NORTHERN CAPE TOURISM AUTHORITY - ANNUAL REPORT 2019-2020

ANNUAL REPORT
2019 - 2020

Annual Report 2019/2020

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Contents

PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Northern Cape Tourism Authority
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WEBSITE ADDRESS:	www.experiencenortherncape.com
EXTERNAL AUDITORS:	Office of the Auditor-General of South Africa
BANKERS:	First National Bank
COMPANY/BOARD SECRETARY:	Northern Cape Tourism Authority

2. LIST OF ABBREVIATION/ACRONYMS

NCTA	Northern Cape Tourism Authority
AGSA	Auditor General of South Africa
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
GRAP	Generally Recognised Accounting Practice
GDP	Gross Domestic Product
CRM	Customer Relations Management
DEDaT	Department of Economic Development and Tourism
IYM	In Year Management
PSEF	Public Sector Economist Forum
SANCB	South African National Conventions Bureau
NTEC	National Tourism Educators Conference
WTM	World Travel Market
ICCA	International Congress and Convention Association
ASAPA	Association for Southern African Professional Archaeologists
MICE	Meetings, Incentive, Conferencing and Exhibitions
HR	Human Resources
NC	Northern Cape
UK	United Kingdom
USA	United States of America

3. FOREWORD BY THE CHAIRPERSON

I am pleased to report that the period under review was one of growth and of consolidation for this organisation. This report outlines the many positive outcomes arising from the on-going and much valued provincial investment into tourism. The level to which this sector positively impacts on other sectors is inestimable. Tourism remains one of the key priority sectors for driving economic growth and job creation. Despite the ongoing ripple effect of the global recession, we continued to attract visitors from our key source markets.

Nowhere is this bullish spirit more evident than in the resilient arena of tourism – which, despite the ripple effects of our economic slowdown, is showing healthy signs of growth. The president believes the time is ripe for us to double the size of our tourism industry and, based on our province's encouraging tourism performance, we wholeheartedly agree. We also share the Premier's vision that tourism has a vital role to play in our provincial economy.

Domestic tourism remains high on our agenda to ensure its increased contribution to our tourism growth. Despite domestic tourism being under pressure as the economy grew sluggishly and unemployment figures continued to rise, we have witnessed an increase in domestic visitation and spend. We believe our cross- seasonal campaigns, together with renewed focus on our developed routes, will enable us to grow our domestic market quite significantly. Growing the leisure and business events industries presents us with further opportunities to contribute to local and rural economic growth. International tourism witnessed a decline both nationally and provincially as a result of many factors, viz. the global economy, safety and security, climate change and the cancellation of flagship events. The outcome of our performance resulted in a R1.6 billion contribution to the provincial economy (Source: SAT research Unit).

I need to point out that the Board has taken cognizance of the COVID -19 pandemic that has cast a gloomy shadow over the tourism industry internationally, nationally and provincially. It is still too early to estimate its impact, but we will need to keep this uppermost in our minds going into the future. The impact of the pandemic, on business and leisure tourism, cannot be gauged presently and all we can do is wait until it abates. Once we have seen the back of the pandemic, which is unpredictable, it will be crucial that we re-assess our performance. Together with all our role players we will need to evaluate the ramifications of the pandemic on our national and provincial economy.

The success and growth of our tourism sector, post the pandemic, will be as a result of a collaboration between all the role-players in the sector. Stakeholder involvement is critical for building a stable progressive tourism industry to benefit all communities in the Northern Cape.

Our adherence to a high standard of corporate governance has once again resulted in an unqualified report from the Auditor-General's Office for the period in review. This is a demonstration of the efficiency and effectiveness of the control environment and attitude towards good governance. The organization upholds the highest standards of performance whilst ensuring compliance with rules.

It is important to note that as the period 2015 -2020 comes to a close, so does the five-year term of office of the present board of the Northern Cape Tourism Authority. I am happy to announce that we leave this organization in good stead. I would therefore like to take this opportunity to thank members of the Board for their contributions which entrenched the professional work ethic that epitomized the progressive success of the entity over the five years. I wish the new Board well and I hope that you will continue with the growth path of this organization to contribute significantly in transforming this sector.

My sincere thanks and appreciation to the Honourable MEC for his leadership. The support received from NCT Board Members is immeasurable. Our appreciation is also extended to the Acting Head of Department together with his colleagues at the Provincial Department of Economic Development and Tourism for their unwavering support and commitment to our shard end goals. Sharron Lewis, NCTA Chief Executive Officer, has surrounded herself with a team that places great value on service excellence, timeous delivery, passion and a willing-ness to learn and grow from experiences.

Colin Fortune
Chairperson: Northern Cape Tourism Board

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Year In Review

The performance last year demonstrates I believe that our strategy is working. The Entity achieved all its strategic targets. The results in 2019/20 re-affirm the enduring strength of Brand Northern Cape as a formidable competitor in the global tourism space and the growing resilience of our organizational model to achieve our goals and objectives despite daunting challenges (continued ripple effect of the ongoing international and national recession, political instability and climatic changes). We set our focus on applying fresh thinking and innovation to ensure effective provincial tourism growth through pragmatic and adaptable marketing endeavours informed by research (competitor analysis and consumer insights – as well as future prospects at a global, national and domestic tourism level). We aligned to National Tourism Sector Strategy (NTSS), collaborated with South African Tourism and other stakeholders (local and cross border) to enhance our marketing activities given our small budget **- Tourism is an activity that evolves multiple sector stakeholder engagement to deliver success**

Monitoring Performance

Our Annual Report reflects our achievements against our targets and represents our public commitment to clean governance and excellence in service delivery. The NCTA operates within two programmes:

PROGRAMME ONE : Corporate Governance and Financial Management.

The NCTA considers sound and good corporate governance practices as integral to good performance. We apply leading corporate governance pragmatically so as to:

Prioritize the achievement of strategic objectives of NCTA in accordance with our statutory mandate. Exercises effective review and monitoring of our activities. Enhance the Global, national and local market perception of us. Identify and mitigate significant risks including reputational risks. Protect our brand – we remain consistent with our messaging. Work consistently to secure the trust and confidence of all stakeholders Enhance effectives, efficiency, responsibility and accountability. Ensure legal; and regulatory compliance. Ensure sustainable business practices, including social and environmental activities. Disclose the necessary information to enable all stakeholders to make a meaningful analysis of our activities

Financial Performance

Northern Cape Tourism Authority is a Schedule 3 Public Entity listed in terms of the Public Financial Management 1999 (Act No 1 of 1999), and it is accountable to the MEC for Economic Development and Tourism. In line with our mandate, Northern Cape Tourism receives funding for its operation from government, as a budget allocation through the Department of Economic Development and Tourism.

The financial statements have been prepared on the basis of the accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The NCTA is wholly dependent on the Northern Cape department of economic development and tourism who has neither the intention nor the need to liquidate or curtail the scale of the entity activities. At the end of our financial year we recorded **R850 542.00** surplus funds. A request has been submitted to our provincial treasury to retain our accumulated surplus as in the previous years.

Financial discipline: underpin our operations at every level, especially in light of the ever increasing inflationary costs. We have built greater accountability for quality into the requirements for all managers such that the organization operates on outcome-driven principles at all times. We will continue to exercise prudence, while we explore new opportunities for both leisure and business tourism to enhance our tourism performance.

Spending patterns: Spending is inline with our strategy. Through sharper financial discipline governing overheads we are reducing costs and uncovering innovative ways of work. There has been no underspending. The spending pattern trends for the year were consistent with our cash flow projections and performance activities throughout the year. We have not discontinued or nor do we intend to discontinue any of our activities over the new medium term expenditure framework period

Supply Chain Management: Corporate Social Responsibility continues to grow and data supports the fact that ethical companies perform better in every aspect of their business. The NCTA has embraced ethics in every aspects of our work. Our supply chain processes are conducted in the most cost efficient and effective manner. Management systems remain in place and we have complied with all policies and procedures during the period in review and the new medium term expenditure framework. The NCTA has received a clean audit with no matters of emphasis for the past six years and it is our intention to continue on this path. We have not experienced any significant problems in achieving our goals and objective for the period in review because our budget is aligned to our strategy. We engage in various partnerships and strategic relationships internationally, nationally and local to enhance our marketing and promotional activities. Budgetary constraints remains a challenge due to inflationary erosions. With more resources we could expand our marketing and promotional activities more

PROGRAMME TWO : Market and promote the Northern Cape as a business and leisure tourism destination of choice:

Leisure Tourism

Brand Northern Cape has steadily increased in stature, recognition and regard over the past years among international and domestic travellers alike, anchored by our appealing and consistent messaging (that pivots around the “real” and “extreme” nature of our offering), coupled with targeted marketing investments geared at tourism growth. The fact that the world is increasingly sitting up and taking notice of our province is testament to the success of this positioning. We invest only in selected target markets for leisure and business tourism and we do not deviate from this firm end goal. We invest in partnership relationships at a local level, national level and international to enhance and optimize our marketing and promotional initiatives given our small budget. This approach has worked well for us yet again, such that the Entity has achieved all our strategic targets for the year in review

Northern Cape Brand: Brand Northern Cape has been significantly bolstered through the harnessing of digital technology in recent years, and deploying social media more effectively to communicate with people at grassroots level – and with travellers around the world. We have grown our partnership with domestic online booking platforms. We intend to ramp up our digital transformation drive by ensuring more tourism offerings are bookable online, boosting the conversion rate. Due to the vast distances within the province and the fact that we do not have as many media channels in rural areas we use our event platforms to enhance destination awareness. Social media is widely used at events and allows us to take the Northern Cape brand to our communities. **We have exceeded our annual target both in growth and spend.**

Domestic Marketing: remains high on our Agenda: Domestic Marketing remains high on our agenda. This has led us to intensify our efforts around domestic travel. We are deliberate in how we market and promote domestic tourism to address geographical spread, seasonality and length of stay. We have intensified our focus on the many rural, heritage and culture-based tourism “gems” that are fundamental to our brand pillar offerings. Our concerted investments in marketing, advertising, joint marketing agreements, media investments and e-marketing have yielded a demonstrable return on investment.

