployment rate of **41.3%,** one of the highest in South Africa. *(treasury.nwpg.gov.za)*

To address the Youth employment interventions, the province:

- Partnered with the national Department of Labour to create **24,000+ job opportunities** for young people.
- Allocated **R81.492 million** to the Presidential Youth Employment Initiative for skills and entrepreneurship. *(treasury.nwpg.gov.za)*

Despite these measures, unemployment pressures remained a binding constraint on economic recovery.

3.3.5. Infrastructure Investment and Economic Stimulus

For the 2025/26 financial year, **R6.63 billion** was allocated for infrastructure projects. *(treasury.nwpg.gov.za)*.

This included:

- Road upgrades
- School and hospital infrastructure
- Housing development

These projects were expected to create 5,500 temporary jobs, stimulating short-term economic activity.

3.3.6. Support for MSMEs, Agriculture, and Tourism

The province allocated **R1.013 billion** toward economic development, conservation, tourism, and MSME support. *(treasury.nwpg.gov.za)*

3.3.7. Strategic Job-Creating Sectors

- Agriculture: important but small (3% of GDP), with potential for expansion. *(tips.org.za)*
- Tourism: targeted as a growth area, especially cultural and nature-based tourism around Pilanesberg and Madikwe.

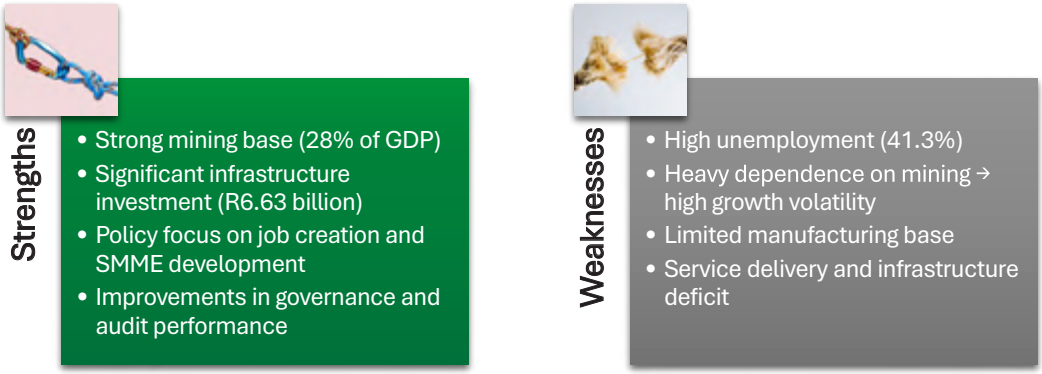
3.3.8. Key Risks to 2025/26 Economic Performance

Based on the Provincial Budget and Economic Outlook, major risk factors included:

- **Commodity price fluctuations** are affecting mining output.
- **National fiscal tightening,** limiting public spending.
- **High unemployment and inequality** are dampening local demand.
- **Infrastructure backlogs** are constraining investment growth. *(treasury.gov.za)*

3.3.9. Summary: Overall Economic Performance

The North West Province's economic performance in 2025/26 can be characterised as:



3.3.10. Outlook

The 2025/26 financial year showed **slow but stabilising economic performance**, supported by infrastructure investment and targeted job initiatives. However, the province remains exposed to economic volatility, structural unemployment, and fiscal pressures.

3.4. Services the NWDC rendered to the Public

During the 2025/26 financial year, the NWDC continued to implement programmes that stimulated economic growth, promoted investment, and developed enterprises within the province.

Key services rendered included:

- **Investment Promotion and Facilitation:** The NWDC actively promoted the province as an investment destination and facilitated both domestic and foreign direct investments into strategic sectors.
- **SMME and Cooperative Development:** The corporation supported the development of sustainable small enterprises through financial and non-financial support programmes, including business advisory services and access to markets.
- **Export Promotion and Market Access:** The NWDC assisted local enterprises in accessing international markets through export development initiatives and trade facilitation programmes.
- **Industrial Infrastructure Development:** The NWDC continued to manage and develop its property portfolio and industrial infrastructure to support economic activity and attract investment.
- **Bojanala SEZ Development:** The SEZ programme focused on attracting strategic investors and positioning the Bojanala region as a competitive industrial hub.

These interventions contributed to the province's broader objectives of job creation, economic diversification, and inclusive economic development.

3.4.1. Internal Challenges the NWDC Faced

The NWDC encountered several internal and external challenges that affected operational performance and programme implementation.

Key challenges included:

- **Financial Constraints:** Liquidity pressures impacted the entity's ability to meet certain operational commitments, including supplier payments and municipal obligations.
- **Security and Infrastructure Vandalism:** Some NWDC properties experienced vandalism and criminal activities, increasing operational and maintenance costs.
- **Limited Funding for SMME Development:** Although SMME development remains a key mandate of the corporation, limited funding restricts the scale of financial support programmes available to enterprises.
- **Skills and Capacity Constraints:** Vacancies and organisational capacity gaps affected programme delivery and operational efficiency.
- **Economic Environment:** The weak provincial economic environment, high unemployment levels, and constrained investment climate continue to affect economic development outcomes.

3.4.2. Opportunities that arose in the year under review

Despite the challenges faced during the financial year, several economic development opportunities emerged in the NWP.

These include:

- Expansion of mining, beneficiation, and mineral value chains.
- Increasing renewable energy and gas investment opportunities.
- Development of agro-processing industries and agricultural value chains.
- Revitalisation of industrial parks and strategic infrastructure assets.
- Growth in township and rural economic development initiatives.
- Utilisation of African Continental Free Trade Area (AfCFTA) opportunities to expand exports.
- Strategic partnerships with development finance institutions and private sector investors.

These opportunities present pathways for economic diversification and long-term provincial growth.

3.4.3. Proposed Remedial Actions

To address the identified challenges and strengthen organisational performance, the NWDC proposes the following actions:

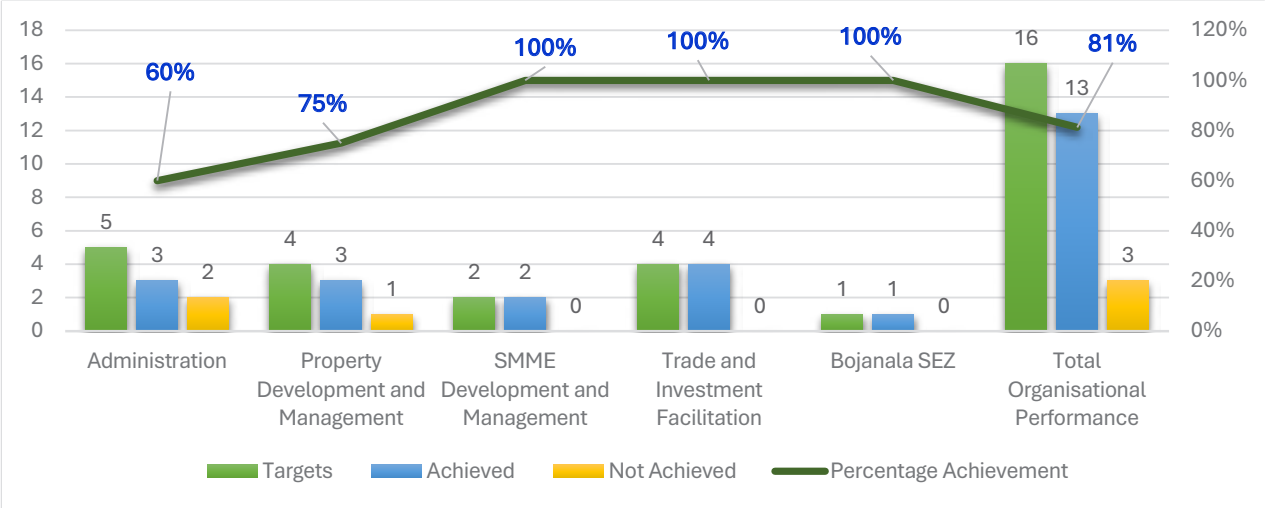
- Strengthening financial sustainability through improved revenue collection and debt management.
- Reviewing the NWDC funding model to enhance operational sustainability.
- Improving property management systems, including lease management, billing controls, and debt recovery processes.
- Strengthening organisational capacity through targeted recruitment and skills development initiatives.
- Expanding SMME development programmes to support enterprise growth and job creation.
- Leveraging mining sector growth to promote downstream beneficiation industries.
- Strengthening governance, internal controls, and PFMA compliance.
- Expanding strategic partnerships with investors, development finance institutions, and private sector stakeholders.

3.5. Organisational Environment

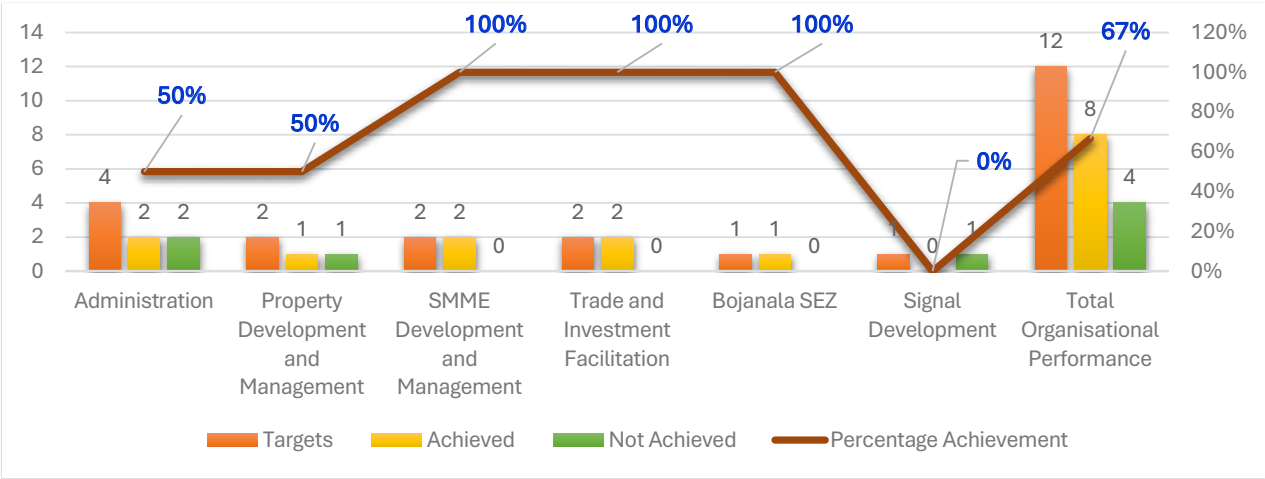
The NWDC's 2025/26 performance can be attributed to staff capacity within the entity and the resources available to ensure that work was done efficiently.

The performance has improved, and great strides have been made through the implementation of specific projects and key measures, which contributed to the organisational performance. The graphs below reflect the performance of the current and prior year of the programmes as per the approved Corporate Plans:

2025/26 Non-Financial Performance:



2024/25 Non-Financial Performance:



During the reporting period, the organisation operated in a moderately constrained environment characterised by resource pressures, increased service delivery expectations, and evolving policy and governance requirements. Despite these challenges, the organisation strengthened institutional stability through improved leadership oversight, enhanced planning and performance alignment, and the reinforcement of governance and accountability mechanisms. The internal control environment and coordination across programmes showed measurable improvement, supporting more effective implementation.

Overall organisational performance improved substantially, **increasing from 67% in the previous financial year to 81% in the current year**. This positive trajectory reflects enhanced execution of planned targets, strengthened monitoring and evaluation practices, and more focused management of underperforming areas.

Performance gains were further supported by capacity-building initiatives, improved compliance with legislative frameworks, and prioritisation of strategic objectives aligned to the organisational mandate. While some risks and implementation constraints remain, the organisation has demonstrated improved performance maturity, and the NWDC is in a stronger position to sustain results and further enhance service delivery outcomes.

3.6. 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 NWDC Legislative Mandates reflected in the Corporate Plan 2025/26.

The Legislative Mandates relate to:

- Constitutional Mandate.
- NWDC Establishment/Enabling Legislation.
- Legislation governing the lending and financial intermediary mandate.
- Legislation governing the property (and investment) management mandate.
- Legislation governing the construction/infrastructure delivery mandate.
- Legislation and regulations about the NWDC governance environment and institutional arrangements.

While key areas of compliance are derived from the applicable enabling legislation, the NWDC acknowledges that it is subject to, and must comply with, all relevant national and provincial legislation and regulations, as well as applicable municipal by-laws governing its functions and areas of operation. Ongoing legal compliance and monitoring efforts are guided by, and prioritised in accordance with, the Legislative Prescripts Framework, which provides a structured approach to ensuring adherence to all applicable legislative requirements.

3.7. Revised Corporate Plan 2025/26

The Department of Planning, Monitoring and Evaluation (DPME) is responsible for oversight and direction in respect of strategic and annual performance planning. This is happening 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 provides for the development, revision, and re-tabling of Annual Performance Plans (APPs).

The NWDC Corporate Plan 2025/26 was tabled in March 2025 in line with the Draft Guideline Framework for Corporate Planning and Shareholders' Compact (2002), which applied to Schedule 2, 3B, and 3D Major Public Entities.

Reasons for Revisions to the Outputs/Output Indicators/Annual Targets:

Subsequently, the NWDC was requested to add one key output indicator under Programme 1: Administration, and the Corporate Plan 2025/26 was revised and re-tabled in May 2025.

The output indicator added to the Corporate Plan 2025/26 was ***"NWDC external audit outcome achieved"*** with the target set to ***"Unqualified"***.

4. Performance of Programmes

4.1. Programme 1: Administration

The purpose of the programme is to:

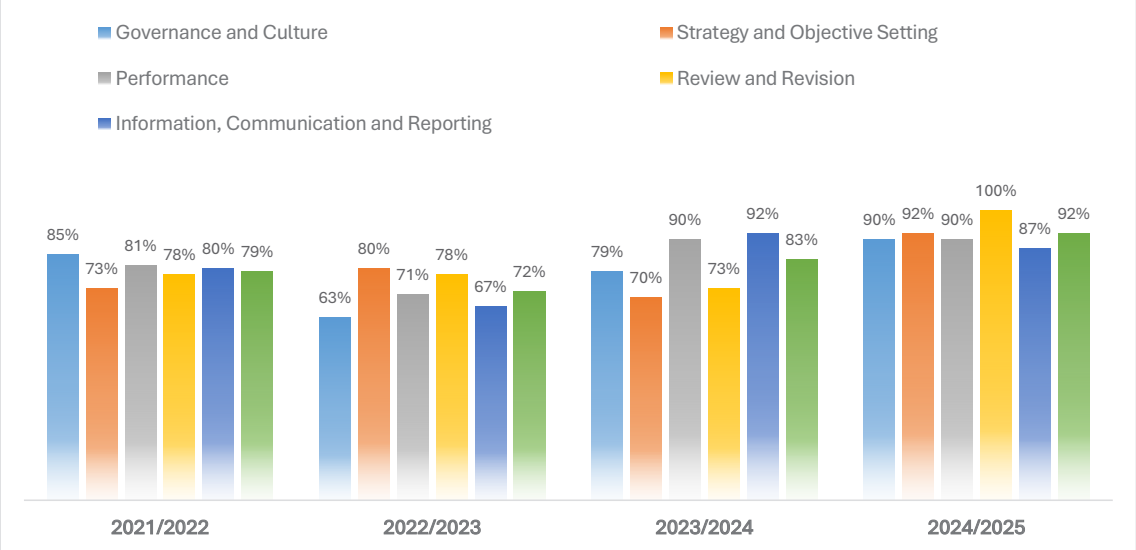
- Provide administrative leadership to the NWDC in accordance with relevant legislation, regulations, and policies, and ensure appropriate support services to all programmes.
- Lead the phased turnaround of the NWDC through improvements in governance and internal controls, systems and processes, people,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

Output Indicator	Audited Actual Achievement 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Variance (Under)/Over Achievement 2025/26	Reasons for Deviations
Cost-to-income ratio	0.87 to 1.0	0.75 to 1.0	0.63 to 1.0	0.12	Target exceeded
Rand value of rental income collected	R130,988m	R130m	R116,688m	(R13,311m)	The target was not achieved due to a combination of operational and external factors. These included increased rental arrears resulting from tenant financial distress, vacancies in certain properties, and delays in concluding new lease agreements.
Percentage improvement of the NWDC risk maturity	83%	85%	92%	7%	The NWDC scored an overall 2.7 out of 3, which translated to 92% and an overachievement.
NWDC external audit outcome achieved	New Output Indicator	Unqualified Audit Opinion	Qualified Audit Opinion	Target not Achieved	The entity was qualified in the following areas: - Investment property; - Property, Plant and Equipment; - Income Tax; - Irregular Exenditure; and - Net Cash Flows from Operating Activities
Percentage overall employee retention rate achieved	New Output Indicator	90%	96%	6%	On 1 April 2025, the entity employed 139 permanent employees. No new appointments were made during 2025/26, and 5 employees left employment. This resulted in 134 permanent employees as of 31 March 2026.

Highlights for the year under review:

The cost-to-income ratio was successfully achieved, reflecting improved operational efficiency and effective cost containment measures. This performance indicates that operating expenses were well managed relative to income generated, contributing positively to the organisation's financial sustainability. The achievement of the target demonstrates strengthened financial discipline, prudent resource utilisation, and enhanced oversight over expenditure, positioning the organisation favourably to support its strategic objectives while maintaining long-term financial stability.

The risk management maturity model is used to assess the risk management and the extent to which it is implemented in the NWDC. It also highlights areas of improvement, stagnation, or regression. The picture below shows that the NWDC improved its risk management maturity levels from 79% during the 2021/2022 period to 92% in the current period. It can be attributed to the 100% achievement in the review and revision component and to more emphasis on the governance and culture component.