We have chalked up much success with our regular seasonal campaigns **(such as summer, Easter and spring/wildflowers)**, attracting much media and public interest. In a pressurised domestic tourism environment where we had set our annual growth target at 2.8%, **we exceeded our annual target both in growth and spend**

International Marketing: Our focus on the international arena remains Strategic: We adopt a cost effective and customer driven approach to play smarter in the increasingly competitive global market. We work closely with South African Tourism to leverage off their extensive marketing intelligence network, campaigns and business tourism initiatives. We invest only in selected markets that guarantee increased visitor arrivals. We are confident that the introduction of our eight tailored tourism routes has enabled us to distil and showcase our diverse offering as a destination, and tap into different travel market segments and their respective tastes. In a highly competitive global travel market, the Northern Cape has been amassing steady tourism growth, albeit off a low base. However, the water crisis in Cape Town, the ongoing drought, political instability, and concerns about safety and security have combined to cause South Africa’s international visitor numbers to decline over the past couple of years. Regrettably, the knock-on effect has spread to the Northern Cape. Despite the latter, **we exceeded our annual target both International marketing in growth and spend.**

Business Tourism

Business Tourism (Meetings, Incentives, Conference and Events)
The hosting of conferences and events allows the Northern Cape to strengthen its competitive position as a desirable and must do Southern African Tourism destination, broadening its markets, extended tourist stays, attract investment to the destination and growing the destination brand. The NCTA hosted 68 provincial events with a total of 319 311 visitors with a R225 million contribution to the provincial economy. **We exceeded our annual target both in growth and spend.**

TRANSFORMATION: SMME MARKETING SUPPORT

The NCTA continues to throw its unwavering support behind the transformation of the tourism industry in the province, as well as enterprise and supplier development. We have made great strides in boosting small, medium and micro-enterprises (SMMEs) operating in tourism and hospitality, with a strong focus on promoting tourism offerings that are community-based, indigenous and rural in nature. The grassroots projects after all represent a significant part of what makes Northern Cape a unique tourism destination. We featured 67 SMME products, creative and performing artists, tour guides, Women in tourism, route products, accommodation and experiences on the various marketing platforms of the NCTA. These platforms are aimed at domestic and international wholesalers, tour operators, travel agencies, event companies and media. The outcome resulted exceptional increase in exposure due to coverage on television and radio **(Source: Newsclip Media Monitoring, Magazines and Newspapers, SABC TV and Radio, ECNC Travel Guide).**

Training Programme: We invest in training programmes directed at the youth, smme and women:

Route training – ongoing compliance training and digital upskilling upskilling, safe travel and ready to do business post COVID-19

Professional advancement and Improving Competitiveness (design, copywriting, printing capabilities and quality

Digital and Technological Advancement- post covit (improving on line book ability, upskilling to optimise social media platforms, product packaging – meet new client demands – post covid)

Events Support
To ensure that the economic benefits of these events are spread across the province we increased the regional spread. Despite a repressed economy which impacts on consumer spending we hosted 68 events creating a total of 3 811 temporary jobs and generating an income R 2,4 million where these events were held.

STAKEHOLDER RELATIONS

Tourism success is based on collaboration. Whilst our job is to create the demand appetite and desire to travel we are dependent on the Northern Cape`s Tourism industry to ensure that we deliver exceptional services and a to enhance the quality of our tourism experience. Tourism growth requires smart partnership and creative collaborations, bringing the travel trade on board to work towards a common goal, as well as government stakeholders. Connecting with all layers of the tourism industry is critical for building beneficial cooperative relationships. Our stakeholder relation transverses our boarders to enhance our marketing and promotional activities. **The NCTA is well positioned to facilitate this role with our strong private sector relationship and business leaders on our board.**

FUTURE OUTLOOK

It should be noted that the Tourism industry has been negatively affected for the past two years as result of a global and local economic recession. Towards the end of the year in review the tourism industry witnessed a complete decimation due to the Covid 19 pandemic. This affects the future viability of the entity and the tourism industry at large. The real impact on the tourism economy and value chain is yet to be determined. However, tourism remains an important economic sector of the provincial economy. Tourism supports a vibrant and complex value chain that is not characterised by significant market concentration or deep vertical integration like many others in South Africa. Growth in tourism promises accessible employment opportunities, geographic diversification and increased foreign currency receipts. The sector is therefore a strategic development priority. The Northern Cape can aspire to a tourism proposition that drives growth and development. The sector potential far exceeds pre- crisis levels and while the pandemic will have a catastrophic effect on the sector the broader economy, long term growth prospects remain undiminished.

Over the next year, we will no doubt encounter many hurdles based on the impact of the pandemic that will need a joint-up approach to solving them. The ability to work together in finding solutions, across different levels of governments, and between government and the private sector, is not easy, but is essential. The problems do not only belong to some of us: we all have a role in finding the solutions to revive the tourism economy. The current global shutdown has no precedence, history shows that tourism can rebound strongly from periods of crisis. The NCTA has developed a Recovery Matrix with an emphasis on re- opening and positioning the destination to stay top of mind. The Plan is aligned to the projected national levels of lock down and recovery.

Northern Cape Tourism will survive because of our commitment to collaborate efficiently and effectively around tourism issues, our passion for our tourism product and the people of the Northern Cape. We are province of dreams and we make the impossible happen.

I wish to thank our partners at all levels of government, and the private sector, for collaborating with us, as we seek to make the Northern Cape a successful global Tourism Destination post Covid 19, they contribute greatly to our achievements and are part of our success.

Successful organisations are governed by boards with an unwavering commitment to the values of excellence and good-governance. I wish to thank every board member for their leadership and guidance and for always expecting nothing but the best from our team. The MEC for finance Economic Development and Tourism extended the term of the current Board to the end of September 2020.

I would like to commend each of my staff members, who deliver their very best at all times.

S.P. LEWIS
Chief Executive Officer: Northern Cape Tourism Authority

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2020.

Yours faithfully,

Ms S.P. Lewis
Chief Executive Officer: Northern Cape Tourism Authority
31 March 2020

Mr C. Fortune
Chairperson: Northern Cape Tourism Board
31 March 2020

6. STRATEGIC OVERVIEW

6.1. Vision

The Northern Cape to be one of the most preferred tourist destinations in the world.

6.2. Mission

To be catalysts for the economic empowerment of the people of the Northern Cape through tourism promotion programmes that will contribute to the GDP of the province.

6.3. Values

Our values are:

- Respect and recognition for our people;
- Acting with integrity;
- Caring for our employees;
- Responsibility and the acceptance of accountability for the outcomes of our actions; and
- Pushing the boundaries of excellence in everything we do.

7. LEGISLATIVE AND OTHER MANDATES

- Public Finance Management Act, Act 1 of 1999
- Treasury Regulations
- Northern Cape Tourism Entity Act,2008 (Act No.5 of 2008)
- Labour Relations Act 66 of 1995
- Basic Condition of Employment Act 75 of 1997
- Employment Equity Act
- Skills Development Act 97 of 1998
- Occupational Health and Safety Act
- Unemployment Insurance Fund Act
- National Tourism Sector Strategy (NTSS)
- White Paper on the Development and Promotion of Tourism in the Northern Cape

8. ORGANISATIONAL STRUCTURE

Northern Cape Tourism Board

Northern Cape Tourism Authority

1 x Chief Executive Officer

Financial Management

1 x Chief Financial Officer
1 x Financial Manager
1 x Financial Clerk
1 x Supply Chain Officer
1 x Supply Chain Clerk

Marketing

1 x General Manager
1 x Marketing Communications Officer
2 x Maketing Officers
1 x Marketing Assistant
1 x Researcher
1 x Marketing Support Clerk

Business Tourism

1 x General Manager
1 x Events Coordinator
1 x MICE Assstant
1 x Events Sopport Clerk

Administrative Support Services

1 x Manager: Admin Support
1 x Receptionist
1 x Cleaner
1 x IT Officer

Human Resources

1 x HR Manager
1 x HR Clerk

PART B

PERFORMANCE INFORMATION

1. AUDITOR’S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor’s report.

Refer to page 68 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

We continue to achieve to an extraordinary level of tourism growth, despite the fact that we remain the Province with the least funding from National Government and that the funding we do receive, is eroded to some degree by inflationary considerations caused by an ongoing national economic recession. Our positive results for the year in review is directly linked to consistent performance driven by a disciplined growth strategy and guided by a set of clear strategic priorities.

The entity did not experience significant problems in delivering on our mandate, however the continued dwindling economy does affect our ability to optimize maximally on our investments. It should be noted tourism is an activity that involves multiple sector engagement. The sector only works, if there is an integration between the various spheres of government and between the public and private sector. The NCTA plays a leading role in marketing the province and in driving consumer demand. The success and growth of our tourism sector is a result of a collaboration of all the role players in the sector. This is the reason why we work tirelessly with our stakeholders to raise the awareness and to enhance tourism education on all pertinent issues. Despite the progress we have made in recent years, I am also clear that – our industry transformation is slow – we need to quicken the pace of everything we do so that the broader Northern Cape tourism community become sustainable partners and benefit through the tourism value chain. In meeting the new tourism demands created by the COVID Pandemic our central focus will be ensuring broad based participation through collaboration with all sectors of government and the private sector (and placing the health security of our tourists first). The Northern Cape is fortunate to have a collaborative spirit, we work well as a team which has been the case since lock down. We stayed in constant communication with our stakeholders through various communication platforms/channels, I am confident that this is how we are going to overcome the current situation and build the new tourism landscape.

2.2. Organisational environment

With the institutionalisation and operationalisation of the new strategy, the entity has ensured its effectiveness. The forces we discussed a year ago continue to affect all of us. We are marketing in an enormously competitive global and national environment. Our business is shaped by systemic macro forces. We periodically review these to ensure our strategy remains relevant. We engage quarterly with our stakeholders (route meeting, marketing meeting, national meeting and other to stay abreast of current trends and changes impacting negatively on us. To further enhance our effectiveness we invest in good cooperative governance values.The NCTA considers sound and good corporate governance practices as integral to good performance.

We apply leading corporate governance pragmatically so as to:

- Prioritize the achievement of strategic objectives of NCTA in accordance with our statutory mandate.
- Exercise effective review and monitoring of our activities.
- Enhance the world's market perception of us.
- Identify and mitigate significant risks including reputational risks.
- Protect our brand.
- Work consistently to secure the trust and confidence of all stakeholders.
- Enhance efficiency, responsibility, and accountability.
- Ensure legal and regulatory compliance.
- Ensure sustainable business practices, including social and environmental activities.
- Disclose the necessary information to enable all stakeholders to make a meaningful analysis of our activities.

2.3. Key policy developments and legislative changes

No policy developments and legislative changes occurred during the period under review.

2.4. Strategic Outcome Orientated Goals

We have made major strides in achieving the strategic goals set 4 years ago, refer to the table below for the details

Strategic Objective	Five-year target	Current achievement	Comments
Percentage of Annual Performance Targets met by 2020	100 % of all targets achieved.	98 % of targets achieved.	
Number of Unqualified Audit opinions with no matters of emphasis for the strategic planning period	Unqualified audit opinion with no matters	Six consecutive clean audits (unqualified with no matters)	We have managed to maintain our clean audits over the last four years of the strategic planning cycle.
Number of HR findings related to the audit outcomes of the entity	No HR findings at management report level	No HR findings in the 19/20 Financial year	We have managed to maintain our clean audits over the last four years of the strategic planning cycle.
% growth in domestic trips taken annually	2.8 % Annual growth from a baseline of 275,000 in 2015 – (307,118)	868,736 Domestic trips to the Northern Cape	We have outperformed our targets set in 2015 and we achieved of 43.5% over the last four years.
% growth in the Share of international arrivals annually	8% Annual growth from a baseline of 108,699 in 2015 – (147,878)	121,655 International arrivals	Even though we did not achieve the amount of foreign arrivals we set out to in 2015 we have maintained our 1.2 % of the market share.2019 yielded a growth of 14.9 % from 2018 and we had an average growth of 3.4 % over the last four years.
Increase Northern Cape's Business Events Market Share to 4% by 2021	Increase Northern Cape's Business Events Market Share to 4% by 2021	6.8 % Market share achieved in 19/20 financial year	Business tourism has performed well during the last four years. Being a new destination in this market we managed to attract business events through our targeted approach through collaborations with strategic partners. Continued achievement of targets in this sector will become more difficult as more provinces enter the market.
% Growth in number of visitors to annual events hosted in the province	10 % Annual growth in event attendance from a baseline of 188,611 in 2015 – (276,145)	319 645 visitors attended events hosted in the Northern Cape	We achieved an average growth in attendance figures of 16.2%. This was only possible due to the strong performance of the Domestic market.

3. PERFORMANCE INDICATION BY PROGRAMME

3.1. PROGRAMME 1 – ADMINISTRATION

Purpose: To provide overall strategic management and leadership to the Entity through the provision of support services such as Board support, Financial Management, Human Resource Management and Compliance monitoring.

In addition to this, Programme 1 oversees Strategic Planning, Performance monitoring and reporting in terms of the PFMA.

Sub Programme 1.1 - Office of the CEO

Strategic Objective 1.1.1 - The provision of Strategic Management to the Entity

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	The provision of Strategic Management to the Entity
Unprejudiced Statement	To provide strategic leadership that would lead to an unqualified audit opinion for the strategic planning period and beyond.
Indicator	Percentage of annual performance targets met by 2020
Target	100%

Strategic Objective 1.1.1: The provision of Strategic Management to the Entity				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Percentage of annual performance targets met by 2020	100%	100%	98%	Not achieved (Refer to Sub Programme 2.2 - Business Tourism)

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Number of Board Meetings per annum to be held in accordance with the Northern Cape Tourism Act	4	4	5	Exceeded A special NCT Board meeting was held to discuss and workshop the proposed organizational review.
Executive Committee Meetings to be held in accordance with the Northern Cape Tourism Act	11	11	11	None
Attendance of National Stakeholder Meetings	17	8	11	Exceeded Additional meetings attended due to new national tourism committees established

Strategic Goal Achievement

We have achieved 98% of the approved targets for the year in review.

Deviations

Target for Number of Bids Identified and Supported in the Sub Programme 2.2: Business Tourism was not achieved.

Strategy to overcome areas of under performance

For the year under review there has been one area of underperformance. One target has not been achieved. As a strategy going forward, the NCTA will concentrate on national associations who have submitted and confirmed interest in hosting their conferences or meetings in lesser visited destinations. A national association's strategy has been developed by the South African National Convention Bureau in conjunction with Provincial and City Convention Bureaus and Business Tourism Units from provincial tourism authorities and agencies. This strategy includes the implementation of a business events Customer Relations Management (CRM) tool which will be used by all convention bureaus and provincial tourism authorities. All interested rotating national associations meetings and conferences will be loaded on the CRM tool and will be available for bidding under the strategic principles of the business events industry.

Changes to planned targets

There has been no change to the approved targets.

Linking performance with budgets

	2018/2019			2019/2020		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Office of the CEO	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Services	R471	R467	R4	R534	R421	R163
Total	**R471**	**R467**	**R4**	**R534**	**R421**	**R163**

Sub Programme 1.2 - Financial Management

Strategic Objective 1.2.1 - The provision of Financial Management to the Entity.

Strategic Objective 1.2.1: The provision of Strategic Management to the Entity				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Number of Unqualified Audit Opinions with no matters of emphasis for the strategic planning period	1	1	1	None

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Entity Plans submitted to DEDaT as per legislative requirements	1	1	1	None
Adjustment Estimate submitted to Provincial Treasury within specified timeframes	1	1	1	None
Number of Quarterly Performance Reports submitted to DEDAT	4	4	4	None
Number of IYM Reports submitted after 25th of each quarter	4	4	4	None
Annual Financial Statement submitted to Provincial Treasury and Auditor General by 31 May annually	1	1	1	None
Entity's Annual Performance Reports submitted for external audit by 31 May annually	1	1	1	None
Annual Report submitted to the legislature before 30 September annually	1	1	1	None
Supply Chain Management Policy updated by March annually	1	1	1	None
Procurement Plan submitted by 30 April annually	1	1	1	None
Internal Audit Plan completed by March annually	1	1	1	None
Risk Register completed by March annually	1	1	1	None

The Financial Management Unit provides a service to the other programmes within the NCTA. Their role is to provide a support function to enable our core function units to achieve the Entity's goals/targets. They ensure that all activities are performed in accordance with all laws, policies and regulations applicable to the NCTA.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

For the year under review there has been no areas of underperformance. All targets have been achieved.

Changes to planned targets

There has been no change to the approved targets.

Linking performance with budgets

The over expenditure reported below is as a result of the non-cash GRAP transactions recorded in accordance with our accounting policies. These transactions are related to depreciation and the provision for leave and 13th cheque at year end.

	2018/2019			2019/2020		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Financial Management	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	R10 764	R10 842	(R78)	R11 750	R11 970	(R220)
Goods & Services	R2 495	R2 846	(R351)	R3 208	R3 158	R50
Capital				R265	R487	(R222)
Total	**R13 259**	**R13 688**	**(R273)**	**R15 223**	**R15 615**	**(R392)**

Sub Programme 1.3 - Human Resource Management

Strategic Objective 1.3.1 - The provision of Human Resource Management to the Entity

Strategic Objective 1.3.1: The provision of Human Resource Management to the Entity				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Number of HR findings related to the audit outcomes of the entity	1	1	1	None

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Number of Financial Disclosure Forms submitted	7	7	7	None
Percentage of Performance Agreements Signed	100%	100%	100%	None
Number of HR Plans submitted	2	2	2	None
Percentage of Funded Vacant Posts filled	0%	0 %	0%	Cost Containment / Rationalization of Entities halted process
Number of HR Sessions held	3	1	1	None
Number of Labour Relations Sessions held	1	1	1	None
Number of Employee Wellness Sessions held	3	2	2	None

Strategic Goal Achievement

Due to the fact that our Human Resources goals and roles are driven by the Entity's Strategic Plan, we have developed and implemented a set of internally consistent practices to ensure that our human capital contributes to the achievement of the NCTA's strategic objectives. Our focus on HR maintenance has contributed largely to a relatively stable and satisfied workforce which in essence has allowed for greater performance and an enhanced working environment.

The Human Resources goals and objectives were intensely focused on the following areas:

- A responsible and accountable corporate culture;
- Performance and productivity management;
- Continuous engagement of employees; and
- Game changers.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

For the year under review there has been no areas of underperformance. All targets have been achieved.

Changes to planned targets

There has been no change to the approved targets.

Linking performance with budgets

	2018/2019			2019/2020		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
HR	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Services	R221	R174	R47	R195	R86	R109
Total	**R221**	**R174**	**R47**	**R195**	**R86**	**R109**

3.2. PROGRAMME 2 – DESTINATION MARKETING & PROMOTION

Sub Programme 2.1 - Leisure Marketing

Strategic Objective 2.1.1 - Contribute to the growth of Domestic tourist arrivals to the Northern Cape by 2.8% annually.

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	Contribute to the growth of Domestic tourist arrivals to the Northern Cape by 2.8% annually
Objective Statement	To implement a domestic marketing strategy that will position the Northern Cape as a desirable holiday destination and increase tourist arrivals by 2.8%.
Indicator	% contribution of tourism industry to provincial GDP
Target	2.8% contribution of tourism industry to provincial GDP by 2021

Strategic Objective 2.1.1: Contribute to the growth of Domestic arrivals to the Northern Cape by 2.8% annually				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
% growth in domestic trips taken annually	+12.3% (441 400)	2.8% (453 348)	+96.8.% (868 736)	Exceeded Successful implementation of Domestic Marketing Strategy

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Reviewed and approved Domestic Marketing Strategy by NCT Board	1	1	1	None
Implement Domestic Seasonal Marketing Campaigns	4	4	4	None
Number of Domestic Leisure Tourism Platforms (exhibitions/festivals) attended	3	3	3	None
Number of Trade Channel Marketing Campaigns implemented	4	4	4	None
Number of Tourism Month Campaign implemented	1	1	1	None

Strategic Goal Achievement

We have achieved the strategic goal of growing domestic tourist arrivals to the Northern Cape with 2.8%. Domestic trips increased with 96.8%, 868 736 vs the 441 440 recorded in the previous year. Holiday trips equally increased with 237%, 412 549 vs the 122 237 in previous year. Spend was R878 million and the average length of stay was 2.1 nights.

It should be noted that the average increase of national holiday trips was 61.3% and the average length of stay were 3.3 nights (Source: South African Tourism Destination Performance Report 2019).

Performance Achievement

The successful achievement of our goals and objectives is based on the successful implementation of our marketing strategy; interalia:

Implementation of seasonal marketing campaigns

We successfully executed four marketing campaigns across multiple marketing platforms to enhance the attractiveness, awareness and accessibility of the destination and drive conversion. The campaigns highlighted our eight route experiences which are a combination of off-the-beaten track rural towns, our brand pillar experiences, (culture, nature and adventure), iconic Northern Cape attractions, historical, cultural and township experiences, unique food offerings, seasonal events, SMME products and experiences. The routes include the Kalahari Red Dune, Quiver Tree, Richtersveld, Namaqua Coastal, Go Ghaap, Karoo Oasis, Karoo Highlands and Cape to Namibia Routes.

Event Promotion

The event industry is a dynamic and fast-growing sector with obvious synergies with tourism and has been identified in the National Tourism Strategy as a tool to drive domestic tourist trips. The implementation of our targeted packaged approach successfully delivered not only on expanding our visitor economy, it provided media exposure and new partnerships opportunities. It further encouraged improved geographical spread, improved seasonality, increased length of stay, destination awareness and increased spend.

Media Investment

Through the positive relationships with mainstream and freelance domestic media and media hosting we have maximized national and provincial media coverage opportunities to position the Northern Cape as a desirable domestic holiday destination. The destination featured in 12 017 stories, (print, radio, digital and television), with a reach of 6 billion (an increase of 102%) and media value of R9 billion, (an increase of 880%) **(Source: Meltwater Online News Monitoring, Newsclip Media Monitoring Service, Newspaper, Radio, Television and Magazine adverts and coverage).**

Trade Channel Marketing Campaign

We successfully implemented four campaigns which resulted in three joint trade partnerships and two media trade partnerships. Our trade partnerships resulted in 31 product inclusion in trade itineraries and catalogues, 700 meeting and 136 trade presentations. Our two media partnerships resulted in 35 media stories in print and television, with potential audience reach of 14.1 million and a media value of R 15.1 million **(Source: close out reports of trade partners).**

Strategic Partnerships

Tourism success is based on collaboration and with our decreasing budgets we increasingly depend on partnerships to leverage off each other's budgets. We partner with local and district municipalities, relevant government departments, cross provincial borders (Free State Tourism, Liquor and Gambling Board and Eastern Cape Tourism and Parks Board) and tourism stakeholders.

Tourism Month Campaign Theme

We have adopted the theme set by the World Tourism Organisation - "Tourism and Jobs - better future for all". In partnership with SANParks, Provincial Reserves, route partners and the provincial tourism industry we developed and promoted a range of affordable tourism experiences to highlight that travel is possible to all.

Supporting Sustained SMME development

The NCTA supported the three - year National Department of Tourism's Hidden Gem development program. The program included product training, product refinement for target markets and segments, market access training, trade and media awareness and industry access for the 15 Northern Cape SMME products.