The overall employee retention rate achieved during the period was 96%, reflecting the organisation's success in retaining its workforce. This positive result indicates a stable working environment and demonstrates that employees remain engaged, motivated, and committed to the organisation. The strong retention performance can be attributed to effective human resource practices, supportive management, and efforts to promote job satisfaction and staff well-being. A high employee retention rate not only reduces recruitment and training costs but also contributes to improved organisational performance and institutional knowledge.

Strategies to overcome areas of underperformance:

To address underperformance in rental income collection, management has implemented targeted cash enhancements and debt recovery measures. These include strengthening tenant engagement on arrear management plans, intensifying debt collection processes, and accelerating the marketing and leasing of vacant properties to improve occupancy levels. In addition, lease agreements are being reviewed and finalised timeously to reduce delays in rental accruals, with property specific interventions, including maintenance and portfolio optimisation, being prioritised to enhance revenue generating capacity. These measures are expected to improve the rental income to be collected in the next financial year.

The targeted audit outcome was not achieved due to identified weaknesses in internal controls and financial management processes relating to investment property, property, plant and equipment (PPE), income tax, irregular expenditure, and net cash flows from operating activities. The underperformance resulted from challenges in asset valuation and verification, deficiencies in record-keeping and reconciliations, non-compliance with applicable accounting standards and legislative requirements, and inaccuracies in the classification and

disclosure of cash flow items. These issues affected the credibility and reliability of financial information and contributed to the audit findings reported for the period under review.

To address the underperformance of the audit outcome, management has committed to strengthening the internal control environment and improving financial management practices. Key corrective measures include updating and reconciling asset registers, conducting annual valuations and physical verifications, strengthening income tax calculations and reviews, enhancing supply chain management controls to prevent irregular expenditure, and improving the accuracy and reconciliation of net cash flows from operating activities. Progress will be monitored through management oversight, internal audit follow-ups, and reporting to the Audit Committee, to achieve an improved audit opinion in subsequent reporting periods.

Linking performance with budgets

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

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
Financial Management	21 705 480	22 666 320	960 840	20 852 767	20 570 400	(282 367)
Corporate Services	38 587 520	40 295 680	1 708 160	36 367 233	36 569 600	202 367
TOTAL	**60 293 000**	**62 962 000**	**2 669 000**	**57 220 000**	**57 140 000**	**(80 033)**

4.2. 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 in the property portfolio.

Output Indicator	Audited Actual Achievement 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Variance (Under)/Over Achievement 2025/26	Reasons for Deviations
Percentage occupancy on available lettable property spaces	76%	75%	75.08%	0.08%	Target achieved
Percentage revenue collected to be allocated or ring-fenced for maintenance	New Output Indicator	10%	10%	0	Target achieved
Percentage properties renovated and repaired	New Output Indicator	5%	5.15%	0.15%	Target achieved
Number of properties installed with smart meters	0	51	5	(46)	The non-achievement of the smart meters can largely be attributed to constrained cash flow arising from suboptimal revenue collection, which subsequently impacted the pace and roll-out of the planned smart meter implementation programme.

Highlights for the year under review:

The entity recorded positive performance in respect of the percentage occupancy of available lettable property spaces, reflecting improved demand and effective property management strategies. Ongoing marketing efforts, tenant retention initiatives, and improved engagement with potential investors and lessees supported the occupancy levels. The sustained uptake of lettable space contributed to enhanced utilisation of property assets and supported revenue optimisation objectives. While market and economic conditions continued to pose challenges, the achieved occupancy levels indicate progress towards improving the financial sustainability and operational efficiency of the entity's property portfolio.

The NWDC achieved its target for the percentage of revenue ring-fenced for maintenance addressing, asset preservation, and operational sustainability. Revenue allocation for maintenance, renovation, and repair activities was prioritised to address essential upkeep of property assets, improve asset condition, extend the useful life of facilities, and mitigate infrastructure deterioration. The ring-fencing of maintenance funding contributed to improved planning, strengthened asset management practices, and enhanced the long-term usability of facilities.

Despite ongoing financial constraints, the entity demonstrated commitment to balancing operational demands with the need for proactive maintenance, supporting improved service delivery and financial sustainability.

Strategies to overcome areas of underperformance:

The underperformance in smart meters installation was primarily attributable to the review and rationalisation of the NWDC property portfolio. Management implemented a risk-averse, value-for-money approach by temporarily suspending the roll-out of smart meters to avoid incurring expenditure on properties that may not remain within the NWDC portfolio.

The implementation of smart meters will resume once certainty is obtained on the properties that will constitute the approved property portfolio moving forward. This approach is intended to ensure prudent financial management, alignment with strategic asset decisions, and the effective utilisation of resources, thereby supporting improved performance in subsequent reporting periods.

Linking performance with budgets

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

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
Property Development and Management	106 363 000	112 664 000	6 301 000	110 453 000	111 131 000	678 000
TOTAL	**106 363 000**	**112 664 000**	**6 301 000**	**110 453 000**	**111 131 000**	**678 000**

4.3. Programme 3: SMME Development and Management

The purpose of the programme is to:

- Support the development of sustainable and competitive SMMEs, thus contributing 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 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Variance Under/(Over) Achievement 2025/26	Reasons for Deviations
Number of SMMEs and Cooperatives provided with financial support	15	20	20	0	Target achieved
Number of SMMEs and Cooperatives provided with non-financial support	735	700	739	39	Target exceeded due to strengthened partnerships with key stakeholders, enabling wider reach and improved access to services such as business advisory support, mentorship, and coaching.

Highlights for the year under review:

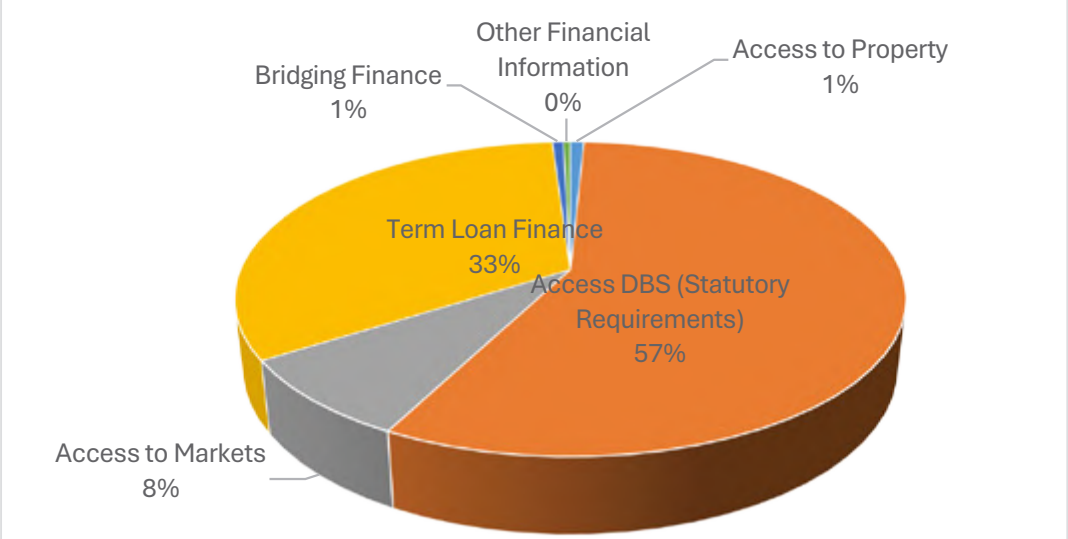
The programme for supporting SMMEs and cooperatives exceeded its performance target, demonstrating strong implementation and effective delivery of both financial and non-financial support interventions. Expanded outreach initiatives drove the overachievement, strengthened partnerships, and the timely provision of business funding, mentorship, and advisory services. This performance highlights the programme's positive contribution to enterprise development, local economic growth, and job creation, while also reflecting increased uptake and confidence among beneficiaries in the support mechanisms provided.

While recognising that greater impact could be achieved with increased financial resources, the unit demonstrated resilience and effectiveness within existing human capital and budgetary constraints. The unit successfully advanced bridging finance to one business, which is projected to create 1,000 jobs, reflecting targeted intervention despite limited resources.

In addition, the unit implemented a refreshed programme of training and information sharing workshops, rolled out across different districts to improve outreach and access. These workshops facilitated improved access to funding opportunities through partner entities and extended support services to MSMEs. A total of three workshops were successfully conducted in Mahikeng, Taung, and Bojanala.

To further enhance market access for MSMEs, the unit also implemented pop-up flea markets as a practical platform for exposure. Two such initiatives were successfully hosted in JB Marks and Mahikeng, providing participating enterprises with increased visibility, trading opportunities, and access to broader markets.

The picture below indicates the services rendered to the SMMEs and Cooperatives during 2025/26:



Linking performance with budgets

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

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
SMME Development and Management	8 585 000	7 947 000	(638 000)	8 099 000	9 707 000	1 608 000
TOTAL	**8 585 000**	**7 947 000**	**(638 000)**	**8 099 000**	**9 707 000**	**1 608 000**

4.4. 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 the government for revenue generation.

Output Indicator	Audited Actual Achievement 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Variance (Under)/Over Achievement 2025/26	Reasons for Deviations
Rand value of investments facilitated into the NWP	R950m	R700m	R1,079bn	R379,38m	Target exceeded, reflecting continued investor confidence and effective investment promotion efforts
Number of jobs to be created through investments facilitated into the NWP	1 736	350	380	30	Job creation target met, demonstrating the contribution of investment initiatives to employment creation and inclusive economic growth
Number of companies taken through export development	New Output Indicator	25	33	8	Target exceeded, strengthening the export readiness and competitiveness of local enterprises
Number of companies assisted to access export markets	New Output Indicator	15	16	1	Target met, supporting increased market diversification and participation in access to markets

Highlights for the year under review:

The Rand value of investments facilitated in the NWP significantly exceeded expectations during the reporting period. This strong performance was largely driven by infrastructure provision associated with the Pilanesberg Phase 2 Bulk Water Supply Scheme, a catalytic project implemented by Magalies Water, which facilitated an investment of R938,598 million and supported the creation of 250 jobs. Additional investment was realised through the beneficiation of Platinum Group Metals (PGMs) and chromium ores at the ARXO Metals Beneficiation Site, complemented by the ARXO Metals Renewable Energy Centre, further enhancing the overall investment pipeline beyond initial projections.

This overachievement translated into a higher than targeted number of jobs projected to be created through investments facilitated in the province, contributing positively to economic growth and employment creation. In addition, the entity exceeded its targets for both the number of companies supported through export development programmes and the number of companies assisted in accessing export markets, demonstrating strengthened enterprise support and improved integration of local businesses into regional and international markets. Collectively, these outcomes underscore the effectiveness of the entity's investment and trade facilitation interventions and their contribution to the broader economic development objectives of the NWP.

Linking performance with budgets

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

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
Trade and Investment Facilitation	6 804 000	6 335 000	(469 000)	25 286 000	11 672 000	(13 614 000)
TOTAL	**6 804 000**	**6 335 000**	**(469 000)**	**25 286 000**	**11 672 000**	**(13 614 000)**

4.5. Subsidiary: Bojanala SEZ

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 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Variance (Under)/Over Achievement 2025/26	Reasons for Deviations
Rand value of investments facilitated into the SEZ	R136,2bn	R10bn	R13,1bn	R3,1bn	The overachievement is attributed to increased investor confidence and accelerated investment commitments, driven in part by the Presidential Pronouncement on Bojanala SEZ and reinforced by coordinated national and provincial government support.

Highlights for the year under review:

The year under review saw substantial progress in advancing the SEZ designation application, with focused efforts on stakeholder mobilisation and investor engagement. A key milestone was the Presidential pronouncement on the Bojanala SEZ, which underscored the prioritisation of accelerating the designation process, supported by visible leadership from Premier Lazarus Mokgosi. This high-level political endorsement significantly enhanced the credibility of the SEZ initiative and strengthened investor and market confidence.

As a result, the entity experienced a marked increase in investor enquiries, expressions of interest, and indicative investment commitments across priority sectors. Targeted engagements with both domestic and international investors contributed to the development of a robust investment pipeline. In parallel, improved intergovernmental coordination and alignment enhanced institutional readiness, establishing a solid foundation for the anticipated designation and subsequent operationalisation of the Bojanala SEZ.

Linking performance with budgets

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

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
Bojanala SEZ	23 328 000	18 344 000	(4 984 000)	55 059 000	22 870 000	32 189 000
TOTAL	**23 328 000**	**18 344 000**	**(4 984 000)**	**55 059 000**	**22 870 000**	**32 189 000**

5. Summary of Financial Information

5.1. Revenue Collection

Sources of Revenue	2025/26			2024/25		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
Revenue	130 502 000	224 453 000	93 951 000	118 639 000	131 190 305	12 551 305
Grants	76 345 000	86 795 750	10 450 750	72 988 000	89 256 000	16 268 000
Investment and Other Income (SEZ)	-	-	-	-	3 721 000	3 721 000
Other Gains and Losses	1 526 000	57 324 000	55 798 000	31 440 000	308 535 695	277 095 695
TOTAL	**208 373 000**	**368 572 750**	**160 199 750**	**223 067 000**	**532 703 000**	**312 636 000**

5.2. Programme Expenditure

Programme Name	2025/26			2024/25		
	Budget	Actual Expenditure	Over/(Under) Expenditure	Budget	Actual Expenditure	Over/(Under) Expenditure
Property Development and Management	106 363 000	112 664 000	6 301 000	110 453 000	111 131 000	678 000
Bojanala Special Economic Zone (SEZ)	8 585 000	7 947 000	(638 000)	55 059 000	22 870 000	(32 189 000)
SMME Development and Management	6 804 000	6 335 000	(469 000)	8 099 000	9 707 000	1 608 000
Trade and Investment Facilitation	23 328 000	18 344 000	(4 984 000)	25 286 000	11 672 000	(13 614 000)
Economic Programme Management	-	-	-	-	-	-
Financial Management	21 705 480	22 666 320	960 840	20 852 767	20 570 400	(282 367)
Corporate Services	38 587 520	40 295 680	1 708 160	36 367 233	36 569 600	202 367
Signal Development SOC Ltd	3 000 000	0	(3 000 000)	0	0	0
TOTAL	**208 373 000**	**208 252 000**	**(121 000)**	**259 363 000**	**212 769 000**	**(46 594 000)**

Mr M Mahapa
Acting Chief Executive Officer


CATERPILLAR



Part C

Corporate Governance

Corporate Governance encompasses the processes and systems by which the North West Development Corporation is SOC Ltd directed, controlled, and held accountable. In addition to legislative requirements in terms of the Companies Act, the corporate governance of the NWDC is implemented through the provisions of the Public Finance Management Act (PFMA). It aligns with the principles outlined in the King V Report on Corporate Governance.

Parliament, the Executive Authority, and the Accounting Authority of the NWDC are responsible for corporate governance.

1. Portfolio Committee

Parliament exercised its role by evaluating the performance of the NWDC through the interrogation of the annual financial statements and other relevant documents tabled, as well as those tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviewed the annual financial statements and the external auditor's audit reports.

The Portfolio Committee on Economic Development, Environment, Conservation, and Tourism exercised oversight over the service delivery performance of the NWDC and, as such, reviewed the non-financial information contained in the annual report and is concerned with service delivery and enhancing economic growth.

The following table provides the dates and details of meetings held with the Portfolio Committee and whether the Portfolio Committee adopted these Reports:

Date of Meeting	**Subject Matter**	**Adopted**	
		Yes	No
8 April 2025	Final Draft Corporate Plan 2025/26	✓	
8 April 2025	Q3 of 2024/25 Performance Information Report	✓	
8 May 2025	Q4 of 2024/25 Performance Information Report	✓	
20 May 2025	Oversight visit to Bojanala District	Visit	
20 May 2025	Oversight visit to Bojanala District (Bojanala SEZ)	Visit	
3 June 2025	Final Corporate Plan 2025/26	✓	
14 August 2025	Joint Portfolio Committee Meeting	See details below	
19 August 2025	Q1 of 2025/26 Performance Information Report	✓	
16 October 2025	Annual Report 2024/25	✓	
11 November 2025	First Draft Corporate Plan 2026/27	✓	
11 November 2025	Q2 of 2025/26 Performance Information Report	✓	
28 November 2025	Joint Portfolio Committee Meeting	See details below	
3 March 2026	Second Draft Corporate Plan 2026/27	✓	
3 March 2026	Q3 of 2025/26 Performance Information Report	✓	
17 March 2026	Presented the NWDC Turnaround Plan	Special Meeting	

The following provides commentary on the ad-hoc oversight engagements by the Portfolio Committee:

- The Portfolio Committee on Economic Development, Environment, Conservation and Tourism held a meeting with DEDECT and its entities on 14 August 2025. The purpose of the meeting was for the Office of the Premier, jointly with Provincial Treasury, to present governance and financial matters of the entities.

- Following the meeting held on 14 August 2025, a follow-up meeting was held on 28 November 2025. The Joint Committee on Economic Development, Environment, Conservation, and Tourism, together with the Committee on Premier and Finance, held a meeting with the Department of Provincial Treasury and DEDECT, during which the status and financial stability of DEDECT entities were discussed.

2. Executive Authority

Oversight by the Executive Authority is exercised in accordance with the prescripts of the PFMA, which confers oversight authority over the governance, performance, and financial management of the public entity. In fulfilling this role, the Executive Authority is also responsible for appointing and removing Board members and for ensuring that the Board is appropriately constituted with a balanced mix of executive and non-executive directors who possess the requisite skills, experience, and independence to guide the entity effectively.

During the reporting period, the entity submitted the required statutory and governance reports to the Executive Authority within prescribed timeframes. These included the Quarterly Performance and Financial Reports, Corporate Plan, and Annual Report, submitted on:

- Q4 Report of 2024/25 on 24 April 2025
- Revised Corporate Plan 2025/26 on 28 May 2025
- Q1 Report of 2025/26 on 30 July 2025
- Q2 Report of 2025/26 on 31 October 2025
- First Draft Corporate Plan 2026/27 on 15 October 2025
- Q3 Report of 2025/26 on 30 January 2026
- Final Corporate Plan 2026/27 on 31 March 2026

Additional governance-related reports, including Board and Audit Committee reports, were submitted as required to support the Executive Authority's oversight responsibilities.