SMME Marketing and Promotional support

We featured 47 SMME products, creative and performing artists, tour guides, Women in tourism, route products, accommodation and experiences on the various marketing platforms of the NCTA. These platforms are aimed at domestic and international wholesalers, tour operators, travel agencies, event companies and media. 20 SMME's were featured in 76 articles, an increase of 111%, with a potential audience reach of 29 million, an increase of 565% and a media value of R4.3 million an increase 211%. The increase reach and value were mainly due to increased coverage on television and radio **(Source: Newsclip Media Monitoring, Magazines and Newspapers, SABC TV and Radio, ECNC Travel Guide).**

Social Tourism

Through a coordinated series of activities and in partnerships with provincial departments 676 members of the community, youth and school children were exposed to tourism experiences and products within the Northern Cape. The activities further enhanced tourism awareness and promoted a culture of travel amongst the citizens of the Northern Cape.

Government Focus Months Activities

The NCTA supported Youth, Women, Mandela, the Aged and the 15 days of activism against women and children abuse through special outreach and support programmes though the NCTA Cares initiative.

Women in Tourism

In partnership with the National Department of Tourism and the Department of Economic Development, we activated Woman in Tourism Chapters in all five regions of the province and hosted the first provincial Woman in Tourism conference in Upington.

Challenges

- Economic Constraints
- Limited optimization of online travel platforms
- Limited product diversity

Deviations

Target for % growth in domestic trips taken annually in the Sub Programme 2.1: Leisure Marketing was exceeded due to the successful implementation of the Domestic Marketing Strategy.

Strategy to overcome areas of under performance

For the year under review there has been no areas of underperformance. All targets have been achieved.

Changes to planned targets

There has been no change to the approved targets.

Strategic Objective 2.1.2 – Contribute to the growth of International tourist arrivals to the Northern Cape.

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	Contribute to the growth of international tourist arrivals to the Northern Cape
Objective Statement	To implement an international marketing strategy that will position the Northern Cape as a desirable holiday destination and increase tourist arrivals by 8%
Indicator	8 % growth in International arrivals
Target	8 % growth in international arrivals annually

Strategic Objective 2.1.2: Contribute to the growth of International tourist arrivals to the Northern Cape				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
% growth in International arrivals annually	-6.4% (105 879)	8%	14.9% (121 655)	Exceeded Successful implementation of the International Marketing Strategy

Performance Indicators, planned targets and actual achievements

Performance Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Reviewed and Approved International Marketing Strategy by NCT Board	1	1	1	None
Number of International Tactical Campaigns implemented	3	3	3	None
Number of Leisure and Trade Exhibitions attended	5	4	4	None
Number of Trade Channel Marketing Campaigns implemented	4	4	4	None

Strategic Goal Achievement

We have achieved the strategic goal of growing international arrivals to the Northern Cape with 8%. The international arrivals to the province grew with 14.9%, 121 655 vs the 105 879 of the previous year. Spend was R0.8 billion, with 818 894 booked bed nights and visitors stayed an average of 7 nights. We have seen growth from all our main source markets with a slight decrease from France and Botswana. Our source markets included Germany, UK, Netherlands, Italy and France, our African market included Namibia, Botswana and Lesotho and new emerging markets were USA and Australia **(Source: South African Tourism Destination Performance Report 2019).**

Performance Achievement

The successful achievement of our goals and objectives is based on the successful implementation of our marketing strategy, interalia:

Tactical Marketing Campaigns implemented

We have implemented three tactical marketing campaigns which has yielded a demonstrable return on our investment. We focused on our core European markets, Germany, United Kingdom and Africa and with the eight printed and online adverts placed we have reached a potential audience of 3.8 million with an estimated rand value of 3.6 million. Our investment was R 220 416.00 **(Source: African Safaris: National Geographic Digital, Sud-Afrika Magazine, Montreux Jazz Festival Guide, Tourism Guide Africa).**

Trade Channel Marketing Campaigns implemented

We have successfully implemented four trade channel campaigns which resulted in four joint partnerships, 4 044 room nights sold with an estimated rand value of R9.7 million, 49 product inclusion in itineraries, three e-newsletters which were distributed to 35 000 leisure clients, at least 950 travel trade meetings and showcasing the destination at six international shows and exhibitions.

Strategic Partnerships

Tourism success is based on collaboration and with our decreasing budgets we increasingly depend on partnerships to leverage off each other's budgets. Our international partners included South African Tourism and Namibian Tourism Board.

International Media Reach

Through the positive relationships with media, our media agreements and media hosting we have maximized international media coverage opportunities and continued to position the Northern Cape as a desirable Southern African holiday destination. The destination featured extensively in international media through a total of 9 293 articles published online, on radio, television and in print, reaching a potential global audience of 9.8 billion, an increase of 6%, with a media value of R27 billion. **(Source: Meltwater Media Monitoring Service, International Television and Magazine coverage).**

Challenges

- Limited optimization of online travel platforms
- Lack of compliance limits, interest from international tour operators.
- Budgetary constraints
- Global economy

Deviations

Target for % growth in International arrivals annually in the Sub Programme 2.1: Leisure Marketing was exceeded due to the successful implementation of the International Marketing Strategy.

Strategy to overcome areas of under performance

For the year under review there has been no areas of underperformance. All targets have been achieved.

Changes to planned targets

There has been no change to the approved targets.

Strategic Objective 2.1.3 – Manage and contribute to the growth of destination Northern Cape

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	Manage and contribute to the growth of destination Northern Cape
Objective Statement	To implement a brand reputation strategy that will improve the awareness of the Northern Cape as a desirable holiday destination
Indicator	10% Growth in awareness of destination Northern Cape
Target	10% Growth in awareness of destination Northern Cape

Strategic Objective 2.1.3: Manage and contribute to the growth of destination Northern Cape				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
% growth of Brand Northern Cape	12.3 billion	10%	29.1% (15.8 billion)	Exceeded Successful implementation of the Reputation Management Strategy

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Reviewed and approved Reputation Management Strategy by NCT Board	1	1	1	None
Number of Brand Tracking Tools implemented	5	5	5	None
Number of Digital Campaigns implemented	4	4	4	None
Number of Brand Touch Points created	9	3	5	Exceeded Due to partnerships with DEDaT/Routes, two additional touch points were created.
Number of Brand and Destination Performance Reports produced	4	4	4	

Strategic Goal Achievement

We have achieved the strategic goal of growing Brand Northern Cape with 10%. Brand Northern Cape was mentioned in 21 310 articles, with a potential audience reach of 15.8 billion, (a growth of 29.1% vs 12.3 billion in 2018-2019), and a media value of R36 billion **(Source: Meltwater Online News Monitoring, Newsclip Media Monitoring Service, Newspaper).**

Performance Achievement

The achievement of our goals and objectives is based on the successful implementation of our marketing strategy, interalia:

Recognition of the Destination (Brand) Northern Cape

The fact that the world is increasingly sitting up and taking notice of our province is testament to the success of this positioning strategy.

Some accolades included:

- The prestigious National Geographic Traveller named a visit to the Kgalagadi Transfrontier Park as one of its top recommended trips for 2020.
- The International Dark Sky Association declared Xaus Lodge, situated in the !Ae!Hai Kalahari Heritage Park, as Africa's second International Dark Sky Sanctuary and one of only 10 world - wide "darkest spots on Earth" and therefore ideal for attracting astro-tourists.
- The international travel platforms, Big 7 and Travelstart, voted Kgalagadi Transfrontier Park, Richtersveld Transfrontier Parks, Augrabies National Park and the Namakwa Flowers amongst the top 20 most Instagram able places in South Africa.

Winning Awards

The most compelling tourism story" award - WTM Africa

Brand Tracking

Destination (Brand) Northern Cape has been significantly bolstered through the harnessing of digital technology in recent years. All our social media platforms showed good growth, our Facebook page grew with 29%, Twitter impressions grew with 33% , YouTube views grew with 47%, and our Instagram post likes grew with 78.6% **(Source: Google analytics, Facebook Insights, Twitter Analytics, Instagram Analytics Metrics, You Tube Insights).**

Digital Campaigns

Digital technology is transforming the tourism landscape and our relationships and engagement with our consumers. The use of internet and social media has enabled consumers to collect information, read reviews, compare prices, buy products and travel services online. The younger generation especially continue to prioritise meaning over materialism and are demanding more authentic experiences. Our digital campaigns focused on increased engagement with our target audiences as well as increased awareness of the unique and authentic experiences of the destination.

Deviations

Target for % growth of Brand Northern Cape in the Sub Programme 2.1: Leisure Marketing was exceeded due to the successful implementation of the Reputation Management Strategy.

Target for Number of Brand Touch Points created in the Sub Programme 2.1: Leisure Marketing was exceeded due to the successful implementation of the Reputation Management Strategy.

Strategy to overcome areas of under performance

For the year under review there has been no areas of underperformance. All targets have been achieved.

Changes to planned targets

There has been no change to the approved targets.

Linking performance with budgets

The outbreak of the corona virus in South Africa and subsequent pandemic led to the declaration of a national disaster by President Ramaphosa. The countrywide lockdown and travel restrictions resulted from this declaration, interrupted the roll out of the Easter Campaign and resulted in the under expenditure.

	2018/2019			2019/2020		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Leisure	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Services	R6 432	R5 574	R858	R6 850	R6 217	R633
Total	**R6 432**	**R5 574**	**R858**	**R6 850**	**R6 217**	**R633**

Sub Programme 2.2 - Business Tourism

Strategic Objective 2.2.1 - Increase Northern Cape's Business Events Market Share to 4% by 2021

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	Increase Northern Cape's Business Events Market Share to 4% by 2021
Objective Statement	To ensure destination competitiveness through the implementation of a Business Events Strategy that will increase Northern Cape's Business Events Market Share to 4% by 2021
Indicator	Increase in number of business events hosted in the Province
Target	4% market share of South African Business Events industry by 2021

Strategic Objective 2.2.1: Increase Northern Cape's Business Events Market Share to 4% by 2021				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Percentage market share of the South African Business Events Industry	5%	2%	6.8%	Exceeded NC hosted a total of seven meetings for the period (103 hosted in South Africa)

Performance Indicators, planned targets and actual achievements

Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation
Reviewed and approved Business Events Strategy by NCT Board	1	1	1	None
Number of new Stakeholder Agreements entered with industry/association members to bid for future events	5	5	5	None
Number of Bids Identified and Supported	8	8	4	Not Achieved Bid support requests for eight Business Events submitted but four Associations and/or Sporting Federations did not acknowledge receipt
Number of MICE Exhibitions attended	4	3	4	Exceeded Attended WTM Africa which also hosted IBTM Africa (MICE Conference)
Number of Business Events supported	5	5	7	Exceeded Supported the hosting of seven meetings vs target of five
Number of Joint Marketing Agreements (JMA's) concluded	4	3	3	None

Strategic Goal Achievement

We have achieved the strategic objective of obtaining a 2% market share of the South African business events industry for the period in review. Northern Cape hosted a total of seven meetings for the period which represents 6.8% of the total meetings held in South Africa **(Source: 2019 ICCA Statistics – South Africa ranked 38th in the World with 103 Association meetings).**

Performance Achievement

The achievement of our goals and objectives is based on the successful implementation of our business events marketing strategy, interalia:

Stakeholder and Joint Marketing Agreements

Tourism success is based on collaboration and with our decreasing budgets we increasingly depend on stakeholder partnerships and joint marketing agreements to extend our marketing footprint and showcase the Northern Cape as a competitive business events destination.

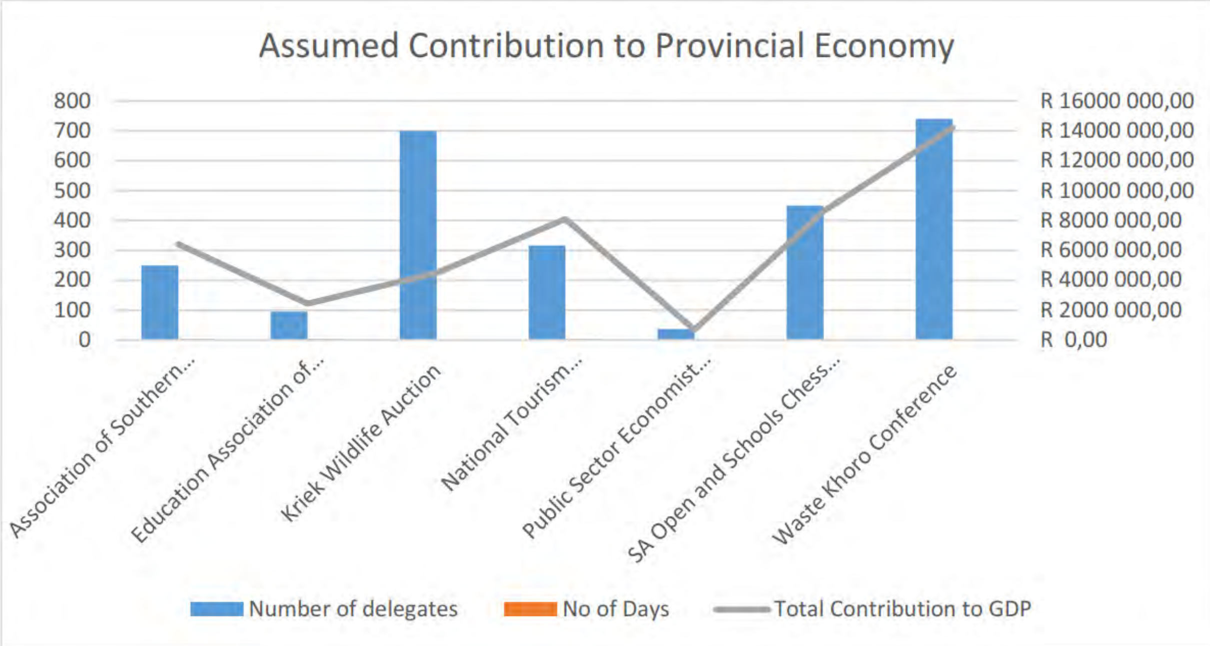
Business Events Supported

The increased number of business events supported within the Province contributed to an expanded business tourism economy. A total of 2 586 international, national and local delegates were hosted for an average of 4 days in the province, contributing approximately R44.9 million to the provincial economy. These events were in sectors such as the economy, natural science, tourism and education – sectors that contribute significantly in growing the Northern Cape's expertise, knowledge and skills and included:

Event Name	Dates	Venue	No of Delegates	Contribution to Provincial GDP
Association of Southern African Professional Archeologists (ASAPA) Conference	03 – 05 July 2019	Kimberley	250	R 6 400 000.00
Education Association of South Africa	12 – 15 January 2020	Kimberley	95	R 2 432 000.00
National Tourism Educators Conference (NTEC)	25 – 28 June 2020	Kimberley	316	R 8 089 600.00
Public Sector Economist Forum (PSEF) Conference	27 – 29 November 2019	Kimberley	36	R 691 200.00
Waste Khoro Conference – Asbestos and Land Remediation Summit	18 – 20 September 2020	Kimberley	740	R 13 382 400.00
Kriek Wildlife Auction	13 April 2020	Barkley West	700	R4 480 000.00
SA Open and Schools Chess Championships	15 – 23 June 2019	Kimberley	449	R8 620 800.00

Source: 2019 ICCA Statistics – South Africa ranked 38th in the World with 103 Association meetings.

Calculation Methodology for GDP Contribution: South African National Convention Bureau (SANCB) – Business Events Delegates spend approximately R6 400.00 per day in a destination.



Challenges

- The non-establishment of a Provincial Convention Bureau
- Non-compliant business events venues
- Limited number of local accredited Professional Conference Organisers
- Budget Constraints

Deviations

Target for % market share of the South African Business Events Industry in the Sub Programme 2.2: Business Tourism was exceeded due to the successful implementation of the Business Events Strategy.

Target for Number of MICE Exhibitions attended in the Sub Programme 2.2: Business Tourism exceeded due to the fact that WTM Africa (leisure exhibition) also host IBTM Africa (MICE Conference). Note that these are two distinctly different events organized and hosted at the same time and venue by Reed Exhibitions.

Target for Number of Business Events Supported in the Sub Programme 2.2: Business Tourism was exceeded due to support provided for the hosting of seven Business Events as opposed to the target of five.

Target for Number of Bids Identified and Supported in the Sub Programme 2.2: Business Tourism was not achieved. The NCTA identified the required number of business events as per its Annual Performance Plan and duly submitted expressions of interest to host the conference or meeting to the relevant association or federation. Four of the associations/federations confirmed and the meetings were secured for the province. Two of these actually took place, one was postponed indefinitely as a result of Covid-19 and the fourth will take place in October 2020 should the lockdown conditions allow. The four other identified associations did not respond to the expression of interest nor did they issue Requests for Proposals.

Changes to planned targets

There has been no change to the approved targets.

Strategy to overcome areas of underperformance

For the year under review there has been one area of underperformance. One target has not been achieved. As a strategy going forward, the NCTA will concentrate on national associations who have submitted and confirmed an interest in hosting their conferences or meetings in lesser visited destinations. A national association's strategy has been developed by the South African National Convention Bureau in conjunction with Provincial and City Convention Bureaux and Business Tourism Units from provincial tourism authorities and agencies. This strategy includes the implementation of a business events Customer Relations Management (CRM) tool which will be used by all convention bureaus and provincial tourism authorities. All interested rotating national associations meetings and conferences will be loaded on the CRM tool and will be available for bidding under the strategic principles of the business events industry.

Strategic Objective 2.2.2 – Support the expansion of annual events to grow visitor attendance by 10% per annum.

Government Outcome:	Decent Employment through inclusive economic growth
Government Sub-Outcome (9)	Implement National Tourism Sector Strategy and review regularly in terms of: • impact on growth • impact on employment • impact on investment • impact on output • impact on exports • African regional growth
Strategic objective	Support the expansion of annual events to grow visitor attendance
Objective Statement	To ensure destination competitiveness through the implementation of the Provincial Events Strategy to stimulate growth in visitor numbers by 10% per annum
Indicator	% increase of visitors
Target	10% growth in visitor attendance

Strategic Objective 2.2.2: Support the expansion of annual events to grow visitor attendance by 10% per annum				
Strategic Objective Statement/Indicator	**Actual Achievement 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
% Growth in number of visitors to annual events hosted in the province	14% (288 632)	10% (317 495)	10.7% (319 645)	Exceeded Target exceeded due to additional events hosted

Performance Indicators, planned targets and actual achievements

Performance Indicator	**Actual Achieve-ment 2018/19**	**Planned Target 2019/20**	**Actual Achievement 2019/20**	**Deviation**
Reviewed Provincial Events Strat-egy approved by NCT Board	1	1	1	None
Support Flagship Events	5	5	5	None
Identify and Support Local Events	60	60	63	Exceeded Supported the hosting of 63 local events vs target of 60

Strategic Goal Achievement

We have achieved our strategic goal of growing visitor attendance by 10%. The 68 events held within the Northern Cape attracted 319 645 visitors. This represents a 10.7% increase.

Performance Achievement

The successful achievement of our goals and objectives is based on the successful implementation of our provincial events strategy; interalia:

Support of Flagships Events

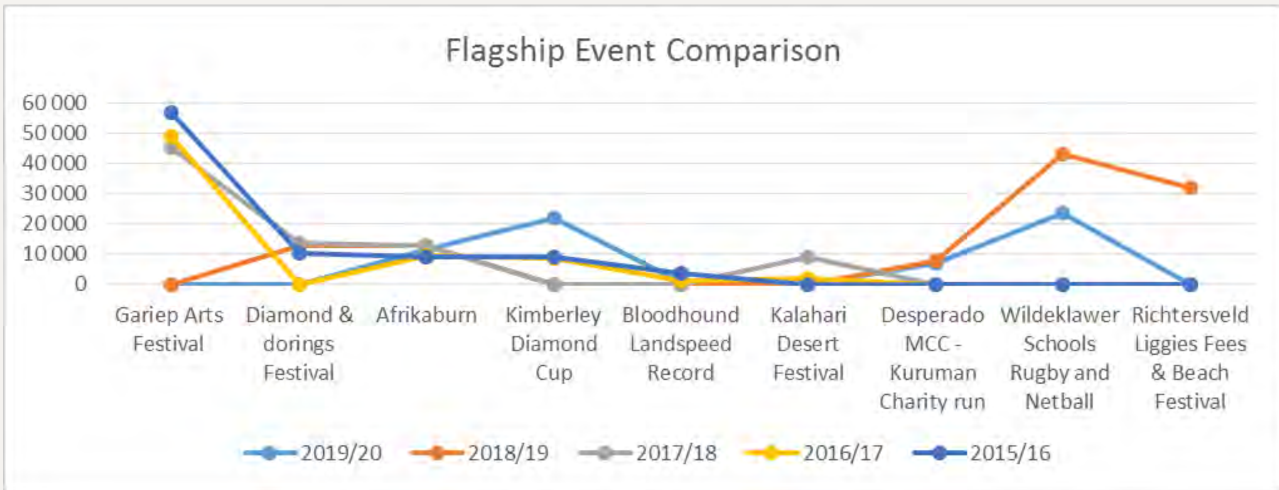
The event industry is a dynamic and fast-growing sector with obvious synergies with tourism and has been identified in the National Tourism Strategy as a tool to drive domestic tourist trips. The implementation of our events strategy successfully delivered not only on expanding our visitor economy, it provided media exposure and new partnerships opportunities.

Events comparison: 2015/16 vs 2016/17 vs 2017/18 vs 2018/19 vs 2019/20

Annual comparison of flagship events supported through extensive marketing and promotional activations are as follows:

Event Name	Comments	2019/20	2018/19	2017/18	2016/17	2015/16
Gariep Arts Festival	Event Cancelled	0	0	45 000	49 000	56 941
Diamond & Dorings Festival	Event Cancelled	0	12 722	13 523	0	10 503
AfrikaBurn	Decreased attendance	11 684	13 000	13 000	9 380	9 264
Kimberley Diamond Cup	Event Reinstated	21 805	0	0	8 668	9 043
Bloodhound Land-speed Record	Event Activations Reinstated	818	0	0	1 245	3 870
Kalahari Desert Festival	Event Removed as Flagship event	0	0	9 000	2 000	0
Desperado MCC Kuruman Charity run	Decreased attendance	7 000	8 000	0	0	0
Wildeklawer Schools Rugby and Netball	Decreased attendance	23 409	43 100	0	0	0
Richtersveld Liggies-fees & Beach Festival	Richtersveld Liggiesfees Cancelled	0	31 750	0	0	0
Totals		**64 716**	**108 572**	**80 523**	**70 293**	**89 621**

A marked decrease in attendance at flagship events are evident during this period. This decrease is due to the cancellation of the Diamond and Dorings Festival and reduced attendance at Wildeklawer Schools Sports and AfrikaBurn. The resurgence of the Kimberley Diamond Cup Skateboarding and Bloodhound should be seen as a positive for the province.