The Executive Authority considered the submitted reports and provided feedback primarily relating to performance against predetermined objectives, financial sustainability, governance compliance, and capacity constraints. Matters raised were addressed by management and the Board through corrective actions, enhanced oversight, and continued engagement with the Executive Authority. No directives were issued that materially affected the entity beyond those addressed through normal governance and reporting processes.

Overall, the entity confirms that it maintained effective reporting and communication with the Executive Authority during the reporting period, enabling the Executive Authority to discharge its oversight responsibilities in line with the PFMA.

2.1. Strategic Planning and Alignment

The NWDC actively participated in Strategic Planning Sessions convened by the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) on 8 and 9 October 2025, and 17 and 18 March 2026, which informed the development and finalisation of the 2026/27 Corporate Plan and Annual Operational Plan (AOP). These engagements strengthened strategic alignment between the Department and its entities, ensuring that planning priorities are responsive, measurable, and aligned with provincial and national imperatives, including the priorities of the 7th Administration and the Provincial Growth and Development Strategy (PGDS).

The NWDC played a central role in planning engagements relating to Integrated Economic Development Services, Trade and Sector Development, and Economic Planning, which are directly aligned to its mandate. The Chief Executive Officer facilitated key commissions, with outcomes formally presented by management, ensuring that NWDC priorities, such as investment promotion, MSME development, export facilitation, SEZs, and infrastructure-led growth, were fully integrated into the broader departmental planning framework.

The planning process supported compliance with National Treasury prescripts, ensuring alignment between the Corporate Plan, AOP, budget allocations, and the Medium-Term Expenditure Framework (MTEF). It also enabled the refinement of performance indicators, targets, and technical indicator descriptions, ensuring improved measurability, accountability, and impact.

Key outcomes included the consolidation of a coordinated, outcome-driven planning framework, focused on job creation, targeted economic development interventions, and district-specific priorities. The sessions culminated in the adoption of a clear implementation and monitoring framework, providing a strong foundation for enhanced service delivery, improved intergovernmental coordination, and effective implementation in the 2026/27 financial year.

3. Accounting Authority

The appointment of the Accounting Authority of the NWDC is established in terms of the PFMA and the Companies Act. The NWDC is committed to the highest standards of corporate governance, including those advocated in the King V Report on Corporate Governance for South Africa. As recommended by the King Code, the Accounting Authority has a charter setting out its responsibilities.

In accordance with the principles of King V on Corporate Governance, the Board is the focal point and custodian of the entity, exercising ethical and effective leadership to achieve sustainable value creation in the public interest. As the Accounting Authority, in accordance with the PFMA, the Board is collectively responsible for providing strategic direction, approving policies, and overseeing the implementation of the entity's mandate.

3.1. Responsibilities of the Board

In line with the recommendations of the King V Report on Corporate Governance, the Board has adopted a Board Charter that sets out its roles, responsibilities, authority, and governance practices. The Charter serves as a key governance instrument that guides the Board in fulfilling its fiduciary duties and oversight responsibilities in the public interest.

The Board Charter confirms the Board's responsibility for the approval and adoption of the entity's strategic plans, including oversight of the strategic direction, annual performance plans, and alignment of strategy with the entity's mandate. During the reporting period, the Board exercised this responsibility by reviewing and approving strategic and corporate plans and monitoring progress against approved objectives.

The Charter further assigns the Board responsibility for the monitoring of operational performance and management, ensuring that management executes its duties effectively and within approved frameworks. The Board received regular performance and management reports during the year, enabling it to exercise oversight over service delivery, financial performance, and governance matters.

In accordance with the Charter, the Board is responsible for the determination and oversight of policy processes to ensure the integrity of the entity's risk management and internal control systems. During the reporting period, the Board, supported by its committees, monitored the effectiveness of risk management, internal controls, and assurance arrangements, in line with PFMA and King V requirements.

The Board Charter also provides for a communication policy, promoting transparent and effective communication with stakeholders, as well as clear processes for director selection, induction, and performance evaluation.

The Board continued to apply these processes during the reporting period, including induction of members where applicable and ongoing evaluation of Board effectiveness.

Overall, the Board confirms that progress has been made in complying with the provisions of the Board Charter, and that the Charter remains an effective framework for directing and controlling the entity. The Board continues to review and apply the Charter to strengthen governance practices and ensure alignment with legislative and King V principles.

Table: Board

Name	Designation	Date Appointed	End of Term	Number of Meetings Attended
Ms Thuso Molefi (Board Chairperson)	Non-Executive Director	7 July 2025 as Deputy Chairperson Reappointed on 9 February 2026	7 January 2026 and then reappointed on 9 February 2026	17
Dr George Malebe (Deputy Board Chairperson)	Non-Executive Director	7 July 2025 Reappointed on 9 February 2026	Resigned on 11 September 2025 and then reappointed on 9 February 2026	9
Ms Zanele Makhubo	Non-Executive Director	7 July 2025 Reappointed on 9 February 2026	7 January 2026 and then reappointed on 9 February 2026	15
Mr Gabaiphiwe Tabane	Non-Executive Director	7 July 2025 as Chairperson Reappointed on 9 February 2026	Resigned on 11 September 2025 and then reappointed on 9 February 2026	10
Ms Tsholofelo Lekoma	Non-Executive Director	7 July 2025 Reappointed on 9 February 2026	7 January 2026 and then reappointed on 9 February 2026	12
Ms Selebatso Nkadimang	Non-Executive Director	9 February 2026	Not applicable	1
Mr Walter Setshedi	Non-Executive Director	7 July 2025	7 January 2026	8
Mr Tsietsi Seane	Non-Executive Director	7 July 2025	7 January 2026	15
Mr Kenneth Konopi	Non-Executive Director	7 July 2025	7 January 2026	16
Mr Kabelo Kgoro	Non-Executive Director	7 July 2025	7 January 2026	10
Ms Jeanette Neveling	Non-Executive Director	7 July 2025	Resigned on 21 August 2025	7
Ms Wendy Nelson	Non-Executive Director	7 July 2025	Resigned on 21 August 2025	4

3.2. Board Committees

The Board is empowered, in terms of its governance mandate and in line with the principles of King V and the PFMA, to establish committees to assist it in the effective discharge of its responsibilities.

The Board determines the composition, roles, responsibilities, and terms of reference of such committees, while retaining overall accountability for their delegated functions. Committees operate in accordance with approved charters and report regularly to the Board, enabling focused oversight in key areas such as audit and risk, human resources, remuneration, and governance.

The establishment of Board committees enhances effective governance, supports informed decision-making, and strengthens oversight without detracting from the Board's collective responsibility.

Table: Committees Composition and Attendance

Committee	Name	Designation	Date Appointed	End of Term	Number of Meetings Attended
Audit Committee	Dr Fikile Mudau	Chairperson	10 June 2025	10 June 2027	4 of 5
	Mr Peter Mukheli	Deputy Chairperson	10 June 2025	10 June 2027	5 of 5
	Mr Leon Langa	Member	10 June 2025	10 June 2027	4 of 5
	Mr Tshabedi Serote	Member	10 June 2025	10 June 2027	5 of 5
	Adv Frans Van Der Westhuizen	Member	10 June 2025	10 June 2027	4 of 5
	Ms Zanele Makhubo	Member	10 June 2025	10 June 2027	3 of 5
Risk Committee	Dr Stanley Ngobeni	Chairperson	10 June 2025	10 June 2027	3 of 3
	Mr Rabelani Tshimomola	Member	10 June 2025	10 June 2027	3 of 3
	Adv Johannes Weapond	Member	10 June 2025	10 June 2027	3 of 3
	Ms Zanele Makhubo	Member	10 June 2025	10 June 2027	2 of 3
HR and REMCO Committee	Mr Walter Setshedi	Chairperson	5 August 2025	7 January 2026	2 of 2
	Mr Kabelo Kgoro	Member	5 August 2025	7 January 2026	2 of 2
	Mr Kenneth Konopi	Member	5 August 2025	7 January 2026	2 of 2
Finance and Investment Committee	Mr Kenneth Konopi	Chairperson	5 August 2025	7 January 2026	3 of 3
	Ms Thuso Molefi	Member	5 August 2025	7 January 2026	3 of 3
	Mr Tsietsi Seane	Member	5 August 2025	7 January 2026	2 of 3
Social and Ethics Committee	Ms Zanele Makhubo	Chairperson	5 August 2025	7 January 2026	3 of 3
	Mr Kabelo Kgoro	Member	5 August 2025	7 January 2026	3 of 3
	Ms Thuso Molefi	Member	5 August 2025	7 January 2026	3 of 3

4. Assurance

The entity applies a combined assurance approach based on the Three Lines Model. Management (first line) is responsible for implementing internal controls, managing risks, and ensuring compliance through day-to-day operations.

Oversight and support functions (second line), including risk management and compliance, monitor and support the effectiveness of controls.

Internal Audit (third line) provides independent and objective assurance on governance, risk management, and internal controls.

The Audit Committee oversees the combined assurance process and evaluates the adequacy and reliability of assurance provided across all lines of defence.

Picture: Combined Assurance Model



4.1. Risk Management

The entity maintained an approved risk management framework, which formed part of the overall system of internal control. Management was responsible for identifying, assessing, and managing strategic operational, fraud, and ICT risks, and for implementing mitigation measures in line with the entity's risk appetite and tolerance levels. Risk registers were reviewed periodically, and oversight was provided through governance structures quarterly. Internal Audit evaluated the adequacy and effectiveness of risk management processes as part of its risk-based audit plan. At the same time, the Audit Committee exercised independent oversight and assured the effectiveness of risk management. This combined assurance approach contributed to reasonable assurance that material risks were identified and appropriately managed.

4.2. Internal Audit

The Internal Audit function operated independently and in accordance with an approved risk-based internal audit plan, and in compliance with the Institute of Internal Auditors (IIA) Global Internal Audit Standards (GIAS), providing assurance on governance, risk management, and internal control processes. The Internal Audit function operates in accordance with an approved Internal Audit Charter that formally establishes its independence, authority, and scope in line with the GIAS Standards and the Treasury Regulations. Internal Audit served as a key component of the entity's combined assurance model, complementing management's first-line assurance activities. Audit findings and recommendations were reported to both management and the

Audit Committee, with management responsible for implementing corrective actions. The Audit Committee monitored the adequacy, independence, and effectiveness of the Internal Audit function, thereby strengthening the control environment and supporting good governance.

4.3. Fraud and Corruption

The entity maintained a Fraud Prevention Plan and applied a zero-tolerance approach to fraud and corruption. Management implemented preventative and detective controls to reduce the risk of fraud and ensured that mechanisms for reporting suspected irregularities were in place. Fraud risk management was integrated into the overall risk management framework. Internal Audit provided independent assurance on the effectiveness of fraud prevention controls, while the Audit Committee provided oversight of fraud risk management and response measures. No material incidents of fraud or corruption were reported during the financial year.

4.4. Code of Conduct

The entity upheld an approved Code of Conduct, which formed part of the ethical foundation and the system of internal control. Management was responsible for promoting ethical behaviour, ensuring compliance, and managing declarations of interest. Compliance with the Code of Conduct contributed to management's assurance on ethical leadership and organisational integrity. Internal Audit assessed compliance with ethical controls where applicable, and the Audit Committee exercised oversight over ethics management as part of the combined assurance framework. Any identified breaches were addressed in accordance with established disciplinary procedures.

5. Company Secretary

In accordance with King V Principle 10, the Board is supported by a competent and suitably qualified Company Secretary, who plays a critical role in enabling effective governance and Board functioning. The Company Secretary is responsible for advising the Board on governance matters, supporting the Board and its committees in the execution of its duties, and ensuring compliance with applicable legislative and regulatory requirements, including the Companies Act 71 of 2008, the PFMA, and relevant governance prescripts.

During the reporting period, the Company Secretary ensured that all statutory reports, notices, and returns required under the Companies Act were prepared, lodged, and submitted within the prescribed timeframes, and that such returns were complete, accurate, and consistent with approved records and resolutions. Statutory registers, Board and committee minutes, and corporate records were properly maintained, supporting transparency, accountability, and effective decision-making.

The Company Secretary further facilitated effective Board and committee processes, including coordinating meetings, timely distribution of information, recording resolutions, and monitoring of the implementation of Board decisions. The Board is satisfied that the Company Secretary fulfilled its responsibilities effectively and contributed positively to the overall governance framework and the Board's effectiveness during the reporting period.

6. Conflict of Interest

In accordance with the NWDC Human Resources Policy: Business Code of Ethics, paragraph 4, Policy Declaration, and Supply Chain Management Regulation 16A8.3, all employees must declare their business interests. Furthermore, in all Procurement, Management, and Board Meetings, members declare their interests by completing the declaration of interest form. Should there be any matter of discussion that any member of the Committee is conflicted with, the member will at that stage recuse himself/herself from that discussion point.

7. Compliance with Laws and Regulations

The entity has implemented measures to ensure ongoing compliance with applicable laws, regulations, and governance prescripts, including the PFMA, Treasury Regulations, and other relevant legislation. Compliance responsibilities are embedded within management processes and supported by approved policies, procedures, and internal controls. Regular monitoring and reporting mechanisms are in place, including management reviews, internal control assessments, and oversight by governance structures such as the Audit Committee. Where compliance risks are identified, corrective actions are implemented and tracked.

During the reporting period, no material instances of non-compliance were identified. However, the entity experienced operational and capacity-related challenges that have delayed the implementation of certain control and compliance activities. These challenges were monitored through management and governance structures, and mitigating measures were implemented to ensure continued adherence to legislative and regulatory requirements.

8. Health, Safety, and Environmental Issues

The entity recognises Health, Safety and Environmental (HSE) risks as part of its overall risk profile and manages these risks in accordance with the Occupational Health and Safety Act (Act No 85 of 1993) and applicable environmental legislation. HSE risks primarily relate to workplace safety, employee well-being, and potential environmental impacts arising from operational activities. Controls are in place to mitigate these risks, including compliance with legislative requirements, internal policies, risk assessments, and incident reporting procedures.

During the reporting period, no material health, safety, or environmental incidents were recorded that adversely affected the entity's operations or service delivery. While resource and capacity constraints present a residual risk to the full implementation of preventative measures, these risks are monitored through management oversight and internal control processes. Overall, HSE risks were managed within acceptable tolerance levels and did not materially impact the entity's ability to achieve its objectives.

9. Internal Control Unit

In line with section 38(1)(a) of the PFMA, the entity has established an Internal Control Unit to support the Accounting Authority and management in maintaining an effective, efficient, and transparent system of financial and operational control. During the reporting period, the Unit contributed to strengthening the control environment by monitoring compliance with applicable legislation, policies, and procedures, and by promoting sound financial and governance practices across the organisation.

Consistent with King V principles on governance, risk, and control, the Internal Control Unit supported management in implementing and monitoring internal controls designed to safeguard assets, ensure information reliability, and support the achievement of organisational objectives. The Unit conducted control reviews, monitored corrective actions arising from audit findings, and provided management with assurance on the adequacy and effectiveness of key control processes.

The Internal Control Unit formed part of the entity's combined assurance framework, complementing management's first-line assurance responsibilities and the independent assurance provided by the Internal Audit function. Reports and control assessments were used to inform management decision-making and oversight structures, including the Audit Committee. Despite resource and operational constraints, the Internal Control Unit continued to play a critical role in strengthening governance, accountability, and compliance in accordance with the PFMA and the principles of the King V Report.

10. B-BBEE Compliance Performance Information

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

Has the NWDC applied any relevant Code of Good Practice (B-BBEE Certificate Level 1-8) concerning 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 services 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 Broad-Based Black Economic Empowerment?	No	Not applicable



Part D
Human Resource Management

1. Overview of Human Resource Matters

Human Resources (HR) remained a key strategic function supporting the entity's mandate and operational effectiveness. The HR environment focused on ensuring compliance with relevant labour legislation, maintaining a stable workforce, strengthening governance, and supporting service delivery through effective people management. Ongoing attention was given to employee relations, talent management, organisational capacity, and employee well-being to ensure a productive and motivated workforce.

2. HR Priorities and Impact

Key HR priorities for the reporting period included stabilising the organisational structure, strengthening employee performance management, improving staff wellness initiatives, and addressing critical skills gaps. These priorities contributed positively to improved operational efficiency, increased employee engagement, and better alignment between individual performance and organisational objectives. The implementation of these priorities enabled the public entity to maintain service delivery despite operational and resource constraints.

3. Workforce Planning Framework and Recruitment Strategies

The public entity implemented a workforce planning framework to ensure the availability of a skilled, competent, and capable workforce in line with its strategic objectives. The framework focused on identifying critical and scarce skills, succession planning, and targeted recruitment. Key strategies included aligning recruitment with approved organisational structures, promoting internal talent development, and ensuring fairness and transparency in recruitment processes. These measures supported the attraction and retention of suitably qualified employees. The NWDC has not made any appointments during the period under review.

4. Employee Performance Management

A performance management framework was applied to ensure accountability and to promote a performance-driven culture. The framework linked individual performance agreements to strategic and operational objectives, enabling systematic monitoring and assessment of employee performance. Regular performance reviews and feedback mechanisms were used to identify development needs, recognise performance achievements, and address underperformance where required.

5. Employee Wellness Programmes

Employee wellness remained a priority during the reporting period, with the entity implementing initiatives to support physical, emotional, and psychological well-being. Wellness programmes included employee assistance services, health awareness initiatives, and support mechanisms to address work-related stress. These interventions contributed to improved employee morale, reduced absenteeism, and enhanced overall productivity.

6. Policy Development

During the year under review, progress was made in reviewing and updating HR-related policies to ensure alignment with legislative requirements, industry best practice, and organisational needs. Policy development focused on areas such as disciplinary processes, performance management, recruitment, and employee wellness. Updated policies strengthen governance, promote consistency, and enhance compliance across the organisation.

7. HR Achievements

Notable HR achievements during the reporting period included the successful implementation of key workforce initiatives, improved stability in critical positions, and enhanced performance monitoring. The entity also strengthened employee engagement through wellness interventions for improved organisational effectiveness.

8. Challenges Experienced

Despite progress, the public entity faced HR-related challenges, including limited financial resources, delays in filling critical vacancies, capacity constraints, and increased workload pressures on existing staff. External factors and competing priorities also affected the pace of implementing certain HR initiatives.

9. Future HR Plans and Goals

Looking ahead, the public entity aims to further strengthen its human capital by enhancing workforce planning, accelerating skills development, and improving employee engagement and retention. Future HR plans include strengthening succession planning, expanding wellness programmes, improving talent management systems, and continuing to align HR practices with strategic priorities to support sustainable performance and service delivery.

10. HR Oversight Statistics

Key human resources information is outlined in the tables and graphs below. The financial amounts agree with the amounts disclosed in the Annual Financial Statements set out in Section F.

10.1. Personnel Expenditure

The following tables summarise the final audited expenditure by salary bands. It indicates the amount spent on personnel, and the amount spent on salaries, overtime, home owners' allowances, and medical aid:

Table: 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	7 798 513.20	8%	5	1 559 702.64
Senior Management	22 261 898.80	24%	20	1 113 094.94
Professionally Qualified	16 682 649.86	18%	21	794 411.90
Skilled	18 896 067.07	20%	28	674 859.54
Semi-Skilled	22 488 230.80	24%	56	401 575.55
Unskilled	2 542 495.90	3%	10	254 249.59
Contract Workers (Internships)	2 914 561.38	3%	28	104 091.48
TOTALS	**93 584 417.01**	**100%**	**168**	**557 050.10**

The information disclosed in the table above reflects the personnel expenditure incurred during the 2025/26 financial year, including employees who left during the period under review. Therefore, in some of the tables that follow, the "number of employees" in the salary band category might change due to the exclusion of those who left the organisation.

Table: Overtime, Home Owners' Allowance and Medical Aid

Salary Band	Salaries	Home Owners Allowance		Medical Aid	
	Amount (R'000)	Amount (R'000)	Home Owners Allowance as a % of Personnel Costs	Amount (R'000)	Medical Aid as a % of Personnel Costs
Top Management	7 798 513.20	204 000.00	3%	295 972.00	4%
Senior Management	22 261 898.80	114 225.00	1%	681 318.00	3%
Professionally Qualified	16 682 649.86	189 600.00	1%	1 192 686.00	7%
Skilled	18 896 067.07	238 967.76	1%	1 571 933.80	8%
Semi-Skilled	22 488 230.80	406 639.92	2%	2 024 967.00	9%
Unskilled	2 542 495.90	107 400.00	4%	343 181.00	13%
Contract Workers (Internships)	2 914 561.38	0	0%	0	0%
TOTALS	**93 584 417.01**	**1 260 832.68**	**1%**	**6 110 057.80**	**7%**

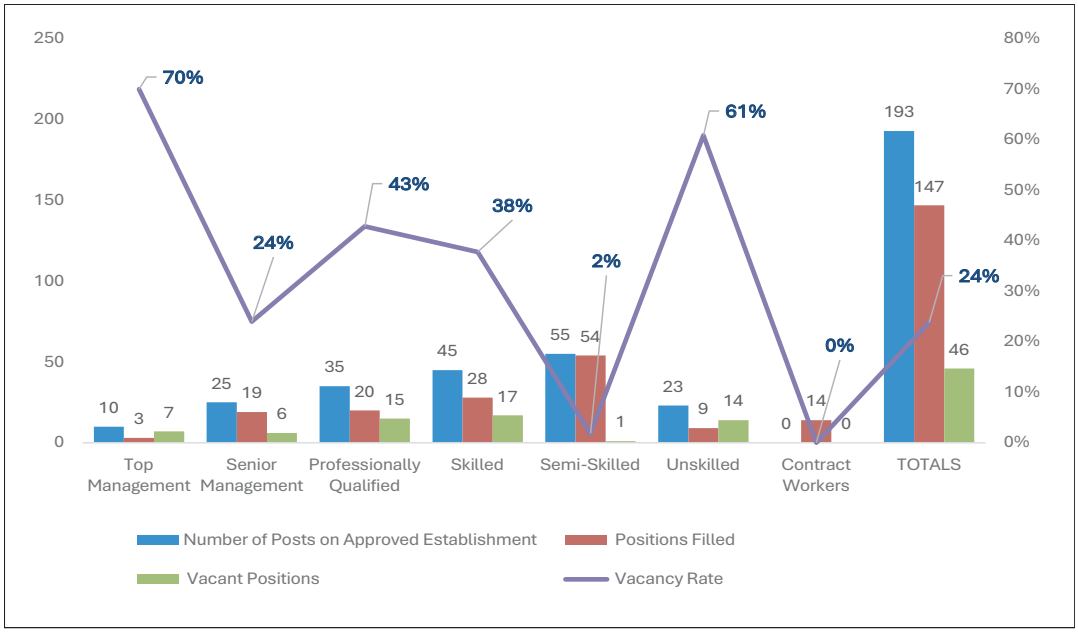
10.2. Employment and Vacancies

The entity maintained a high staff retention rate of 96%, indicating workforce stability and the successful retention of institutional knowledge and critical skills. This level of retention positively supported operational continuity and the sustained delivery of key functions in line with the entity's mandate.

Notwithstanding the high retention rate, the entity recorded a 24% vacancy rate during the reporting period. This elevated vacancy rate was primarily due to appointment constraints, as the entity was unable to appoint new employees during the 2025/26 financial year. Consequently, existing vacancies could not be filled, including posts that are critical to strengthening operational capacity and reducing workload pressures.

The combined impact of high staff turnover and constrained recruitment has increased reliance on existing personnel to absorb additional responsibilities. While this ensured continuity of operations, it also presented capacity and sustainability risks, particularly in areas requiring specialised skills. The entity continues to manage these pressures through internal reallocations and efficiency measures, while recognising that the ability to fill funded vacancies remains essential to strengthening governance, improving service delivery, and supporting long-term organisational effectiveness.

The graph below shows the number of employees in each salary band level, vacant and filled positions, and indicates an overall vacancy rate of 24%.



10.3. Performance Rewards

The entity was not in a position to award performance rewards to qualifying employees. This was primarily due to financial constraints and the need to prioritise the sustainability of core operations and compliance with approved budget allocations. The decision was taken within the context of constrained fiscal conditions and in line with applicable prescripts governing compensation management in the public sector.

While performance management processes were implemented and performance assessments were conducted, the non-payment of performance rewards was a financial constraint rather than a reflection of individual or organisational underperformance. Management ensured that performance outcomes were formally recorded to maintain accountability and support future performance planning once financial conditions improve.

The entity remains committed to the principles of performance management. Payment of performance rewards will be reviewed when financial conditions allow, subject to the availability of funds and compliance with relevant regulatory frameworks.

10.4. Training and Development

During the 2025/26 financial year, the entity submitted and complied with its approved Workplace Skills Plan (WSP) in accordance with legislative and regulatory requirements. However, due to budgetary constraints, the entity was unable to implement the planned training interventions outlined in the WSP; as a result, limited training activities were reported in the Annual Training Report (ATR) for the period.

10.5. Labour Relations: Misconduct and Disciplinary Action

In line with the requirements of the Auditor-General of South Africa (AGSA), the entity discloses that during the year under review, labour relations matters arose mainly from disciplinary actions, alleged unfair labour practices, dismissals, suspensions, and disputes of mutual interest. The majority of disputes referred to the CCMA were dismissed or resolved without financial loss to the entity. Matters involving organised labour, including salary negotiations, were resolved through conciliation. A limited number of disputes relating to equal pay and unfair discrimination remained unresolved at the end of the reporting period and are subject to further dispute-resolution processes.

Overall, labour relations were managed in accordance with applicable labour legislation, and no material contingent liabilities arose from labour disputes during the reporting period.

The table below reflects the matters that were addressed during the reporting period:

Matter(s)	Number	Outcome
Labour Court matter (on allegations of irregular appointments, irregular appointments of BEC, insubordination, and for bringing the name of the Entity into disrepute)	1	Finalised through mutual separation (settlement agreement) on 31 March 2026
CCMA matter on the allegations of unfair suspension	1	The matter was incorporated in the mutual separation (settlement agreement) on 31 March 2026
Arbitration before the CCMA for unfair dismissal	1	The CCMA dismissed the matter on 2 April 2025
Suspension	1	Suspension was lifted, and the employee returned to work
Conciliation before CCMA by NEHAWU and the PSA on the dispute of mutual interest (salary negotiations)	1	Resolved in November 2025
The Conciliation/Arbitration before CCMA by NEHAWU on allegations of unfair labour practice	1	Matter dismissed on 2 December 2025

Matter(s)	Number	Outcome
Conciliation before CCMA by NEHAWU on allegations of equal work, equal pay	1	Unresolved
Conciliation before the CCMA on allegations of unfair discrimination	1	Unresolved

10.6. Equity Target and Employment Equity Status

During the reporting period, the entity continued to face several employment equity challenges, particularly in achieving numerical goals at management levels. Key challenges included the limited ability to appoint new employees, a relatively high vacancy rate, and budgetary constraints, which restricted targeted recruitment and development interventions. These constraints limited the pace at which under-representation, especially in top and senior management, could be addressed. In addition, the small size of the organisation and low staff turnover further constrained opportunities for advancing designated groups into higher occupational levels.

To address these challenges, the entity continued to implement measures outlined in its Employment Equity Plan, including prioritising employment equity considerations in succession planning, internal development initiatives, and acting appointments where feasible.

Gender representation remains relatively balanced overall, with 75 female employees and 67 male employees, although senior and top management levels remain predominantly male. Representation of Coloured, Indian, and White employees remains limited across most occupational levels.

The entity remains committed to progressively improving representation across all occupational levels and will intensify corrective measures as soon as financial and operational conditions permit, in line with legislative requirements.

Table: Total number of employees (including employees with disabilities) in each of the Occupational Levels as at 31 March 2026

Occupational Levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	1	0	0	0	4
Senior Management	11	0	0	1	7	0	1	0	20
Professionally Qualified	7	0	1	0	9	1	0	2	20
Skilled	9	0	0	0	18	0	0	1	28
Semi-Skilled	32	0	0	0	22	0	0	0	54
Unskilled	0	0	0	0	9	0	0	0	9
Temporary Employees	5	0	0	0	9	0	0	0	14
TOTALS	**67**	**0**	**1**	**1**	**75**	**1**	**1**	**3**	**149**



Part E
PFMA Compliance Report

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

1. Irregular Expenditure

Reconciliation of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Opening balance	551 806	551 806
Adjustments to the opening balance	-	-
Opening balance as restated	551 806	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 a result of non-compliance with the Preferential Procurement Regulations (PPR) of 2022.

Reconciling Notes	2025/26 R'000	2024/25 R'000
Irregular expenditure that was under assessment	551 806	551 806
Irregular expenditure identified in the current year	-	-
Total	**551 806**	**551 806**

Details of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Irregular expenditure that was under assessment	551 806	551 806
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	**551 806**	**551 806**

Details of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Irregular expenditure under condoned	-	-
Total	**-**	**-**

Details of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Irregular expenditure NOT condoned and removed	551 806	551 806
Total	**551 806**	**551 806**

Details of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

Details of Irregular Expenditure	2025/26 R'000	2024/25 R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

Additional disclosure relating to inter-institutional arrangements:

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

2. Fruitless and Wasteful Expenditure

Additional disclosure relating to inter-constitutional arrangements	2025/26 R'000	2024/25 R'000
Opening balance	65 160	58 459
Adjustments to the opening balance	-	-
Opening balance as restated	65 160	58 459
Add: Fruitless and wasteful expenditure confirmed	5 215	6 701
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**70 375**	**65 160**

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

Reconciling Notes	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure that was under assessment	14 771	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	5 215	6 701
Total	**19 986**	**14 771**

Details of Fruitless and Wasteful Expenditure	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure under assessment	19 986	14 771
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**19 986**	**14 771**

Details of Fruitless and Wasteful Expenditure	2025/26 R'000	2024/25 R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	**-**	**-**

Details of Fruitless and Wasteful Expenditure	2025/26 R'000	2024/25 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) & (iii):

Details of material losses through criminal conduct	2025/26 R'000	2024/25 R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recovered and written off	-	-
Total	**-**	**-**

3. Information on Late and/or Non-payment of Suppliers

Format of Disclosure	2025/26 R'000	2024/25 R'000
Valid invoices received	153 009	182 619
Invoices paid within 30 days or the agreed period	71 878	51 912
Invoices paid after 30 days or the agreed period	30 258	32 391
Invoices older than 30 days or the agreed period (unpaid and without dispute)	18 870	98 316
Invoices older than 30 days or the agreed period (unpaid and in dispute)	32 003	-
Total	**153 009**	**182 619**

- The NWDC is facing serious liquidity and cash-flow challenges, resulting in its inability to meet its immediate 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

During the period under review, the entity did not utilise any alternative or exceptional procurement methods and all procurement was conducted in accordance with the applicable Supply Chain Management (SCM) policies and regulatory framework.

4.2. Contract Variations and Expansions

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Original Contract Value R'000	Value of previous Contract expansion/s or variation/s R'000	Value of current Contract expansion or variation R'000
Security Services	Modibakgoka Security	Expansion	2 496 200	6 987 000	4 952 400
Security Services	Modibakgoka Security	Expansion	2 096 100	-	7 282 000
Security Services	Modibakgoka Security	Expansion	2 184 600	-	6 987 000
Security Services	Meko and Brothers Security Services	Expansion	2 495 040	-	8 316 800
Security Services	Kangiso Juluka Security Services	Expansion	2 472 000	4 532 000	4 532 000
Security Services	Boleke Security Services	Expansion	1 804 334	-	1 202 889
Security Services	Arctic Fox Security	Expansion	1 666 830	-	5 556 101
Totals			**15 215 104**	**11 519 000**	**38 829 190**



Part F
Financial Information

1. Statement of Responsibility and Approval

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

The annual financial statements have been prepared in accordance with 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 members acknowledge that they are 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 members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of errors or deficits 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 to ensure 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 members believe, 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.

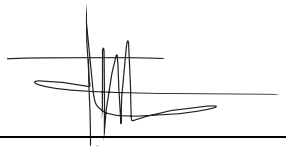
The members have reviewed the economic entity's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are 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 pages 65 to 75.

The annual financial statements set out on pages 76 to 135, which have been prepared on the going concern basis, were approved by the accounting authority on 28 May 2026 and were signed on its behalf by:



Ms T Molefi
Chairperson of the Board

2. Report of the Accounting Authority

The Accounting Authority submits its report for the year ended 31 March 2026.

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.

2.3. Going Concern

The annual financial statements have been prepared based on 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.

2.4. Subsequent Events

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

2.5. Accounting Policies

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice, including applicable interpretations, guidelines, and directives issued by the Accounting Standards Board. They are based on appropriate accounting policies consistently applied, and supported by reasonable and prudent judgements and estimates.

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 Mojalefa Nale (CEO)	Seconded to the Golden Leopard Resorts SOC Ltd as the interim Chief Executive Officer.
Mr Moagi Mahapa (Acting CEO)	Appointed as Acting CEO on 15 February 2026.
Ms Connie Molosiwa (Acting CFO)	Seconded official from DEDECT resumed substantive position at DEDECT. The acting appointment at the NWDC ended on 31 May 2026.
Mr Tumelo Pitso (Acting CFO)	Appointed as Acting CFO from 1 June 2026.
Mr Thapelo Mokotedi (Executive Manager: Property Development and Management)	Appointed as Acting CEO on 8 January 2026, and resigned as Acting CEO on 13 February 2026. Appointed as Executive Manager: SMME Development and Management from 1 July 2026.
Ms Thuso Molefi (Chairperson)	Appointed as Non-Executive Director on 7 July 2025 until the term ended on 7 January 2026. Reappointed as Chairperson of the Board on 9 February 2026.
Mr Gabaiphiwe Tabane (Non-Executive Director)	Appointed as Chairperson on 7 July 2025 and resigned on 11 September 2025. Reappointed as Non-Executive Director of the Board on 9 February 2026.
Dr George Malebe (Deputy Chairperson)	Appointed as Non-Executive Director on 7 July 2025 and resigned on 11 September 2025. Reappointed as Deputy Chairperson of the Board on 9 February 2026.
Ms Zanele Makhubo	Appointed as Non-Executive Director on 7 July 2025 until the term ended on 7 January 2026. Reappointed as Non-Executive Director on 9 February 2026.
Ms Tsholofelo Lekoma	Appointed as Non-Executive Director on 7 July 2025 until the term ended on 7 January 2026. Reappointed as Non-Executive Director on 9 February 2026.
Ms Selebatso Nkadimang	Appointed as Non-Executive Director on 9 February 2026.
Mr Walter Setshedi	Appointed as Non-Executive Director on 7 July 2025 and the term ended on 7 January 2026.
Mr Tsietsi Seane	Appointed as Non-Executive Director on 7 July 2025 and the term ended on 7 January 2026.
Mr Kenneth Konopi	Appointed as Non-Executive Director on 7 July 2025 and the term ended on 7 January 2026.
Mr Kabelo Kgoro	Appointed as Non-Executive Director on 7 July 2025 and the term ended on 7 January 2026.
Ms Jeanette Neveling	Appointed as Non-Executive Director on 7 July 2025 and resigned on 21 August 2025.
Ms Wendy Nelson	Appointed as Non-Executive Director on 7 July 2025 and resigned on 21 August 2025.