Support of Events (Local and Flagship)

The 68 events held within the province contributed to both job creation and economic beneficiation for local communities and the province at large. **A total of 3 811** temporary jobs were created for the local communities where they were held. Events contributed approximately R225 million to the provincial economy. Local events which generally are held for one day only contributed approximately R106 million and Flagship events which are held for five – seven days contributed R118 million. It should be noted that the declining economy impacted on the number of days visitors spend at events which resulted in reduced contribution to provincial economy.

Year/s in Review	2019/20	2018/19	2017/18	2016/17	2015/16
Visitors local events	254 929	180 060	173 418	216 193	98 990
Flagship events	64 716	108 572	80 523	70 293	89 621
Events hosted	68	64	65	64	50
Total Jobs Created	3 811	1 664	2 779	2 088	2 068
GDP Contribution	R225 087 620	R246 000 000	R194 000 000	R118 000 000	R140 200 278

Challenges

Targets were achieved against the real problem of sustainability of events. A number of fairly large events were cancelled by Event Organisers throughout the year due to funding issues and at the end of the financial year as a result of Covid-19. Alternative events (mostly sporting) were identified and added to maintain the target for the number of events supported and attendance at events. The following items should also be considered in relation to the possible strategic interventions:

- COVID 19 – no events can take place whilst the Corona Virus Pandemic is prevalent and current disaster management protocols are in place
- Financial – lack of organised and sustainable private/public sector support and sponsorship processes.
- Lack of proper business plans taking event growth trajectories into account by Event Organisers
- Infrastructure – lack of proper infrastructure to cater to specific event programmes or activations

Deviations

Target for % Growth in number of visitors to annual events hosted in the province in the Sub-Programme 2.2: Business Tourism was exceeded due to the successful implementation of the Provincial Events Strategy.

Target for Identify and Support Local Events in the Sub Programme 2.2: Business Tourism was exceeded due to support provided for the hosting of additional events in order to maintain growth of visitor numbers.

Strategy to overcome areas of under performance

All set targets were achieved. For the year under review there has been no areas of underperformance.

Changes to planned targets

No changes have been made to any of the planned targets.

Linking performance with budgets

	2018/2019			2019/2020		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Business Tourism	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Services	R2 776	R2 781	R-5	R4 035	R4 024	R11
Total	**R2 776**	**R2 781**	**R-5**	**R4 035**	**R4 024**	**R11**

PART C

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The NCTA presented its Annual Performance Plan & Budget for 2019/20 to the Portfolio Committee on Finance, Economic Development and Tourism and the Standing Committee on Public Accounts on 10 September 2019 and the Annual Report 2018/19 on the 19 March 2020.

3. EXECUTIVE AUTHORITY

The NCTA submitted quarterly performance reports to the Office of the MEC: Finance, Economic Development and Tourism on the following dates:-

Q1	-	3 July 2019
Q2	-	3 October 2019
Q3	-	27 January 2020
Q4	-	3 July 2020

4. THE ACCOUNTING AUTHORITY / BOARD

Powers and functions of the Board

In order to achieve the objectives of the Entity, the Board may –

a. in consultation with the responsible Member and the Member of the Executive Council responsible for Finance, lease, purchase or otherwise acquire, let, sell exchange or alienate, mortgage, burden with a servitude of confer any real right in immovable property;
b. rent, purchase or acquire, rent out, sell, exchange or alienate, pledge or confer any other real right in movable property;
c. negotiate or, in consultation with the responsible Member, cooperate with any government, provincial administration or local government, or any other board or person, in the Republic or else where, with regards to any matter which is directly or indirectly aimed at the achievement of the objectives of the Board;
d. in consultation with the responsible Member, enter into agreements with a similar body, within the Republic or elsewhere, for the promotion of tourism in the respective areas for which the Entity and that body have been established, and for what purpose the Board, or a member or members of the Board, may undertake journeys inside and outside the Republic;
e. in consultation with the responsible Member, open and administer offices which may be necessary or advisable for the effective and proper exercise of its powers, the performance of its functions and the carrying out of its duties;
f. acquire insurance cover –
i. against any loss, damage, risk or liability which it may suffer or incur; and
ii. for the members of the Board and committees and employees in respect of bodily injury, disablement or death resulting solely and directly from an accident occurring when performing their duties as such members or employees

g. open and maintain an account in the name of the Entity with a registered Bank in the republic;
h. draw up, make, publish and sell or make available free of charge, books, guides, maps, publications, photographs, films, videos and similar matter intended to inform persons in the Republic or else where, of tourism attractions and services in the Province;
i. gather, evaluate and process information relating to tourism in the Province and make such information available to persons who are engaged in the tourism industry;
j. give marketing advice and guidance to persons who are engaged in the tourism industry in the Province;
k. with a view to the effective marketing of, and the provision of information relating to any service, facility or product offered in connection with tourism, determine, publish and regulate the use of such distinguishing signs and wording as the Board may deem fit;
l. in consultation with the responsible Member and the Member of the Executive Council responsible for Finance, establish, manage and administer any pension or provident fund or medical aid scheme for the benefit of the Entity's employees, or have such fund or scheme administered by another person or body;
m. negotiate and co-operate with any educational institution regarding the institution, continuation or expansion of courses for the training of persons for careers in the tourism industry;
n. approve the use of trading names by the Entity for specific tourism marketing projects; and
o. perform any other activities which may contribute towards the achievement of the objectives of the Entity.

In order to achieve the objectives of the Entity, the Board must –

a. work with the Department and municipalities to implement the tourism development and marketing strategies of the Province and municipalities;
b. integrate transformation objectives into the operational activities of the Entity;
c. work with other national and provincial public entities, particularly those tasked with tourism, trade and investment promotion; and
d. work with sector-specific bodies which contribute to the growth of the tourism industry in the Province.

The Board must exercise and perform its powers and functions with due regard to section 104, read with section 125 of the Constitution, section 230 of the Constitution, the Borrowing Powers of Provincial Governments Act, 1996 (Act No. 48 of 1996), the Public Finance Management Act, 1999 (Act No. 1 1999) and the provisions of all national legislation and all national policies, guidelines and directives pertaining to tourism, trade, industry, sector development and investment, with specific reference to policies, guidelines and directives pertaining to the transformation of the tourism and business sectors.

The Board must exercise and perform its power and functions, as far as financial and personnel matters are concerned, by-

a. developing and implementing all policies and programmes of the Entity pertaining to financial and personnel matters, within six months after the coming into operation of this Act, and subsequently amending such policies and programmes as and when necessary;
b. ensuring that the Entity adheres to sound financial management, effective and equitable human resource development and efficient office administration in a responsible, accountable and transparent manner; and
c. employing, disciplining, suspending or dismissing any employee of the Entity, with due regard to the provisions of the Labour Relations Act, 1995 (Act No 66 of 1995).

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ term ended	Qualifications	Area of Expertise	Other Committees (e.g: Audit committee)	No. of meetings attended
Mr C Fortune	Chairperson	1/04/2015	31/03/2020	• Primary Teachers Diploma • Bachelor of Arts • Bachelor of Arts: Honours in History • Master of Arts: History • Management Principles & Practice	Marketing Corporate Governance	Executive Committee, Tender Committee	15
Ms B Bopape	Vice Chairperson	1/04/2015	31/03/2020	• Effective stakeholder Management • Project Management Training • Personnel Training • Business Diagnostic Training • Value Chain Analysis	Marketing Tourism Development Project Management		7
Mr R Williams	Non - Executive Member	1/04/2015	22/05/2019	• B. Econ • B.Com-Hons-Finance • Hons Bus & Admin • MBA • Diploma Marketing Strategy	Tourism, Hospitality and Business		1
Mr R Loko	Non - Executive Member	1/04/2015	31/03/2020		Marketing	Executive Committee, Tender Committee	15
Mr V Barbery	Non-Executive Member	1/04/2015	31/03/2020	• Marketing Management	Marketing and Business		3

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date re-signed/ term ended	Qualifications	Area of Expertise	Other Com-mittees (e.g: Audit committee)	No. of meetings attended
Mr T Cogang	Non-Executive Member	1/04/2015	31/03/2020	• B-com Econom-ics & Manage-ment • B Com Honours in Economics	Public Sector Governance	Executive Com-mittee, Tender Committee	6
Mr W Burger	Non-Executive Member	1/04/2015	31/03/2020	Protea Hotels: • Practical Man-agement • Hotel Principles • Promoting customer loyalty	Tourism, Hos-pitality and Business Marketing	Executive Com-mittee, Tender Committee	12

Committees

Committee	No. of meetings held	No. of members	Name of members
EXCO	11	4	Mr C Fortune, Mr W Burger, Mr T Cogang, Mr R Loko
Tender Committee	0	4	Mr C Fortune, Mr W Burger, Mr T Cogang, Mr R Loko

Remuneration of Board Members

Board Members are paid remuneration out of the funds of the Board in consultation with the Member of the Executive Council responsible for Finance, Economic Development and Tourism. Remuneration is published in the Provincial Gazette by the responsible member before it becomes effective.

Board members who are in the full-time employ of any organ of state do not receive remuneration. Board members are reimbursed for any travelling and subsistence expenses for the performance of their functions as members of the Board.

Name	Remuneration	Subsistence & Travel Allowance	Total
Ms B Bopape	21 200	648	21 848
M R Williams	2 000	20 300	22 300
Mr R Loko	30 000	42 443	72 443
Mr C. Fortune	52 800	744	53 544
Mr W. Burger	22 000	50 596	72 596
Mr T Cogang		10 480	10 480
Mr V Barbery	10 000	50 655	60 655
Mr R Williams	2 000	20 300	22 300
TOTAL	**138 000**	**175 866**	**313 866**

5. RISK MANAGEMENT

The NCTA has a Risk Management Policy that is reviewed and updated on an annual basis.

NCTA's internal control framework:

Clear delegation of power	Agreed objectives	Clear delegation of power	Clear delegation of power
Schedule of Matters reserved for the Board's decision Remit and terms of reference of Board Committees Delegation of authority to each level of management	Group Strategy, supported by Annual financial and technical budgets Risk tolerance / appetite clearly defined	Code of Conduct Documented policies, procedures, processes and standards Risk management policy and procedures Appropriate tools including accounting, and risk systems	Clear accountability Management reporting against budgets, plans and forecasts supported by Annual audit and other external assurance providers Internal audit and other in-house review processes

The Audit Committee evaluates the effectiveness of the entity's internal control policies, strategies and procedures on a quarterly basis.

Financial Reporting

The Executive Committee meets on a monthly basis to evaluate the efficiency and effectiveness of the reports. The reports are thereafter submitted to the Board for endorsement.

*Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

The Provincial Audit Committee was fully functional during the period under review. Their responsibilities:

- Implementation of Audit Action Plans (18/19 outcomes)
- Implementation of Risk Based Audit Strategy

It should be noted that the NCTA is reporting to the Northern Cape Provincial Audit Committee.