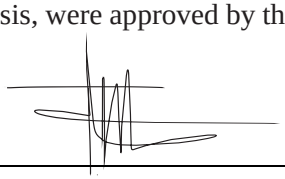
2.8. Secretary

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 76 to 135, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 May 2026 and were signed on its behalf by:



Ms T Molefi
Chairperson of the Board

3. Report of the Audit Committee

The Audit Committee (AC) hereby submits its report for the 2025/26 financial year in compliance with the requirements of the Public Finance Management Act, Treasury Regulations, and applicable governance prescripts for Schedule 3 public entities, including the King V Report on Corporate Governance.

3.1. Establishment, Mandate, and Reporting Lines

The Audit Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1. The Committee's mandate includes oversight of financial reporting, internal control, risk management, internal audit, combined assurance, and compliance. The Audit Committee operates in the public interest and reports to the Accounting Authority, while maintaining the ability to engage the Executive Authority on matters of significance. During the reporting period, the Audit Committee operated in accordance with the current and approved Audit Committee Charter.

3.2. Independence and Objectivity

The Audit Committee confirms that it operated independently and objectively during the reporting period and exercised its duties without undue influence. Members formally declared interests at meetings, and no conflicts were identified that compromised the Committee's independence. Where potential conflicts arose, they were appropriately managed in line with the Audit Committee Charter and governance practices.

3.3. Internal Audit Function

The Audit Committee reviewed the organisational placement, independence, resourcing, and effectiveness of the Internal Audit Function (IAF) and is satisfied that the function operated independently and in accordance with the approved Internal Audit Charter and risk-based internal audit plan. Adequate safeguards were in place to protect internal auditors from interference or victimisation. The Audit Committee had no reason to intervene to protect the independence of the Internal Audit Function during the reporting period.

3.4. Effectiveness of Internal Control

The system of internal controls applied by the economic entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King V Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process, 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, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the economic entity during the year under review.

3.5. Risk Management and Combined Assurance

The Audit Committee exercised oversight of the entity's risk management framework and the implementation of the Combined Assurance Model. The Committee ensured coordination between management, Internal Audit, and other assurance providers to enhance assurance coverage and reduce duplication.

The Audit Committee is satisfied that combined assurance processes are in place and progressing, although further maturity remains a focus area.

3.6. Fraud, Ethics, and Compliance

The Audit Committee reviewed the effectiveness of measures in place to prevent and detect fraud and corruption, including the implementation of the Fraud Prevention Plan and mechanisms for reporting unethical conduct. No material incidents requiring escalation were reported to the Committee during the reporting period.

3.7. Engagement with Stakeholders

The Audit Committee maintained effective working relationships with management, Internal Audit, the AGSA, and other assurance providers. The Committee is satisfied that cooperation and information flow from these stakeholders were sufficient to enable it to fulfil its responsibilities.

3.8. Evaluation of Annual Financial Statements

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor General and the Accounting Authority;
- Reviewed the AGSA's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepts the AGSA's report on the annual financial statements, and believes that the audited annual financial statements should be accepted and read together with the report of the AGSA.

3.9. Performance of Statutory Duties

The Audit Committee confirms that it discharged its responsibilities in accordance with the PFMA, Treasury Regulations, applicable internal policies, the Audit Committee Charter, and relevant professional standards throughout the reporting period.

3.10. Composition and Meetings

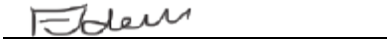
The Audit Committee was properly constituted, comprising independent members with an appropriate mix of skills, experience, and qualifications relevant to the entity's mandate, complexity, and operating environment. The Committee held five meetings during the financial year, in line with its approved annual work plan.

3.11. Internal Audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the economic entity and its audits.

3.12. Auditor-General of South Africa

The audit committee has met with the AGSA to ensure that there are no unresolved issues.

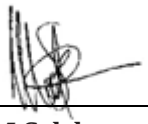


Dr F Mudau
Chairperson of the Audit Committee

4. Certification by the Company Secretary

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

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



Ms M Seleke
Company Secretary

5. Report of the Auditor-General

Report of the AGSA to Provincial Legislature on North West Development Corporation

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the consolidated and separate financial statements of North West Development Corporation and its subsidiaries (the group) as set out on pages 76 to 135, which comprise the consolidated and separate statements of financial position as at 31 March 2026, consolidated and separate statements of financial performance, consolidated and separate statements of changes in net assets, and consolidated and separate cash flow statements 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 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 North West Development Corporation and its subsidiaries as at 31 March 2026, 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) as issued by the Accounting Standards Board (ASB) of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa.

Basis for qualified opinion

Investment property

3. The group accounted for the correction of an error relating to investment property as a change in accounting estimate instead of a prior period error, contrary to the requirements of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, the corresponding figures and opening accumulated surplus were not appropriately restated. I was unable to determine the effect of this misstatement on the opening balance of investment property and the related accumulated surplus, as it was impracticable to do so. The effect of the misstatement on the current years fair value adjustments and surplus or deficit for the year could also not be determined.

4. The group did not correctly account for investment property in accordance with GRAP 16: Investment Property, as management adopted the fair values determined without taking into account existing impairment indicators and applying incorrect inputs used to calculate the fair value of the investment property. In addition, there were properties that were recognised in the investment property register which should not be recognised due to status of accounting records. I was unable to determine the full extent of misstatement on investment property and resulted impact on fair value adjustment, deferred tax and accumulated surplus as it was impracticable to do so.

5. During 2025, 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. 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.

Revenue

6. During 2025, the total revenue of the group was materially misstated by R26 942 727 due to cumulative effect of individually immaterial uncorrected misstatements in the rental of facilities which was recorded in the incorrect financial year and revenue transactions recognised which did not meet the definition and recognition of revenue as required by GRAP 9: Revenue from Exchange Transactions. Consequently, I was unable to determine whether any further adjustment was necessary to total revenue, in the consolidated and separate financial statements.

Irregular expenditure

7. Section 55(2)(b)(i) of the PFMA requires the disclosure of irregular expenditure and related information in the notes to the financial statements. Irregular expenditure incurred in the prior year as a result of non-compliance with supply chain management requirements was not disclosed in the notes to the consolidated and separate financial statements. I was unable to determine the full extent of the irregular expenditure that should have been disclosed, as the entity did not quantify the total irregular expenditure incurred and it was impracticable to do so.

Net assets

8. I was unable to obtain sufficient appropriate audit evidence for both the current and prior year balances of net assets in the consolidated and separate financial statements, as there were differences identified and sufficient supporting evidence for the variance was not provided. I was unable to confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to net assets in the consolidated and separate financial statements.

Cash flow statement

9. Net cash flows from operating activities were not correctly prepared and disclosed in accordance with 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 R13 979 000 (2025: R3 763 000) in the consolidated and separate financial statements were necessary.

Context for opinion

10. 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 auditorgeneral for the audit of the consolidated and separate financial statements section of my report.

11. I am independent of the group and entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to going concern

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

14. I draw attention to Note 40 to the annual financial statements, which indicates that the entity and the group incurred deficits of R671.933 million and R671.933 million, respectively, for the year ended 31 March 2026. As at that date, the entity and the group were in a net current liability position of R101.779 million and R121.757 million, respectively, and continued to experience liquidity and revenue collection challenges. As stated in Note 40, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the entity's and group's ability to continue as going concerns.

Emphasis of matters

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

Restatement of corresponding figures

16. As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2026.

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

17. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

18. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group and entity'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 and entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the AGSA for the audit of the consolidated and separate financial statements

19. 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.

20. 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 pages 74 to 75, forms part of my auditor's report.

Report on the annual performance report

21. 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 indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

22. I selected the following material performance indicators related to Programme 2: Property Development and Management presented in the annual performance report for the year ended 31 March 2026. 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.
- Percentage revenue collected to be allocated or ring-fenced for maintenance.
- Percentage properties renovated and repaired.
- Number of properties installed with smart meters.

23. 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.

24. 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 and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
- The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
- There is adequate supporting evidence for the achievements reported.

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

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

Percentage occupancy on available lettable property spaces

27. An achievement of 75.08% 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.

Percentage revenue collected to be allocated or ringfenced for maintenance

28. An achievement of 10% was reported against a target of 10%. However, I could not determine whether the reported achievement was correct, as the indicator was not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Percentage of properties renovated and repaired

29. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its target of 5%. The indicator was not clearly measurable or verifiable because the denominator did not clarify the properties that are due for renovation or repairs, the basis for maintaining was unclear, and did not specify whether quarterly targets are cumulative or non-cumulative. Consequently, the entity would have found it difficult to determine the correct achievement to be reported against the planned target.

Other matter

30. I draw attention to the matter below.

Achievement of planned targets

31. The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information

32. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report.

Targets achieved: 10%		
Key indicator not achieved	Planned target	Reported achievement
Number of properties with smart meters installed	51	5

Material misstatements

33. I identified preventable 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 all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

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

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

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

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

Annual financial statements

38. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of PFMA. Material misstatements of non-current assets, current 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.

Procurement and contract management

39. 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 noncompliance was also reported in the prior year.

40. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded to bidders in an economical manner and/or prices for the goods or services were reasonable as required by PFMA 57(b).

41. 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.

Consequence management

42. 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.

43. 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.

Expenditure management

44. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).

45. Effective steps were not taken to prevent fruitless and wasteful expenditure, 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.

Revenue management

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

Other information in the annual report

47. The accounting authority is responsible for the other information included in the annual report. The other information referred does not include the consolidated and separate financial statements, the auditor's report and the selected material indicators in the scoped-in programme presented in the annual performance report that has been specifically reported on in this auditor's report.

48. 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.

49. 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 material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

51. 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.

52. 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 compliance with legislation included in this report.

53. 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.

54. Management did not implement proper recordkeeping, 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

55. 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

56. 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.

57. The material irregularities identified are as follows:

Material irregularities in progress

58. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Effective and appropriate steps to collect all revenue due to the public entity not taken

59. The entity has not complied with section 51(1)(b)(i) of the PFMA, which requires the accounting authority of an entity to take effective and appropriate steps to collect all revenue due to the entity. The entity also 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.

60. 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.

61. 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.

62. 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.

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

64. 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.

65. 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.

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

67. I recommended that the accounting authority should take the following actions to address the material irregularity, which should be implemented by 10 December 2026 with a progress report provided on the implementation of the recommendations by 10 September 2026:

a) The non-compliance with section 51(1)(b) of the PFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.

b) Appropriate action should be taken to develop and commence with the implementation of an action plan to address control weaknesses in debt collection of rentals of facilities and equipment, and loans advanced to small, medium, and micro enterprises (SMMEs) identified through investigation. The plan should include anticipated timeframes and address the following key areas as a minimum:

i. Implement a process to track the performance of revenue collection, including the monitoring and reporting of the collection rate of overdue rental of facilities and equipment, and loan repayments.
ii. Implement a process to confirm the status of SMMEs with long overdue accounts on debts and initiate appropriate collection processes to improve the collection rate.
iii. Enhance the credit control policy to ensure that processes for revenue collection and vetting of new tenants are clearly defined, including the development and implementation of standard operating procedures.

68. I will follow up on the implementation of recommendations at the implementation due date.

Other reports

69. 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.

70. 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.



Rustenburg
31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

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.

AGSA's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the co11solidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the group and public 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 group and public entity's internal control.

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

- Conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group and public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the 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 a group and public 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 consolidated 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 or regulations
Public Finance Management Act No. 1 of 1999	Section 50(3)(a); 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; 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 Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

6. Statement of Financial Position

as at 31 March 2026

Figures in Rand Thousand	Notes	Economic Entity		Controlling Entity	
		2026	2025 Restated*	2026	2025 Restated*
ASSETS					
Current Assets					
Loans to economic entities	5	-	-	-	11 137
Operating lease asset	7	4 488	8 805	4 488	8 806
Receivables from exchange transactions	11	47 418	41 631	47 418	41 631
VAT receivable	12	21 860	6 926	21 860	6 926
Cash and cash equivalents	13	45 945	64 826	45 945	64 826
		119 711	**122 189**	**119 711**	**133 326**
Non-Current Assets					
Investment property	2	2 209 568	3 141 405	2 209 568	3 141 405
Property, plant and equipment	3	22 934	24 327	22 934	24 327
Intangible assets	4	9 274	9 274	4	4
		2 241 776	**3 175 006**	**2 232 506**	**3 165 736**
Total Assets		**2 361 487**	**3 297 195**	**2 352 217**	**3 299 062**
LIABILITIES					
Current Liabilities					
Loans from economic entities	5	-	-	-	-
Other financial liabilities	16	18 882	18 882	-	-
Payables from exchange transactions	8	222 301	206 417	221 204	205 320
VAT payable	9	(296)	-	(296)	-
Bank overdraft	13	581	581	581	581
		241 468	**225 880**	**221 489**	**205 901**
Non-Current Liabilities					
Other financial liabilities	16	69 285	74 181	69 285	74 181
Finance lease obligation		1	1	-	-
Employee benefit obligation	10	9 902	9 902	9 902	9 902
Deferred tax	6	181 898	469 057	181 898	469 057
Government projects	17	73 991	78 722	73 991	78 722
		335 077	**631 863**	**335 076**	**631 862**
Total Liabilities		**576 545**	**857 743**	**556 565**	**837 763**
Net Assets		**1 784 942**	**2 439 452**	**1 795 652**	**2 461 299**
Share capital / contributed capital	14	303 854	303 854	303 854	303 854
Reserves		-	-	-	-
Revaluation reserve	15	334 305	334 305	334 305	334 305
Accumulated surplus		1 146 783	1 801 293	1 157 493	1 823 140
Total Net Assets		**1 784 942**	**2 439 452**	**1 795 652**	**2 461 299**

7. Statement of Financial Performance

as at 31 March 2026

Figures in Rand Thousand	Notes	Economic Entity		Controlling Entity	
		2026	2025 Restated*	2026	2025 Restated*
REVENUE					
Revenue from exchange transactions					
Rental of facilities and equipment	18&19	126 042	141 948	126 042	141 948
Interest received (trading)		98 411	87 842	98 411	87 842
Rental income		306	291	306	291
Recoveries		10 884	8 958	10 884	8 958
Other income		55 221	5 701	55 221	5 701
Interest received (investment)	22	3 350	3 721	3 350	3 721
Fair value adjustments	18	-	163 799	-	163 799
Actuarial gains/losses		-	417	-	417
Total revenue from exchange transactions		**294 214**	**412 677**	**294 214**	**412 677**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants and subsidies	23	86 796	89 288	86 796	89 256
Total revenue	18	**381 010**	**501 965**	**381 010**	**501 933**
EXPENDITURE					
Employee related costs	24	(99 591)	(95 792)	(99 591)	(95 792)
Depreciation and amortisation	25	(1 569)	(1 453)	(1 569)	(1 453)
Finance costs	26	(6 970)	(9 904)	(6 970)	(9 904)
Lease rentals on operating lease	20	(17)	(25)	(17)	(25)
Debt impairment	28	(139 573)	(99 636)	(139 573)	(99 636)
Gain or loss on disposal of assets and liabilities		-	(378 394)	-	(378 894)
Fair value adjustments	33	(980 239)	-	(980 239)	-
Expenses (by function)	29	(112 143)	(121 607)	(112 143)	(121 577)
Total expenditure		**(1 340 102)**	**(707 311)**	**(1 340 102)**	**(707 281)**
Deficit before taxation		**(959 092)**	**(205 346)**	**(959 092)**	**(205 348)**
Taxation	31	287 159	72 095	287 159	72 095
Deficit for the year		**(671 933)**	**(133 251)**	**(671 933)**	**(133 253)**

8. Statement of Changes in Net Assets

as at 31 March 2026

Figures in Rand Thousand	Share Capital / Contributed Capital	Revaluation Reserve	Accumulated Surplus/ Deficit	Total Net Assets
ECONOMIC ENTITY				
Balance at 1 April 2024	**303 854**	**332 552**	**1 923 380**	**2 559 786**
Changes in net assets: Revaluation of Living Resources	-	1 753	-	1 753
Net income (losses) recognised directly in net assets	-	1 753	-	1 753
Surplus for the year	-	-	(133 251)	(133 251)
Total recognised income and expenses for the year	-	1 753	(133 251)	(131 498)
Total changes	-	1 753	(133 251)	(131 498)
Restated* Balance at 1 April 2025	**303 854**	**334 305**	**2 069 437**	**2 707 596**
Changes in net assets: Surplus for the year	-	-	(959 092)	(959 092)
Total changes	-	-	(959 092)	(959 092)
Balance at 31 March 2026	**303 854**	**334 305**	**1 110 345**	**1 748 504**
Notes	14	15		
CONTROLLING ENTITY				
Balance at 1 April 2024	**303 854**	**332 552**	**2 213 427**	**2 849 833**
Changes in net assets: Revaluation of Living Resources	-	1 753	-	1 753
Net income (losses) recognised directly in net assets	-	1 753	-	1 753
Surplus for the year	-	-	(133 251)	(133 251)
Total recognised income and expenses for the year	-	1 753	(133 251)	(131 498)
Total changes	-	1 753	(133 251)	(131 498)
Restated* Balance at 1 April 2025	**303 854**	**334 305**	**2 091 312**	**2 729 471**
Changes in net assets: Surplus for the year	-	-	(959 092)	(959 092)
Total changes	-	-	(959 092)	(959 092)
Balance at 31 March 2026	**303 854**	**334 305**	**1 132 220**	**1 770 379**
Notes	14	15		

9. Statement of Cash Flows

as at 31 March 2026

Figures in Rand Thousand	Notes	Economic Entity		Controlling Entity	
		2026	2025 Restated*	2026	2025 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods and services		119 056	141 966	119 055	130 828
Grants		86 796	79 988	86 796	79 988
Interest income		3 350	3 721	3 350	3 721
		209 202	225 675	209 201	214 537
Payments					
Employee costs		(97 719)	(96 549)	(97 719)	(96 549)
Suppliers		(118 490)	(115 456)	(118 490)	(115 456)
Finance costs		(6 972)	(9 904)	(6 971)	(9 903)
		(223 181)	(221 909)	(223 180)	(210 774)
Net cash flows from operating activities	30	**(13 979)**	**3 766**	**(13 979)**	**3 763**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(171)	(541)	(171)	(541)
Net cash flows from investing activities		**(171)**	**(541)**	**(171)**	**(521)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflow from other liability		(4 731)	-	(4 731)	-
Net cash flows from financing activities		**(4 731)**	-	**(4 731)**	-
Net increase/(decrease) in cash and cash equivalents		**(18 881)**	**3 225**	**(18 881)**	**3 222**
Cash and cash equivalents at the beginning of the year		64 245	61 020	64 245	61 023
Cash and cash equivalents at the end of the year	13	**45 364**	**64 245**	**45 364**	**64 245**

A summary of the accounting policies on pages 80 to 108 and the notes on pages 109 to 135 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 (Act 1 of 1999).

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

These accounting policies are consistent with the previous period.

1.2. Presentation currency

These consolidated annual financial statements are presented in South African Rand, 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 based on 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 users' decisions, and 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 be positive or negative.

A binding arrangement confers enforceable rights and obligations on the parties to the arrangement as if it were 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 it is exposed to or has rights to variable benefits from its involvement with the other entity, and can 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 safeguard the interests of the holder without conferring control or decision-making 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 the rights to deprive the decision maker of its decision-making authority.

Presentation of consolidated financial statements

The controlling entity presents consolidated annual financial statements.

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 can 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 reassesses whether it controls another entity if facts and circumstances indicate changes to one or more of the three elements of control.

Accounting requirements

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

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

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

- Other significant judgements, sources of estimation uncertainty and/or related information, have been disclosed in the related 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 about whether observable data indicates 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 using historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with portfolio defaults. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the economic entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The economic entity uses a variety of methods and makes assumptions based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change, which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested annually for impairment. 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 the expected future cash flows for each asset group. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. These are significantly influenced by a range of factors, including entity-specific variables such as production estimates and supply-demand dynamics, as well as broader economic factors such as exchange rates, inflation, and interest rates.

Provisions

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

Contingent provisions of entity combinations

Contingencies recognised in the current year required estimates and judgments. Refer to the 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 6: 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 the deductible temporary differences will probably reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the economic entity to make significant estimates regarding 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 is determined based on several factors that are assessed on an actuarial basis, using a range of underlying assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact 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 to use to determine the present value of estimated future cash outflows required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates on high-quality corporate bonds denominated in the currency in which the benefits are expected to be paid, with maturity terms that approximate those of the related pension obligation.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10: Employee Benefit Obligations.

Allowance for doubtful debts

For debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence of impairment. The impairment is measured as the difference between the debtor's 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 future economic benefits or service potential associated with the investment property will flow to the economic entity, and the cost or fair value 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

After 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.

Where the entity determines that the fair value of an investment property under construction cannot be measured reliably, but expects that such fair value will be reliably determinable upon completion, the property is measured at cost until either fair value becomes reliably determinable or construction is completed, whichever occurs first. If the entity determines that the fair value of an investment property other than one under construction is not reliably determinable continuously, the property is measured using the cost model in accordance with the accounting policy for property, plant and equipment, with a residual value of zero; it is accounted for using this model until disposal.

Once the entity can reliably determine the fair value of an investment property under construction that was previously measured at cost, it is subsequently measured at fair value. Upon completion of construction, it is presumed that fair value can be measured reliably. Where this presumption does not hold, the property continues to be measured at cost in accordance with the accounting policy for property, plant and equipment.

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

1.8. Property, plant and equipment

Property, plant, and equipment are tangible non-current assets (including infrastructure assets) held for use in the production or supply of goods or services, rental to others, or for administrative purposes. They 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 bringing the asset to the location and condition necessary for it to operate 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 of the 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 fair value of the acquired items is not determinable, its 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 the expenses incurred initially to acquire or construct an item of property, plant, and equipment, and the subsequent expenses incurred 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 costs 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 accumulated depreciation and 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 represents the difference between depreciation calculated on the revalued carrying amount and on the asset's original cost.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

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

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

Each significant component of an item of property, plant and equipment is depreciated separately when its cost is material in relation to the total cost.

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; 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 is assessed at each reporting date to determine whether there is any indication that the entity's 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 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 derecognition 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 derecognition 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 that the economic entity holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.9. 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 confers enforceable rights and obligations between the parties, similar to those arising from a formal contract.

An intangible asset is recognised when:

- Probably, 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 is 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 of similar 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.

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

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 an accounting method 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 include 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 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 status change 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 as 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 accounts for those in the same way in its separate financial statements.

The controlling entity is required to measure its investment in a controlled entity at fair value, and to account for it 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 it 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.
- The new controlling entity accounts for its investment in the original controlling entity at cost in its separate financial statements; the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate financial statements of the original controlling entity at the date of the reorganisation.

1.11. Financial instruments

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

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

Derecognition 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 for calculating the amortised cost of a financial asset or liability (or group of financial assets or liabilities) and for allocating 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 integral to 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 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 requires the issuer to make specified payments to reimburse the holder for a loss incurred when a specified debtor fails to make a payment due under 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 that an entity may encounter difficulty meeting its obligations associated with financial liabilities as they fall due, which are settled through the delivery of 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 due under contract.

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 directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost 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;

- 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
Loan to economic entities	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Cash and Equivalents	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
VAT payables	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 both the current and prior periods is recognised as a liability where it has not yet been settled. 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 taxable surplus will probably be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised where it arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, does not affect either accounting surplus or 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, as a net asset; 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 an amount receivable and equal to the net investment in the lease.

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

Finance leases: Lessee

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

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

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

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 in rental expense on a straight-line basis over the lease term.

Lease income is disclosed under revenue in the 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 is 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 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, that 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 and form 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 to generate a commercial return. Commercial return means positive cash flows are expected to be significantly higher than the asset's cost.

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 to generate a commercial return from cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. The 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 an asset's depreciable amount 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.

The recoverable amount of an asset or a cash-generating unit is the higher of 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 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: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement confers enforceable rights and obligations on the parties to the arrangement as if it were 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 established by legislation and operate as multi-employer plans for all entities in economic categories specified in the 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 prepayment will, for example, lead to 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: (a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and (b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulated paid absences as the additional amount it expects to pay for unused entitlements that have 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: (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and (b) 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: (a) 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 (b) 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 within 12 months after the end of the reporting period in which the employees render the related service, they are discounted at the specified discount rate.

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: (a) service cost; (b) net interest on the net defined benefit liability (asset); and (c) re-measurements 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 recognises subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment 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;
- An outflow of resources embodying economic benefits or service potential will probably 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 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 an onerous contract, 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 from the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 35: Contingencies.

A financial guarantee contract requires the issuer to make specified payments to reimburse the holder for a loss incurred when a specified debtor fails to make payment due from the original or modified terms of a debt instrument.

A 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 the economic entity receives a fee 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 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 high cost (for example, contracts for computer or building maintenance services).
- 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 that increases net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity 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.

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).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue associated with the transaction is recognised by reference to the stage of completion 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;
- The economic benefits or service potential associated with the transaction will probably 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 it can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

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

- The economic benefits or service potential associated with the transaction will probably flow to the entity.
- 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 product price 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 as 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 require the future economic benefits or service potential embodied in the asset to be utilised by the recipient in a specified manner, failing which those benefits 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 others' access 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 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 attached to transferred assets are stipulations that govern or limit the use of the asset, without requiring the ownership to return associated future economic benefits or service potential to the transferor if the specified conditions are not met.

Stipulations on transferred assets are terms in laws or regulations, or binding arrangements, 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 potential services 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. It recognises 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 to the subsequent measurement, derecognition, presentation, and disclosure of Statutory Receivables.

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

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition.

The entity recognises an asset arising from transfers when the transferred resources meet the definition of an asset and satisfy the relevant recognition criteria.

Transferred assets are measured at their fair value as at the date of acquisition.

1.22. Investment income

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

1.23. Borrowing costs

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

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the economic entity, and the costs can be measured reliably. The economic entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the economic entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- To the extent that the economic entity borrows funds specifically to obtain a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred during the period, less any investment income on the temporary investment of those borrowings.

- To the extent that an economic entity generally borrows funds to obtain a qualifying asset, the entity determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the economic entity that are outstanding during the period. However, the economic entity excludes from this calculation borrowing costs on borrowings made specifically to obtain a qualifying asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete. The amount of borrowing costs that the economic entity capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- Expenditures for the asset have been incurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.15. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during periods in which active development activities are significantly interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the economic entity completes the construction of a qualifying asset in parts, and each part is capable of being used. If construction continues on other parts, the economic entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.24. Comparative figures

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

1.25. Fruitless and wasteful expenditure

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

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

1.26. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act No 56 of 2003, the Municipal Systems Act No 32 of 2000, and the Public Office Bearers Act No 20 of 1998 or is in contravention of the economic entity's Supply Chain Management Policy.

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

1.27. 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 financial and operating policies 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).

A 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 financial and operating policy decisions, 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, where they are required to perform such functions.

Close family members of a person are those 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.

1.28. 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 an estimate cannot be made, in respect of all material non-adjusting events, for which non-disclosure could influence the economic decisions of users based on the financial statements.

1.29. 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 agricultural produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

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

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

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 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 an asset's depreciable amount 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 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 were 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 is 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 is 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 is disclosed in the notes to the annual financial statements. When information about the cost or fair value of the living resource becomes available, the economic entity recognises the living resource from that date and applies 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 operate as 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 is carried at a revalued amount, which is its fair value as of 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 revaluation surplus in the net assets.

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 as cost until the fair value of the living resource becomes available. The economic entity measures the living resource at its fair value as of that date.

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 how the living resource is used.
  - The economic entity has decided to dispose of the living resource in a future reporting period, as resulted in a revision of the expected period over which the 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, based on assessments conducted during the reporting period, that the condition of the living resource has either improved or deteriorated.
- 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 a change in the expected timing of the living resource disposal, 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 new 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
Game	Straight-line	3-20 years

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.

2. Investment Property

Economic Entity	2026			2025		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment Property	2 209 568	-	2 209 568	3 141 405	-	3 141 405

Controlling Entity	2026			2025		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment Property	2 209 568	-	2 209 568	3 141 405	-	3 141 405

Reconciliation of Investment Property: Economic Entity: 2026

	Opening balance	Additions	Fair value adjustments	Total
Investment Property	3 141 405	48 402	(980 239)	2 209 568

Reconciliation of Investment Property: Economic Entity: 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment Property	3 161 238	(183 632)	163 799	3 141 405

Reconciliation of Investment Property: Controlling Entity: 2026

	Opening balance	Additions	Fair value adjustments	Total
Investment Property	3 141 405	48 402	(980 239)	2 209 568

Reconciliation of Investment Property: Controlling Entity: 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment Property	3 161 238	(183 632)	163 799	3 141 405

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.

Investment property valuations were conducted by Eagilwe Property Consulting and Asset Management at fair value, based on the aggregate of comparable sales and the 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 2026.

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).

In determining the market values of the subject properties, the valuer applied a combination of the Comparable Sales Method, the Direct Income Approach, and the Depreciated Replacement Cost (DRC) Method, in accordance with accepted valuation standards and practices. The Comparable Sales Method served as the primary valuation approach and was applied wherever sufficient and reliable market evidence was available. Where comparable sales data was limited, unavailable, or deemed not directly comparable, the Direct Income Approach was utilised for income-generating properties, specifically industrial and commercial assets. In addition, the Depreciated Replacement Cost Method was applied to investment properties that did not generate income and for which comparable market sales evidence was not available.

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Amounts recognised in surplus or deficit:				
Rental revenue from investment property	126 042	141 948	126 042	141 948
From an investment property that generated rental revenue:				
Direct operating expenses (excluding repairs and maintenance)	(77 976)	(63 859)	(77 976)	(63 859)
Repairs and maintenance	(3 776)	(12 044)	(3 776)	(12 044)
	(81 752)	**(75 903)**	**(81 752)**	**(75 903)**

As of 31 May 2025, the entity included 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 title 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, and as of the current date there is a legacy issue arising from missing documentation.

The Board of Directors has resolved to transfer the PTO properties in the tribal authorities to the respective tribal authorities in line with provincial exco approval. As a result of this resolution, the investment properties in tribal land have been derecognised.

The process to transfer these properties is currently ongoing as part of the organisation reform which seeks to turn the entity into sustainability. The fair value of the PTO's that are derecognised amounts to R78 420 000.

The investment properties register was also assessed to ensure that properties on the register belong to NWDC and that there is no duplication. As a result of this exercise, properties that do not belong to NWDC were derecognised from the asset register. The fair value of the properties derecognised through this process amounts to R105 212 207. The PTO is R78 420 000, and other investment properties are R105 212 207.

Additional properties that were previously not recognised were identified and added to the asset register to ensure the completeness of the asset register. These properties are registered in the name of NWDC at the deed office. Additional properties have a fair value of R48 402 000.

The additions and de-recognition of the investment properties were for no consideration. Valuation was conducted by an independent valuer to determine the fair values of the assets before they were de-recognised, or added in the case of the additions. The additions were therefore recognised at the fair value on the date they were recognised. The assets were derecognised at fair value on the date they were derecognised.

3. Property, Plant and Equipment

Economic Entity	2026			2025		
	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	(15 379)	14 446	29 825	(14 743)	15 082
Furniture and fixtures	2 679	(2 516)	163	2 737	(2 348)	389
Motor vehicles	7 797	(7 251)	546	8 537	(7 914)	623
Office equipment	7 263	(5 887)	1 376	7 055	(5 237)	1 818
Infrastructure	-	2	2	-	2	2
Other property, plant and equipment	13	-	13	25	-	25
Total	**53 965**	**(31 031)**	**22 934**	**54 567**	**(30 240)**	**24 327**

Controlling Entity	2026			2025		
	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	(15 379)	14 446	29 825	(14 743)	15 082
Furniture and fixtures	2 679	(2 516)	163	2 737	(2 348)	389
Motor vehicles	7 797	(7 251)	546	8 537	(7 914)	623
Office equipment	7 263	(5 887)	1 376	7 055	(5 237)	1 818
Infrastructure	-	2	2	-	2	2
Community	13	-	13	25	-	25
Total	**53 965**	**(31 031)**	**22 934**	**54 567**	**(30 240)**	**24 327**

Reconciliation of property, plant and equipment: Economic Entity: 2026

	Opening Balance	Additions	Depreciation	Total
Land	6 388	-	-	6 388
Buildings	15 082	-	(636)	14 446
Furniture and fixtures	389	8	(234)	163
Motor vehicles	623	-	(77)	546
Office equipment	1 818	163	(605)	1 376
Infrastructure	2	-	-	2
Community	25	-	(12)	13
Total	**24 327**	**171**	**(1 564)**	**22 934**

Reconciliation of property, plant and equipment: Economic Entity: 2025

	Opening Balance	Additions	Disposals	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)	1 818
Infrastructure	195 262	-	(195 260)	-	2
Community	25	-	-	-	25
Total	**220 426**	**541**	**(195 282)**	**(1 358)**	**24 327**

Reconciliation of property, plant and equipment: Controlling Entity: 2026

	Opening Balance	Additions	Depreciation	Total
Land	6 388	-	-	6 388
Buildings	15 082	-	(636)	14 446
Furniture and fixtures	389	8	(234)	163
Motor vehicles	623	-	(77)	546
Office equipment	1 818	163	(605)	1 376
Infrastructure	2	-	-	2
Community	25	-	(12)	13
Total	**24 327**	**171**	**(1 564)**	**22 934**

Reconciliation of property, plant and equipment: Economic Entity: 2025

	Opening Balance	Additions	Disposals	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)	1 818
Infrastructure	195 262	-	(195 260)	-	2
Community	25	-	-	-	25
Total	**220 426**	**541**	**(195 282)**	**(1 358)**	**24 327**

Pledged as security:

No items of Property, Plant, and Equipment were pledged as collateral.

Derecognition of Infrastructure assets:

NWDC's infrastructure assets, with a total carrying amount of R195 262 000, 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. The entity cannot, at this stage, demonstrate control over the infrastructure assets because the risks and rewards of these assets are currently with the various municipalities. The assets are in use or situated in areas that fall under the service delivery jurisdiction of local municipalities. No economic benefit or service potential is expected to accrue to NWDC from these assets in the future and/or until a decision is taken on the location of this infrastructure.

In accordance with GRAP 17 paragraph 78(b), the carrying amount of an item of property, plant and equipment shall be derecognised when no future economic benefits or service potential are expected from its use or disposal. The Infrastructure with a carrying amount of R195 262 000 (2025) was de-recognised.

The carrying amount in the 2026 financial year would have been R102 654 000 if the Infrastructure was not de-recognised.