7. COMPLIANCE WITH LAWS AND REGULATIONS

As a Schedule 3(c) public entity, the NCTA complies with Public Finance Management Acts, (Act 1 of 1999) as amended. The NCTA also complies with the requirements set out in the National Treasury Regulations, Provincial Treasury Instructions and Provincial Circulars, issued during the financial year. The Entity compiles its financial statements in accordance with the GRAP standards and ensures that these standards are updated when required, as prescribed by Provincial Treasury.

8. FRAUD AND CORRUPTION

The NCTA has an Anti-fraud and Corruption policy in place, aimed at managing the risk and ensuring the reduction thereof, as well as increasing the level of fraud awareness. In addition, the policy emphasises Northern Cape Tourism Authority's zero-tolerance stance to fraud.

The Anti-fraud and Corruption Policy is reviewed annually to ensure compliance with relevant legislative, regulatory prescripts and best practice. Various mechanisms were implemented which allow staff to report cases of fraud and corruption.

With the preceding in mind, no fraud and corruption cases were reported during the financial year under review.

9. MINIMISING CONFLICT OF INTEREST

The NCTA has a Human Resource Policy in place which is reviewed and endorsed by the NCT Board on an annual basis. The policy addresses all matters relating to conflict of interest. Management of NCTA and Board members are obliged to complete a declaration of interest on an annual basis. Furthermore, all suppliers are required to submit the relevant compliance documentation, which is reviewed to ensure compliance with the relevant provincial and national regulations pertaining to supply chain management. No conflict of interest has been identified.

10. CODE OF CONDUCT

Board Members of Northern Cape Tourism Authority and employees are required to maintain the highest ethical standards, ensuring that business practices are conducted in a manner, which, in all reasonable circumstances, is beyond reproach. The Entity has a code of conduct in place, which is included in the Human Resource Policy. Northern Cape Tourism Board Members and Management are required to complete a declaration of interest on an annual basis. Signed copies of the signed declarations are kept on file by the board secretariat. The Board is the custodian of good governance practices and sound business conduct within the organisation. No transgression of note has transpired within the period under review

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

NCTA remains committed to the health and safety of all staff members through the application of the Occupational Health and Safety Act. No incidents relating to Occupational Health and Safety occurred in the year under review.

NCTA understands the effect that individual health and wellness has on the day to day operations of the entity since we operate in a very demanding environment. We provide specialized support and give direction in making the choices that build a healthy workplace through employee wellness initiatives.

The services rendered by this unit is centred on but not limited to:

- HIV/ AIDS counselling and support
- Emotional and personal difficulties
- Drug & Alcohol abuse
- Managing stress and change
- Trauma counselling
- Work related issues (poor performance, absenteeism, retirement preparation)
- Health promotion
- Financial guidance

12. COMPANY / BOARD SECRETARY

The role of the Secretariat has been acknowledged to encompass, among other functions, the following:

The secretariat has a key role to play in ensuring that the Board and Executive Committee meeting procedures are both followed and reviewed regularly, and has the responsibility to ensure that each Board Member is made aware of and provided with guidance as to their duties, responsibilities and powers.

The Secretariat is responsible for ensuring that the applicable rules and regulations pertaining to the conduct of the affairs of the Board are complied with and that all matters associated with its efficient operation are maintained.

13. INTERNAL AUDIT AND AUDIT COMMITTEES

The Northern Cape Provincial Treasury established the shared internal audit function. The function was established in terms of section 51(1)(a)(ii) and section 76(4)(e) of the Public Finance Management Act (PFMA) as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the Treasury Regulations. The unit fulfils an independent assurance and consulting function. The function was outsourced to a service provider for the year under review.

The internal audit unit follows a risk-based audit approach in providing management and the audit committee with assurance on the adequacy and effectiveness of governance, risk management, and internal control processes. The internal audit is guided by an internal audit charter, approved by the audit committee and performs its functions as provided for in the PFMA and the internal audit charter.

The internal audit unit compiles a rolling three-year strategic, risk-based plan and prepares an annual internal audit plan after taking into consideration the risks faced by the entity, strategic objectives, the entity's mandate, audit issues and inputs by management. The audit committee considers and approves the internal audit plan for implementation.

The internal audit reviews performed for the financial year under review, were all in line with the approved annual internal audit plan and are detailed in the audit committee annual report.

Internal audit findings were communicated timely to management and measures to mitigate the risks were implemented. Significant matters identified during the year were reported to the audit committee.

Audit Committee members and attendance

Throughout the year under review, the audit committee operated in terms of an approved audit committee charter, which was the committee's approved terms of reference. The audit committee comprised of three external members and two internal members, all of whom are not employed by the entity.

The audit committee has, as part of its oversight responsibility on a quarterly basis, followed up on audit findings to ensure that issues raised were addressed timely.

Further information relating to the audit committee, as required by the PFMA and the Treasury Regulations is included in the audit committee's report, which is incorporated in the annual report of the entity.

The audit committee members were appointed on a 3-year term with effect from 1 December 2017. The audit committee comprises of five members in total. One internal member resigned and was replaced on 1 April 2019. The audit committee consisted of the members listed hereunder and met five times as per its approved meeting schedule:

Name	Qualifications	Internal or external	If internal, position in the entity	Date appointed	Date Resigned	No. of Meetings attended
Ms M Mbonambi	Bachelor of Accountancy B.Com Honours – (CTA) Certificate in Risk Management and Certificate in Board Governance	External	n/a	01 December 2017	n/a	03
Ms A Mafuleka	CA (SA) B Com – Honours	External	n/a	01 December 2017	n/a	04
Mr VA Makaleni	Masters in Public Management Bachelor of Commerce (Accounting); Postgraduate Diploma in Corporate Governance; Management Advancement Programme; Advanced Management Development Programme; Certificate in Risk Management	External	n/a	01 December 2014	n/a	04
Ms Vallabh	Bachelor of Arts Post Graduate Diploma in Library and Information Science; Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2017	n/a	04
Mr M Mdunge	BA Degree, Post graduate diploma governance and political transformation; Masters in governance and political transformation	Internal	Director: Frances Baard Head COGHSTA	01 April 2019	N/A	03

During the year under review the committee consistently engaged with the senior management of the entity, internal audit and the Auditor–General South Africa (AGSA), individually and collectively, to address risks and challenges facing the entity.

14. AUDIT COMMITTEE REPORT

We are pleased to present the audit committee report of the Northern Cape Tourism Authority for the financial year ended 31 March 2020.

Audit Committee Responsibility

The audit committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The audit committee further reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the entity revealed certain weaknesses, which were raised with the entity. The following internal audit work was completed during the year under review:

- Human Resource Management
- Assets
- Leisure Marketing
- Annual Financial Statements
- Supply Chain Management
- Performance Information
- Follow-up

Management developed an audit action plan to address the findings raised by both the AGSA and Internal audit. The audit committee monitored the implementation of the audit action plan during the year under review, including the implementation of the audit committee's recommendation.

In-Year Management and Monthly/Quarterly Report

The entity reported monthly and quarterly to the Provincial Treasury as is required by the PFMA.

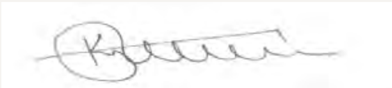
Evaluation of Financial Statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report;
- reviewed significant adjustments resulting from the audit;
- reviewed the AGSA audit report;
- reviewed the AGSA management report and management's responses thereto;
- reviewed the entity's compliance with legal and regulatory provisions.

Auditor General's Report

The audit committee was concerned with the regression on the audit outcome, however, concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.



Ms M Mbonambi
Chairperson of the Audit Committee
Date: 19 October 2020

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (include a discussion on your 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?	N/A	
Developing and implementing a preferential procurement policy?	Yes	Adopted national and provincial's preferential procurement framework
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources unit provides Human Resource Management programs and services aligned with the Entity's values of integrity, excellence and wellness to enable the entity to meet its business and service goals by:

- Management of employees as the assets
- Alignment of the HR Management, HR Strategy with other entity policies and strategies. The business strategy and vision sets priorities for the HR Management in the entity.
- Alignment of the policies, procedures and process of the HR Management
- Design of the organizational structure able to react quickly to the external changes
- Support the cooperation with the teams and across different teams
- Promote shared responsibilities (employee/employer) to the lowest levels of the organization. The employees have to take responsibility for their personal development and their career management
- Development of strategies focused on the support of the performance management and the performance focused corporate culture
- Support of employee engagement
- Introduction of the line management responsibility for the implementation of HR Policies
- Developing managers as facilitators of change in the entity

Workforce Planning

The entity has a focussed strategy to align the needs and priorities of the organization with those of our workforce to ensure we can meet our legislative, regulatory and service delivery requirements. The processes adopted are implemented with a strong emphasis on cost effectiveness and efficiency.

Employee performance management framework

The NCTA provides a standardised framework for employee performance on all salary levels within the entity. Three main levels are involved in performance management:

- At the organisational level the Board and the CEO determine the strategic priorities and overall key result areas of the units, while objectives are identified for the priorities and as signed to components within the entity.
- At unit level, the units undertake the execution of projects and activities that lead to the achievement of the integrated performance plans.
- At the employee level each employee develops a performance agreement jointly with her or his supervisor. Assessments are conducted every six months where-after agreement is reached between Manager and employee on outputs achieved for the year under review.

Employee wellness programmes

Over and above our focus on health we also provide specialized support and give direction in making the choices that build a healthy workplace through employee wellness initiatives.

The services rendered by this unit is centred on but not limited to:

- HIV/ AIDS counselling and support
- Emotional and personal difficulties
- Drug & Alcohol abuse
- Managing stress and change
- Trauma counselling
- Work related issues (poor performance, absenteeism, retirement preparation)
- Health promotion
- Financial guidance

Policy development

The entity places great emphasis on compliance to the regulatory framework within which it operates. Through a continual review of our policies and procedures we create an environment which is conducive to employee development, empowerment and continued growth. Transformation remains key to our target areas as we aim to redress historical imbalances, where they may exist.

Achievements

Achieving low employee turnover is a long-term goal for the entity and its human resource systems. We take great pride in effectively recruiting and hiring employees that are a good fit for the organization, and offering a motivational work environment that causes good employees to stick around for many years. The NCTA have strategic, proactive human resource processes that view employees as its primary assets and this exemplifies an employee-friendly work environment which contributes to the low staff turnover rate.

Challenges faced by the Public Entity

The NCTA like any other Public Entity is facing challenges based on the economy and more so with the impact of the COVID 19 pandemic. In going forward our training will have to align to the new way of doing business both internally and externally. In terms of our recovery plan for 2020/21, upskilling through digital and technology training will become critical to operate within the new tourism norm. It should however be noted that post COVID 19 we once again highlight the importance of Business Tourism as a contributor to the provincial tourism economy. We should therefore endeavour to establish a Provincial Convention Bureau with the required professional skills. The training plan will also have to include leadership development to avoid gaps in critical senior management areas due to senior staff reaching retirement.