Assets subject to finance lease (net carrying amount):

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Furniture and fixtures	(1)	(1)	(1)	(1)

4. Intangible Assets

	2026			2025		
Economic Entity	**Cost/ Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying Value**	**Cost/ Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying Value**
Computer software, other	173	(169)	4	173	(169)	4
Intangible asset 1	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**

	2026			2025		
Controlling Entity	**Cost/ Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying Value**	**Cost/ Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying Value**
Computer software, other	173	(169)	4	173	(169)	4

Reconciliation of intangible assets: Economic Entity: 2026

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

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**

Reconciliation of intangible assets: Controlling Entity: 2026

	Opening balance	Total
Computer software, other	4	4

Reconciliation of intangible assets: Controlling Entity: 2025

	Opening balance	Total
Computer software, other	4	4

5. Loans to/(from) Economic Entities

	Economic Entity		Controlling Entity	
Controlled Entities	**2026**	**2025**	**2026**	**2025**
Signal and GLR (disposed of)	57 872	57 872	69 036	69 036
Loans relate to loans to subsidiaries (subsidiaries were not active during the year and loans have been impaired)				
	57 872	57 872	69 036	69 036
Impairment of loans to controlled entities	(57 872)	(57 872)	(69 036)	(57 899)
	-	**-**	**-**	**11 137**
Current assets	-	-	-	11 137
Current liabilities	-	-	-	-
	-	**-**	**-**	**11 137**

Loans to economic entities impaired:

As of 31 March 2026, loans to economic entities of R11 137 (2025) were impaired and provided for.

As of 31 March 2026, the amount of the provision was R69 036 (2025: R57 899).

The ageing of these loans is as follows:

Over 6 months	-	-	69 036	57 899

6. Deferred Tax

Deferred tax liability:

Property, plant and equipment	(181 898)	(469 057)	(181 898)	(469 057)

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	(469 057)	(390 828)	(469 057)	(390 828)
Increases/(decreases) in valuation allowance of deferred tax asset	287 159	(78 229)	287 159	(78 229)
	(181 898)	**(469 057)**	**(181 898)**	**(469 057)**

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.

7. Operating Lease Asset (Liability)

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Current assets	4 487	8 806	4 487	8 806

8. Payables from Exchange Transactions

Trade payable	145 018	107 804	143 922	106 708
Other payables	(1 416)	-	(1 416)	-
Accrued leave pay	15 586	13 713	15 586	13 713
Accrued expense 1	7 793	7 793	7 793	7 793
Deposits received	29 372	28 412	29 372	28 412
Other creditors	25 947	48 694	25 847	48 694
	222 300	**206 416**	**221 204**	**205 320**

9. VAT payable

VAT control	(296)	-	(296)	-

10. Employee Benefit Obligations

Defined Benefit Plans: General Information

Post Employment Medical Benefits

The entity provides certain post-employment medical aid benefits (PEMAL) by funding the medical aid contributions of qualifying retired members of the entity. Accordingly to the rules of the Medical Aid Funds, with which the entity is associated, a 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 Awards (LSA)

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

The most recent actuarial valuations of plan assets and 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 Projected Unit Credit Method has been used to determine the past service liabilities at the valuation date and the projected annual expenses in the year following the valuation date.

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

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Present value of the defined benefit obligation	(5 547)	(5 547)	(5 547)	(5 547)
Long Service Awards	(4 355)	(4 355)	(4 355)	(4 355)
	(9 902)	**(9 902)**	**(9 902)**	**(9 902)**

Calculation of actuarial gains and losses:

Actuarial (gains)/losses	-	417	-	417

Key assumptions used: Assumptions used at the reporting date

Discount rates: PERMAL	11.50%	11.50%	11,50%	11.50%
Discount rates: LSA	11.25%	11.25%	11.25%	11.25%
Consumer Price Inflation (CPI): PERMAL	6.56%	6.56%	5.56%	5.56%
Consumer Price Inflation (CPI): LSA	6.69%	6.69%	6.69%	6.69%
Normal salary increase rate: PERMAL	7.56%	7.56%	7.56%	7.56%
Net effective discount rate: PERMAL	3.66%	3.66%	3.66%	3.66%
Normal salary increase rate: LSA	7.56%	7.56%	7.56%	7.56%
Net effective discount rate: LSA	3.30%	3.30%	3.66%	3.66%

Amounts for the previous four years are as follows:

	2026	2025	2024	2023
Defined benefit obligation	4 355	4 355	4 568	4 568
Long Service Awards	5 547	5 547	5 423	5 105
	9 902	**9 902**	**9 991**	**9 673**

Members of the post-employment medical benefits:

	2026	2025	2024	2023
Continuing members (Pensioners)	15	15	17	19

Members entitled to Long Service Awards:

	2026	2025	2024	2023
Male	74	74	72	73
Female	83	83	72	74
	157	**157**	**144**	**147**

11. Receivables from Exchange Transactions

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Trade debtor	721 372	609 475	721 372	609 475
Allowances for losses: Trade debtors	(683 656)	(573 782)	(683 656)	(573 782)
Deposits	4 101	4 101	4 101	4 101
Sundry debtors	2 727	2 727	2 727	2 727
SMME and Loan debtors	148 659	133 686	148 659	133 686
Allowance for losses: SMME and Loan debtors	(145 785)	(134 575)	(145 785)	(134 575)
Other receivables (GLR)	57 899	57 899	57 899	57 899
Allowance for losses: Other receivables (GLR)	(57 899)	(57 899)	(57 899)	(57 899)
	47 418	**41 632**	**47 418**	**41 632**

Trade and other receivables pledged as security:

No trade and other receivables have been pledged as security.

Trade and other receivables past due but not impaired:

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

Trade and other receivables impaired:

The entity applies an Expected Credit Loss (ECL) model to measure impairment on financial assets measured at amortised cost. For receivables, a simplified approach is applied whereby lifetime expected credit losses are recognised using a provision matrix based on historical default rates, adjusted for current and forward-looking information. For loans, the general ECL model is applied, incorporating probability of default, loss given default and exposure at default. The model incorporates both quantitative and qualitative factors, including debtor-specific risks and macroeconomic conditions.

The entity applied conservative provisioning assumptions due to the sustained increase in long-outstanding receivables and the deterioration in collection performance observed over the review period. The following assumptions were made for the current conditions:

The ECL was adjusted from 80% to 81.5% by increasing by +1% for current conditions and +0.5% for forward-looking factors.

Current Conditions:	**Percentage (%)**
Recipients of receivables unable to meet repayment obligation since COVID-19 (increase default rate) ±1%	1
Strong enforcement powers (reduce default rate) (-0,5%)	(1)
Long outstanding disputed balances (increase default rate) +0,5%	1
Security deposits or recoverable amounts (reduce default rate) (-0,5%)	(1)
Current economic conditions (increase default rate) +0,5%	1
	1

Forward-looking Factors:	**Percentage (%)**
Legal recovery success after year-end (lower risk) (-1%)	(1)
Debtors paid after year-end (reduce ECL) (-0.5%)	(1)
Property industry decline or weak economy (higher risk) +1%	1
Tenancy vacancy (higher risk) +1%	1
	-

As of 31 March 2026, trade and other receivables of R123 351 (2025: R99 807) were impaired and provided for. The amount of the provision was (R831 708) as of 31 March 2026 (2025: R708 357).

The ageing of these loans is as follows:

Reconciliation of provision for impairment of trade and other receivables and ECL movement:

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Opening balance	(708 357)	(608 550)	(708 357)	(608 550)
Provision for impairment	-	(99 807)	-	(99 807)
Expected credit loss	(123 351)	-	(123 351)	-
	(831 708)	**(708 357)**	**(831 708)**	**(708 357)**

Loans to economic entities have been fully impaired because the subsidiaries were dormant.

12. VAT receivable

VAT Control	14 934	-	14 934	-
VAT input accrual	6 926	6 926	6 926	6 926
	21 860	**6 926**	**21 860**	**6 926**

13. Cash and Cash equivalents

Cash and cash equivalents consist of:

Cash on hand	(581)	(581)	(581)	(581)
Bank balances	45 945	64 826	45 945	64 826
	45 364	**64 245**	**45 364**	**64 245**
Current assets	45 945	64 826	45 945	64 826
Current liabilities	(581)	(581)	(581)	(581)
	45 364	**64 245**	**45 364**	**64 245**

Credit quality of cash at bank and short term deposits, excluding cash on hand:

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information or counterparty default rates.

14. Share capital / Contributed capital

Authorised: Ordinary shares	303 854	303 854	303 854	303 854
Issued: Ordinary	303 854	303 854	303 854	303 854

15. Revaluation reserve

Opening balance	334 305	332 552	334 305	332 552
Change during the year: Living Resources	-	1 753	-	1 753
	334 305	**334 305**	**334 305**	**334 305**

16. Other Financial Liabilities

Designated at fair value:

Figures in Rand Thousand	Economic Entity		Controlling Entity	
	2026	2025	2026	2025
Bank Loan: The entire liability originated from the settlement by the NWPG of entity debts resulting from government guarantees issued by the former Bophuthatswana Government. The loan consists of three loans that were called up by the creditors and were paid by NWPG. The loan does not bear interest and has no fixed terms of repayment. The NWPG will not claim repayment of the loan or a part of the amount until the assets of Signal Development SOC Ltd, fairly valued, exceed its liabilities and the entity is fully operational.	10 082	10 082	-	-
Other Financial Liability1: The loan was provided by the 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 repayment terms could not be met. The 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. No further interest is levied on the loan balance.	8 800	8 800	-	-
	18 882	**18 882**	-	-

At amortised cost:

Bank Loan The loan was obtained from the Development Bank of Southern Africa (DBSA) by the former Bophuthatswana. The purpose of the loan was to construct industries and infrastructure. The loan initially carried interest, but there is no further interest levied on the loan.	69 285	74 181	69 285	74 181

Non-current liabilities:

At amortised cost	69 285	74 181	69 285	74 181

Current liabilities:

Designated at fair value	18 882	18 882	-	-

17. Government Grant

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

The COVID-19 Relief fund project was a DEDECT project aimed at assisting SMME's during COVID. A total of R40 million was allocated for this project. R20,709 million was utilised for this project. The remaining amount remains payable to DEDECT because the project came to an end.

The READ project relates to various projects during the 2018/19 financial year. The projects were discontinued and the balance of R12 million remains payable to the Department of Agriculture and Rural Development (DARD/READ).

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Government Projects: COVID-19 Relief Fund	19 291	19 291	19 291	19 291
DEDECT	42 248	46 979	42 248	46 979
Government Projects: (DARD/READ)	12 452	12 452	12 452	12 452
	73 991	**78 722**	**73 991**	**78 722**

18. Revenue

Rental of facilities and equipment	126 042	141 948	126 042	141 948
Interests received (trading)	98 411	87 842	98 411	87 842
Rental income	306	291	306	291
Recoveries	10 884	8 958	10 884	8 958
Other income 1	55 221	5 701	55 221	5 701
Interest received (investment)	3 350	3 721	3 350	3 721
Government grants and subsidies	86 796	89 288	86 796	89 256
Fair Value Adjustments	-	163 799	-	163 799
	381 010	**501 548**	**381 010**	**501 516**

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

Rental of facilities and equipment	126 042	141 948	126 042	141 948
Interests received (trading)	98 411	87 842	98 411	87 842
Rental income	306	291	306	291
Recoveries	10 884	8 958	10 884	8 958
Other income 1	55 221	5 701	55 221	5 701
Interest received (investment)	3 350	3 721	3 350	3 721
	294 214	**248 461**	**294 214**	**248 461**

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

Taxation Revenue: Transfer Revenue				
Government grants and subsidies	86 796	89 288	86 796	89 256

19. Rental of Facilities and Equipment

Included in the above rentals are operating lease rentals at straight-lined amounts of R4 318 (2025: R8 806)

20. Lease Rentals on Operating Lease

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Contractual amounts	17	25	17	25

21. Other Revenue

Rental income (third party)	306	291	306	291
Recovery	10 884	8 958	10 884	8 958
Other income	55 221	5 701	55 221	5 701
	66 411	**14 950**	**66 411**	**14 950**

22. Investment Revenue

Interest revenue				
Bank	3 350	3 721	3 350	3 721

The amount included in investment revenue from exchange transactions amounted to R3 350.

23. Government Grants and Subsidies

Operating grants				
Equitable share	86 796	89 256	86 796	89 256
Government grant (operating)	-	32	-	-
	86 796	**89 288**	**86 796**	**89 256**

24. Employee Related Costs

Basic	70 927	70 927	70 927	70 927
Bonus	2 063	1 972	2 063	1 972
Medical Aid (company contributions)	6 038	4 730	6 038	4 730
UIF	319	322	319	322
WCA	-	81	-	81
Leave pay provision charge	2 997	663	2 997	663
Short term benefit	1 367	950	1 367	950
Overtime payments	639	486	639	486
Long Service Awards	643	486	643	486
Acting allowances	1 678	1 547	1 678	1 547
Transport allowance (bus coupons)	1 296	1 143	1 296	1 143
Other 4	11 624	12 455	11 624	12 455
	99 591	**95 792**	**99 591**	**95 792**

25. Depreciation and Amortisation

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Property, plant and equipment	1 564	1 358	1 564	1 358
Living resources	5	95	5	95
	1 569	**1 453**	**1 569**	**1 453**

26. Finance Costs

Trade and other payables	6 970	8 819	6 970	8 818
Available-for-sale debt instruments	-	1 085	-	1 085
	6 970	**9 904**	**6 970**	**9 903**

27. Auditors' Remuneration

Fees	8 207	5 854	8 207	5 824

28. Debt Impairment

Debt impairment	139 573	99 636	139 573	88 499

29. General Expenses

Advertising	143	97	143	97
Auditors' remuneration	8 207	5 854	8 207	5 824
Bank charges	427	493	427	493
Computer expenses	2 965	3 663	2 965	3 663
Consulting and professional fees	14 772	22 307	14 772	22 307
Insurance	143	149	143	149
IT expenses	705	864	705	864
Magazines, books and periodicals	34	33	34	33
Fuel and oil	740	1 256	740	1 256
Printing and stationery	202	218	202	218
Repairs and maintenance	3 776	12 044	3 776	12 044
Telephone and fax	1 055	1 252	1 055	1 252
Training	166	284	166	284
Travel (local)	84	54	84	54
Property related expenses	77 916	64 985	77 916	64 985
Motor vehicle licences	22	22	22	22
Accrued expenses	786	8 037	786	8 037
Other expenses	-	(5)	-	(5)
	112 143	**121 607**	**112 143**	**121 577**

30. Cash Generated from Operations

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
(Deficit)/Surplus	(1 037 321)	(133 251)	(959 092)	(122 115)
Adjustments for:				
Depreciation and amortisation	1 569	1 453	1 569	1 453
Gain on sale of assets and liabilities	-	378 894	-	378 894
Fair value adjustments	980 239	(165 487)	980 239	(165 487)
Debt impairment	139 573	99 636	139 573	88 499
Movements in operating lease assets and accruals	4 319	8 806	4 319	8 806
Movements in retirement benefit assets and liabilities	-	(89)	-	(89)
Movements in provisions	-	29 108	-	9 831
Annual charge for deferred tax	78 229	(72 095)	-	(72 095)
Department paid on behalf of the Entity	21 768	-	21 769	-
Loan concession recognised: DBSA and Other Loans	(4 895)	(4 070)	(4 895)	4 070
Leave pay provision movement: Non-cash portion	998	-	998	-
Non-cash income recognised from asset additions (primarily investment properties recognised at fair value): Note 2	(53 753)	(48 402)	(53 753)	(48 402)
Changes in working capital:				
Receivables from exchange transactions	(5 787)	238	(5 787)	235
Consumer debtors	(139 573)	(99 636)	(139 573)	(88 499)
Payables from exchange transactions	15 885	9 811	15 884	9 812
Movement in VAT balances: Notes 9 and 12	(15 230)	(1 150)	(15 230)	(1 150)
	(13 979)	**3 766**	**(13 979)**	**3 763**

31. Taxation

Major components of the tax income:

Deferred:				
Deferred tax	287 159	(72 095)	287 159	(72 095)

Reconciliation of the tax expense:

Reconciliation between accounting surplus and tax expense.

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	2025
Accounting deficit	(959 092)	(205 346)	(959 092)	(205 348)
Tax at the applicable tax rate of 28% (2025: 28%)	(268 553)	(57 497)	(268 553)	(57 497)
Tax effect of adjustments on taxable income:				
Section 10(y): Except Income	(24 303)	(25 001)	(24 303)	(25 001)
Deferred tax effect income	287 159	72 095	287 159	72 095
Depreciation	439	407	439	407
Debt Impairment	39 080	27 898	39 080	27 898
Section 11(e): Wear and Tear	(182)	(182)	(182)	(182)
Section 11(j): Allowance	(15 632)	(11 159)	(15 632)	(11 159)
Fair value adjustment	274 467	(45 864)	274 467	(45 864)
Other Income (additional assets)	(15 462)	-	(15 462)	-
Depreciation Buildings	(188)	(188)	(188)	(188)
Tax losses brought forward	(661 097)	(549 511)	(661 097)	(549 511)
Tax losses carried forward	671 431	661 097	671 431	661 097
	287 159	**72 095**	**287 159**	**72 095**

32. Operating Deficit

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

Operating lease charges:				
Lease rentals on operating lease 2 (contractual amounts)	17	25	17	25
Loss on sale of property, plant and equipment	-	(195 262)	-	(195 262)
Loss on sale of investment property	(183 658)	(183 632)	(183 658)	(183 632)
Depreciation on property, plant and equipment	1 564	1 358	1 564	1 358
Employee costs	99 591	95 792	99 591	95 792

33. Fair Value Adjustments

Investment property (fair value model)	(980 239)	163 799	(980 239)	163 799

34. Financial Instruments Disclosure

The economic entity's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk (interest rate risk). The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

Financial risk management is carried out by management in accordance with policies approved by the Accounting Authority. Management identifies, evaluates and manages financial risks in accordance with defined policies and procedures.

Categories of financial instruments: Economic Entity 2026

Financial Assets	At amortised cost	Total
Loans to economic entities	-	-
Trade and other receivables from exchange transactions	47 784	47 784
Cash and cash equivalents	45 945	45 945
	93 729	**93 729**

Financial Liabilities	At amortised cost	Total
Other financial liabilities	88 767	88 767
Trade and other payables from exchange transactions	222 301	222 301
Bank overdraft	581	581
	311 649	**311 649**

Categories of financial instruments: Economic Entity 2025

Financial Assets	At amortised cost	Total
Loan to economic entities	-	-

	Economic Entity		Controlling Entity	
Financial Instruments Disclosure	2026	2025	2026	2025
Trade and other receivables from exchange transactions	-	-	46 586	46 586
Cash and cash equivalents	-	-	64 245	64 245
	-	-	**110 831**	**110 831**

Financial Liabilities	At amortised cost	Total
Other financial liabilities	93 063	93 063
Trade and other payables from exchange transactions	260 417	260 417
Bank overdraft	581	581
	354 061	**354 061**

Financial Instruments in Statement of Financial Performance:

Credit Risk

Credit risk is the risk of financial loss to the entity if a counterparty fails to meet its contractual obligations.

Exposure to Credit Risk

The entity's principal financial assets subject to credit risk are:

- Trade and other receivables.
- Loans to economic entities.
- Cash and cash equivalents.

The carrying amounts of financial assets represent the maximum exposure to credit risk. The entity's exposure is significantly concentrated among:

- Government Departments and State-Owned Entities.
- Tenants within the property portfolio.
- Subsidiaries (historically, now impaired).

Impairment of Financial Assets

The entity applies the ECL model as required by GRAP 104. Trade receivables are assessed using the simplified approach. Loans and other financial assets are assessed using the general approach. Impairment is based on:

- Historical default experience.
- Ageing of receivables.
- Current and forward-looking macroeconomic conditions.
- Recoverability of debts, including disputes and legal matters.

35. Commitments

Authorised operational expenditure:

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	2025
Already contracted for but not provided for:				
Operational Commitments	-	2 490	-	2 490
Total operational commitments:				
Already contracted for but not provided for	-	2 490	-	2 490

The prior-year committed expenditure related to the security services for investment properties. The contracts came to an end, and for the current year under review, the contracts were not committed and were on a month-to-month basis.

36. Contingencies

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

MA Huma	-	23 000	-	23 000
Opal Mining (Pty) Ltd	30 000	30 000	30 000	30 000
Altimax	-	18 500	-	18 500
Tshireletso Professional Services	4 597	4 597	4 597	4 597
Tokiso Security Services	-	1 250	-	1 250
Bucs Security Services	8 000	8 000	8 000	8 000
Bigen Africa	552	-	552	-
Minds Alike Consultants	390	-	390	-
TopDem Security Services	414	-	414	-
	43 953	**85 347**	**43 953**	**85 347**

MA Huma: The Huma family are claiming an amount of R23 million from the NWDC, which amount of claim is self-enrichment and/or loss of income on the basis that the NWDC has been renting out their property thus, they are entitled to recoup their monies. A claim of R24 million against the NWDC was subsequently struck from the court roll due to a procedural matter. The court did not determine the merits of the claim. The matter may be reinstated, in which event the NWDC intends to defend the claim. Until such time, the NWDC will not recognise the contingent liability.

Altimax: As disclosed in the prior year, NWDC appointed attorneys to defend a claim by Altimax amounting to R11.5 million for services allegedly rendered and not paid. During the 2025/26 financial year, management assessed additional supporting information and concluded that the R11.5 million met the definition of a payable. Accordingly, the amount was derecognised as a contingent liability and recognised as a liability.

Altimax subsequently indicated that it would not accept a settlement of less than R18 million, which NWDC rejected. The matter remains subject to ongoing legal proceedings, and the outcome is uncertain. The case is expected to proceed to trial during 2026.

Opal Mining (Pty) Ltd is claiming against NWDC for possible breach of funding by NWDC.

Tshireletso Professional Services are claiming against unpaid services.

Bigen Africa is claiming against unpaid services.

Tokiso Security Services are claiming against unpaid services. A claim of R1.2 million against the NWDC was subsequently struck from the court roll due to a procedural matter. The court did not determine the merits of the claim. The matter may be reinstated, in which event the NWDC intends to defend the claim. Until such time, the NWDC will not recognise the contingent liability.

Bucs Security Services are claiming against unpaid services.

Minds Alike Consultants are claiming against unpaid services.

37. Related Parties

Relationships: Not applicable
Members: Refer to Report of the Accounting Authority, paragraph 2.7
Controlling Entity: North West Development Corporation SOC Ltd

Related party balances:

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Loan accounts: Owing (to) by related parties:				
Department of Economic Development, Environment, Conservation and Tourism	-	-	12 777	11 359
Department of Human Settlements	-	-	8 672	7 697
Department of Tourism	-	-	(13)	(13)
Department of Finance: Mahikeng	-	-	634	554
North West Gambling Board	-	-	11	11
Department of Local Government and Traditional Affairs	-	-	199	199
Department of Social Development: Mogwase	-	-	109	96
Department of Social Development: Ganyesa	-	-	6 045	4 957
Department of Health: Mogwase	-	-	78	94
Department of Public Works: Correctional Services Mogwase	-	-	1 843	1 773
Department of Public Works: Labour Mogwase	-	-	1 046	1 146
Department of Education: Mogwase	-	-	1 122	270
Rental payments received from related parties:				
Department of Economic Development, Environment, Conservation and Tourism	-	-	14 948	13 702
Department of Human Settlements	-	-	10 959	14 113
Department of Finance: Mahikeng	-	-	-	400
Department of Public Works: Correctional Services Mogwase	-	-	574	271
Department of Education: Mogwase	-	-	70	842
Department of Public Works: Labour/UIF Mogwase	-	-	306	-
Rental billed to related parties:				
Department of Economic Development, Environment, Conservation and Tourism	-	-	14 948	14 948
Department of Human Settlements	-	-	10 959	9 962
Department of Finance: Mahikeng	-	-	-	350
Department of Public Works: Correctional Services Mogwase	-	-	433	408
Department of Education: Mogwase	-	-	849	842
Department of Public Works: Labour/UIF Mogwase	-	-	66	187

Related party transactions:

Interest paid to (received from) related parties:				
Department of Economic Development, Environment, Conservation and Tourism	-	-	1 417	1 280
Department of Human Settlements	-	-	975	1 366
Department of Social Development: Ganyesa	-	-	745	43
Department of Public Works: Correctional Services Mogwase	-	-	224	222
Department of Public Works: Labour Mogwase	-	-	140	140
Department of Education: Mogwase	-	-	72	54
Department of Social Development: Mogwase	-	-	13	11

Remuneration of Management:

Management Class: Board Members 2026	**Fees for services as a Member of the Board**	**Travel Expenses**	**Total**
Ms T Molefi (Board Chairperson of the Board)	176	3	179
Mr G Tabane	73	12	85
Mr K Konopi	138	16	154
Dr G Malebe (Deputy Chairperson of the Board)	42	10	52
Ms T Lekoma	-	7	7
Mr W Setshedi	88	16	104
Mr K Kgoro	87	12	99
Ms Z Makhobo	-	10	10
Mr T Seane	104	12	116
Ms W Nelson	29	6	35
Adv J Neveling	33	-	33
	770	**104**	**874**

Management Class: Executive Management 2026	**Basic Salary**	**Other Benefits Received**	**Total**
Mr MJ Nale (Chief Executive Officer)	2 227	464	2 691
Mr MN Mahapa (Acting Chief Executive Officer)	1 067	215	1 282
Mr T Mokotedi (Executive Manager: Property Development and Management)	1 596	320	1 916
Ms K Molosiwa (Acting Chief Financial Officer)	1 144	760	1 904
Mr K Mafokwane (Executive Manager: Corporate Services)	1 308	243	1 551
Ms M Seleke (Company Secretary)	1 209	216	1 426
Ms S Mudramuthoo (Acting Executive Manager: SMME Development and Management)	1 326	147	1 473
Mr A Tau (Executive Manager: Bojanala SEZ)	1 490	195	1 685
Mr N Novasi (Acting Executive Manager: Corporate Services)	1 356	238	1 594
	12 723	**2 798**	**15 521**

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 Executive 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**	**10 899**

Key notes to Management remuneration:

- Mr Novasi is acting in the role of Executive Manager: Corporate Services.
- Mr Kabelo Mafokwane was placed on special leave, and his service to NWDC ended in February 2026.
- Ms Mudramuthoo is acting in a vacant position as Executive Manager: SMME. She was appointed on 01 December 2025 to date.
- Ms Constance Molosiwa is acting in a vacant Chief Financial Officer position. She was appointed on s01 March 2025 and was still in the position as at 31 March 2026.
- Mr Moagi Mahapa was appointed Acting Chief Executive Officer from February 2026.
- Mr Thapelo Mokotedi was acting in the same position from December 2025 to January 2026.
- Mr Mojalefa Nale was seconded to GLR from December 2025.

38. 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 2025	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		126 981	(102 656)	24 325
Living resources		3 373	(3 373)	-
Payables from exchange transactions		(212 182)	6 862	(205 320)
Employee benefit obligations	10	(9 991)	89	(9 902)
Revaluation reserve		(315 152)	(19 153)	(334 305)
Investment Properties		3 325 037	(183 632)	3 141 405
Deferred Tax Liability		390 828	78 229	469 057
		3 308 894	**(223 634)**	**3 085 260**

Statement of Financial Performance:

Controlling Entity 2025	Note	As previously reported	Correction of error	Restated
Actuarial gains		-	(89)	(89)
Depreciation		74 908	(73 455)	1 453
Finance costs		8 318	499	8 817
Debt impairment		86 811	12 825	99 636
Gain of loss on Disposal of Assets and Liabilities		-	(378 894)	(378 894)
Income Tax Expense		150 324	(78 229)	72 095
Surplus(deficit) for the year		**320 361**	**(517 343)**	**(196 982)**

Property Plant and Equipment:

NWDC's infrastructure assets, with a total carrying amount of R195 262 000, 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. The entity cannot, at this stage, demonstrate control over the infrastructure assets because the risks and rewards of these assets are currently with the various municipalities. The assets are in use or situated in areas that fall under the service delivery jurisdiction of local municipalities. No economic benefit or service potential is expected to accrue to NWDC from these assets in the future and/or until a decision is taken on the location of this infrastructure.

In accordance with GRAP 17 paragraph .78(b), the carrying amount of an item of property, plant and equipment shall be derecognised when no future economic benefits or service potential are expected from its use or disposal. The Infrastructure with a carrying amount of R102 656 000 (2025) R195 262 000 (2024) was derecognised. The cost of this infrastructure was R582 795 009 (2025) and R664 028 171 (2024), and the accumulated depreciation was R480 140 557 (2025) and R468 766 294 (2024).

The adjustment was retrospective, and the effects of the change are listed below:

Statement of Financial Position (Infrastructure)	As previously stated	Adjustment	Total
Cost	582 795	(582 795)	-
Accumulated depreciation	(480 139)	480 139	-
	102 656	**(102 656)**	**-**

Statement of Financial Performance	As previously stated	Adjustment	Total
Gains or losses on disposal of assets and liabilities	(195 262)	195 262	-
Depreciation	19 884	(19 884)	-
Debt impairment	53 571	(53 571)	-
	(121 807)	**121 807**	**-**

Living Resources:

The entity conducted an assessment of whether animals currently recognised as living resources meet the definition of an asset in terms of GRAP 110. Based on the assessment, it was concluded that the animals do not meet the definition of an asset as outlined in GRAP 110 due to the lack of control. Therefore, the Living Resources were derecognised, and the adjustment was done retrospectively.

The financial effects of these adjustments are presented below:

Statement of Financial Position	As previously stated	Adjustment	Total
Cost	3 468	(3 468)	-
Accumulated depreciation	(95)	95	-
	3 373	**(3 373)**	-

Statement of Financial Performance	As previously stated	Adjustment	Total
Depreciation	95	(95)	-

Employee Benefit Obligations:

The entity did not account for the movement of actuarial gains in the prior year. The actuarial gains were considered, and a retrospective adjustment was effected. The effect of the change is indicated below.

Employee Benefit Obligations:

Statement of Financial Position	As previously stated	Adjustment	Total
Employee Benefit Obligation	9 991	(89)	9 902

Statement of Financial Performance	As previously stated	Adjustment	Total
Actual gain	-	(417)	(417)
Current service costs	-	508	508
Interest costs	-	1 085	1 085
Benefits paid	-	(1 265)	1 265)
	-	**(89)**	**(89)**

Investment Property

The entity previously included properties in the asset register. However, the entity experienced challenges in providing the necessary documents, such as deeds, to confirm ownership. As a result, demonstrating ownership was a challenge, and the entity could not provide control over these properties. As a result, the entity has retrospectively adjusted for these properties by not including them on the register.

The effects of the adjustments are as follows:

Figures in Rand Thousand	As previously stated	Adjustment	Total
Investment Properties:			
Closing balance	3 325 037	(183 632)	3 141 405

39. 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 economic entity's objective when managing capital is to safeguard the economic entity'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:

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity manages liquidity risk by:

- Monitoring cash flows on a continuous basis.
- Maintaining adequate cash reserves.
- Relying on continued financial support from the North West Provincial Government.

The table below analyses the economic entity's financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic Entity:

At 31 March 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	26 250	14 736	22 104	25 077
Trade and other payables	222 301	-	-	-
Bank overdraft	581	-	-	-

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	26 250	14 536	22 105	30 173
Bank overdraft	581	-	-	-
Trade and other payables	202 711	-	-	-

Controlling Entity:

At 31 March 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	7 368	14 736	22 104	25 077
Trade and other payables	221 205	-	-	-
Bank overdraft	581	-	-	-

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	-	-	-

The entity is partly dependent on continued funding and support from the Provincial Government to meet its obligations as they fall due. Furthermore, the entity generates its own income from the rental of properties.

Concessionary Loans

Other financial liabilities represent concessionary loans, including:

- Loans settled by the NWPG.
- Loans with no fixed repayment terms and no interest.

These loans are recognised at amortised cost and reflect the economic substance of arrangements. The loans are subordinated, and repayment is conditional on future solvency.

Management has assessed that the impact of initial fair value adjustments is not material due to uncertainty of repayment timing and lack of enforceable terms.

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 counterparty.

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.

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

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Financial instrument:				
Cash and cash equivalents	45 945	64 826	45 945	65 724
Receivables from exchange transactions	46 586	41 631	47 418	41 631

Market Risk: Interest Rate:

The economic entity'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 rates is considered minimal because of a lower gearing ratio.

40. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

For the year ended 31 March 2026, the entity and the group incurred deficits of R671.933 million and R671.933 million, respectively. In addition, the entity and the group face a number of conditions that indicate the existence of a material uncertainty that may cast significant doubt on their ability to continue as going concerns. These conditions include:

- Recurring operating deficits in the current and prior years, indicating ongoing financial sustainability challenges.
- Liquidity constraints and challenges in meeting financial obligations as they fall due, as evidenced by an average creditor payment period of 65.1 days.
- A net current liability position, with current liabilities exceeding current assets by R101.779 million and R121.757 million for the entity and the group, respectively, as at 31 March 2026.
- Revenue collection challenges, resulting in significant impairments of receivables in both the current and prior financial years, which have adversely affected cash flows and the ability to fund operations.

Management has assessed the entity's and group's ability to continue as going concerns and concluded that the going concern basis of preparation remains appropriate. This assessment is based on a number of initiatives that are either being implemented or are at an advanced stage of execution, including:

- The disposal of identified non-performing properties and the reinvestment of proceeds into activities that support operational sustainability. The necessary approvals have been obtained and implementation has commenced.
- The establishment of strategic partnerships with private sector investors to unlock value from existing property assets and generate additional revenue streams.
- The implementation of intensified debt collection measures aimed at improving revenue collection, liquidity and cash flow generation.
- The execution of turnaround strategy initiatives and an organisational reform programme designed to improve operational efficiency, strengthen governance and enhance long-term financial sustainability.

While management expects these initiatives to improve the financial position, liquidity and cash flows of the entity and the group, the conditions described above indicate the existence of a material uncertainty that may cast significant doubt on the entity's and group's ability to continue as going concerns.

Accordingly, the annual financial statements have been prepared on the going concern basis, which assumes that the entity and the group will continue in operational existence for the foreseeable future and will realise their assets and settle their liabilities in the ordinary course of business.

41. Events after the Reporting Date

The entity has embarked on an organisational reform process which aims to re-engineer and re-align the organisation's activities to attain an optimal level of performance. These matters do not have an impact on the annual financial statement as at 31 May 2026.

42. Fruitless and Wasteful Expenditure

	Economic Entity		Controlling Entity	
Figures in Rand Thousand	**2026**	**2025**	**2026**	**2025**
Fruitless and wasteful expenditure identified (current)	5 215	6 701	5 215	6 701
Details of fruitless and wasteful expenditure:				
Interest and penalties on late payments	5 215	6 701	5 215	6 701

No disciplinary steps and/or criminal proceedings taken.

43. General information: Identification of Segments

Management has assessed the GRAP 18 guidelines for Segment reporting and concluded that the entity does not have to disclose segment information. The sources of revenue for the NWDC group are rentals and grants. There are no other sources of revenue that could possibly trigger the need for the assessment of the existence of a segment.

Management is not allocating resources nor assessing performance to any activity. There is only one system used (MRI) for the entity. There is no separate information for any activity.

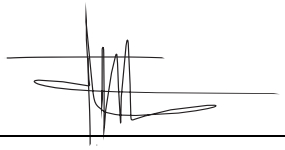
ANNEXURE A

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

- All information and amounts disclosed throughout this Annual Report are consistent.
- The Annual Report is complete, accurate, and free from material omissions.
- The Annual Report has been prepared in accordance with the guidelines on Annual Reports issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the Standards of GRAP, including all applicable 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 judgments and estimates applied in the preparation thereof.
- The Accounting Authority is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of the performance information, human resource information, and the Annual Financial Statements.
- The external auditors are responsible for expressing an independent audit opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance, human resource information, and financial affairs of the NWDC for the financial year ended 28 March 2026.



Ms T Molefi
Chairperson of the Board

North West Development Corporation SOC Ltd
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