Future HR plans /goals

There is a global shift in terms of HR processes caused by new technologies and increased employee participation in these processes. The NCTA is a relatively small entity in terms of staff numbers and can in future improve on HR technology with an emphasis on self-service where the employee can do a lot on their own. The idea is for employees to increasingly input their own data into self-service systems, eg. application for leave, performance information, etc.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

Personnel cost by programme/activity/objective

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Admin	8 803	4 948	41	10	495
Marketing	17 712	7 047	59	8	881
Total	**26 515**	**11 995**	**100**	**18**	**1 376**

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 415	12	1	1 416
Senior Management	5 644	47	5	1 129
Junior Management	2 885	24	4	722
Skilled	1 763	15	6	294
Semi-skilled				
Unskilled	289	2	2	144
TOTAL	**11 995**		**18**	

Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	5	208	1.73%
Junior Management	4	94	0.78%
Skilled	3	43	0.36%
Semi-skilled	0	0	0
Unskilled	1	13	0.11%
TOTAL	**13**		**2.97%**

Employment and vacancies

Programme	2018/2019 No. of Employees	2019/20 Approved Posts	2019/20 No. of Employees	2019/20 Vacancies	% of vacancies
Administration	8	12	8	4	33%
Marketing	8	11	8	3	27%
TOTALS	**16**	**23**	**16**	**7**	**30%**

Programme	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	5	5	5	0	0
Junior Management	6	6	4	2	33%
Skilled	2	2	1	1	50%
Semi-skilled	8	8	4	4	50%
Unskilled	1	1	1	0	0
TOTAL	**23**	**23**	**16**	**7**	**30%**

The entity has one funded vacancy which was not filled during the year under review. Based on the cost cutting procedures implemented by provincial government an application was submitted for the filling of the vacant Receptionist position. Unfortunately the department has initiated a process of rationalising the entities hence no positions could be filled during this period. Temporary arrangements to execute the duties of Receptionist was addressed through our Learnership programme.

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	5	0	0	5
Junior Management	4	0	0	4
Skilled	1	0	0	1
Semi-skilled	4	0	0	4
Unskilled	1	0	0	1
Total	**16**	**0**	**0**	**16**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	**0**	**0**

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	0
Final Written warning	0
Dismissal	0

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	1	3	3	0	0	0	0
Junior Management	2	2	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	1	1	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**2**	**4**	**4**	**4**	**0**	**0**	**0**	**0**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	1	3	3	0	0	0	0
Junior Management	2	2	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	1	1	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**2**	**4**	**4**	**4**	**0**	**0**	**0**	**0**

Levels	Disabled Staff			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Junior Management	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

PART E

FINANCIAL INFORMATION

1. Report of the auditor-general to the Northern Cape Provincial Legislature on Northern Cape Tourism Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Tourism Authority set out on pages 72 to 112, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Tourism Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2020.

A significant subsequent event that occurred between the date of the financial statements and the date of the auditor's report

8. I draw attention to note 27 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

Responsibilities of accounting authority for the financial statements

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

10. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the 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 financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2	Destination Marketing and Promotion 28 – 45

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

- Destination Marketing and Promotion

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on pages 21 to 45 for information on the achievement of planned targets for the year and explanations provided for the under and overachievements of a significant number of targets.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Destination Marketing and Promotion. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of general expenditure identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. 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

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

29. Leadership did not adequately exercise oversight responsibility with regard to some aspects of financial and performance reporting and related internal controls. Material misstatements were noted on the annual financial statements and a material indicator in the annual performance report submitted for audit.

30. Management did not adequately implement effective review controls to ensure accurate and complete annual performance report and a GRAP compliant annual financial statements.

Auditor General

Kimberley
30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

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

• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.

• conclude on the appropriateness of the authority authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Northern Cape Tourism Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern

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

Communication with those charged with governance

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

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

2. FINANCIAL STATEMENTS

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

GENERAL INFORMATION

BUSINESS ADDRESS	15 Villiers Road CBD Kimberley 8301
POSTAL ADDRESS	Private Bag X5017 Kimberley 8300
BUSINESS	Advancement of Tourism in the Northern Cape Province BANKERS First National Bank
AUDITORS	Auditor General of South - Africa
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
BOARD MEMBERS	C Fortune (Chairperson) B Bopape (Deputy Chairperson) V Barbery RJ Williams RM Loko W Burger T Cogang
CHIEF EXECUTIVE OFFICER	S Lewis
CHIEF FINANCIAL OFFICER	R Miller
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the PFMA ,Act 1 of 1999
EXECUTIVE AUTHORITY	MEC of the Northern Cape Department of Economic Development and Tourism
PUBLISHED	31 July 2020
LEGISLATION	Northen Cape Tourism Entity Act No. 5 of 2008 Public Finance Management Act 1 of 1999 Basic Conditions of Employment Act No 75 of 1997 Skills Development Levies Act No 9 of 1999 Employment Equity Act 10 of 1999 Income Tax Act No 58 of 1962

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

MEMBERS REPORT

The reports and statements set out below comprise the financial statements presented to the Provincial Legislature:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MEC	Member of the Executive Council
PFMA	Public Finance Management Act

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

STATEMENT OF MEMBERS RESPONSIBILITY

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 financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the 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 financial statements and were given unrestricted access to all financial records and related data.

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the 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 are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 entity's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 59.

The financial statements set out on pages 60 to 96, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2020 and were signed on its behalf by:

C Fortune (Chairperson)

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

MEMBERS REPORT

The members submit their report for the year ended 31 March 2020.

1. INCORPORATION

The entity was established on 1 April 2010 in terms of the Northern Cape Tourism Entity Act, No. 5 of 2008. The entity is listed as a Schedule 3C Public Entity, in terms of the Public Finance Management Act, No.1 of 1999.

2. REVIEW OF ACTIVITIES

Main business and operations

Is the advancement of Leisure and Business Tourism in the Northern Cape Province. Net surplus of the entity was R 805,542 (2019: surplus R 1,041,527).

3. GOING CONCERN

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R 3,675,991 (18/19 R2,870,449) and that the entity's total assets exceed its liabilities by R 3,675,991 (18/19 R2,870,449).

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

The Entity is wholly dependant on the Northern Cape Department of Economic Development and Tourism for the continued funding of our operations. The Department of Economic Development and Tourism has neither the intention or the need to liquidate or curtail the scale of the entity The Department has indicated that they have no intention in reducing our funding as a result of COVID 19.

4. SUBSEQUENT EVENTS

The COVID 19 pandemic that has affected South Africa will have an impact on the operations of the NCTA in subsequent financial year. The real impact on the Tourism Economy and value chain is yet to be determined.

5. MEMBERS' INTEREST IN CONTRACTS

The accounting authority and key management of the entity did not have any interest in contracts entered into during the year under review.

6. ACCOUNTING POLICIES

The following Standards on Generally Recognised Accounting Practice (GRAP) have been issued but is not yet effective, the entity did not early adopt this Standards.

GRAP 34: Separate Financial Statements;

GRAP 35; Consolidated Financial Statements;

GRAP 36: Investment in Associates and Joint Ventures;

GRAP 37: Joint Arrangements;

GRAP 38: Disclosure of Interests in Other Entities;

GRAP 110: Living and Non-living Resources.

All the standards as listed above will only be effective for financial years starting on or after 01 April 2020, as announced by the Minister of Finance.

7. ACCOUNTING AUTHORITY

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

Name	Nationality
C Fortune (Chairperson)	South - African
B Bopape (Deputy Chairperson)	South - African
V Barbery	South - African
RJ Williams	South - African
RM Loko	South - African
W Burger	South - African
T Cogang	South - African

8. ACCOUNTING OFFICER

The Chief Executive Officer (CEO) of the entity for the whole of the financial year under review was, Ms. S Lewis.

Business address

15 Villiers Road
CBD
Kimberley
8300

9. EXECUTIVE AUTHORITY

The Executive Authority of the entity is the MEC of the Northern Cape Department of Economic Development and Tourism.

10. AUDITORS

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

	Note(s)	2020 R	2019 R
Assets			
Current Assets			
Receivables from exchange transactions	2	181,900	77,581
Prepayments	18	202,445	288,249
Office Rent - Deposit	19	-	43,889
Cash and cash equivalents	3	4,685,089	3,708,245
		5,069,434	**4,117,964**
Non-Current Assets			
Property, plant and equipment	4	2,394,731	2,026,296
Intangible assets	5	31,448	45,203
Office Rent - Deposit	19	43,889	-
		2,470,068	**2,071,499**
Total Assets		**7,539,502**	**6,189,463**
Liabilities			
Current Liabilities			
Finance lease obligation	20	11,259	6,392
Payables from exchange transactions	6	2,374,417	1,903,757
Taxes and transfers payable (non-exchange)	21	144,000	216,703
		2,529,676	**2,126,852**
Non-Current Liabilities			
Finance lease obligation	20	19,343	-
Operating lease liability	17	55,806	-
Provisions	7	1,258,686	1,192,162
		1,333,835	**1,192,162**
Total Liabilities		**3,863,511**	**3,319,014**
Net Assets		**3,675,991**	**2,870,449**
Accumulated surplus		3,675,991	2,870,449

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2020 R	2019 R
Revenue			
Revenue from exchange transactions			
Rendering of services	9.1	22,000	30,000
Interest received - investment	10	299,585	363,872
Total revenue from exchange transactions		**321,585**	**393,872**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	9	26,905,970	23,767,172
Total revenue		**27,227,555**	**24,161,044**
Expenditure			
Employee cost	12	(11,902,050)	(10,700,365)
Remuneration of board members	15	(122,800)	(159,345)
Depreciation and amortisation		(363,104)	(196,809)
Finance costs	11	(2,169)	(1,035)
Lease rentals on operating lease	17	(890,158)	(660,506)
General Expenses	23	(13,141,732)	(11,401,458)
Total expenditure		**(26,422,013)**	**(23,119,518)**
Surplus for the year		**805,542**	**1,041,526**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Balance at 01 April 2018	**1,828,923**	**1,828,923**
Changes in net assets		
Surplus for the year	1,041,526	1,041,526
Total changes	1,041,526	1,041,526
Balance at 01 April 2019	**2,870,449**	**2,870,449**
Changes in net assets		
Surplus for the year	805,542	805,542
Total changes	805,542	805,542
Balance at 31 March 2020	**3,675,991**	**3,675,991**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

Cash Flow Statement

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		(7,760)	125,834
Cash receipts from transfers		26,548,802	23,734,000
Interest income		299,585	363,873
		26,840,627	24,223,707
Payments			
Cash Paid to Suppliers		(13,445,066)	(12,016,429)
Finance Costs		(2,169)	(1,035)
Employee Costs		(11,600,173)	(10,605,843)
Board Remuneration		(122,800)	(159,345)
		(25,170,208)	(22,782,652)
Net cash flows from operating activities	8	**1,670,419**	**1,441,055**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(717,786)	(585,486)
Proceeds from sale of property, plant and equipment	4	-	-
Purchase of other intangible assets	5	-	(19,058)
Repayment of financial assets		-	43,889
Purchase of office rent - deposit		-	(43,889)
Net cash flows from investing activities		**(717,786)**	**(604,544)**
Cash flows from financing activities			
Finance lease payments		24,210	(9,297)
Net increase/(decrease) in cash and cash equivalents		**976,843**	**827,214**
Cash and cash equivalents at the beginning of the year		3,708,245	2,881,031
Cash and cash equivalents at the end of the year	3	**4,685,088**	**3,708,245**

1. Presentation of Financial Statements

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

These 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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

The following Standards of GRAP have been issued and are effective:

GRAP 1 Presentation of financial statements
GRAP 2 Cash flow statements
GRAP 3 Accounting policies, changes in accounting estimates and errors
GRAP 4 The effect of changes in foreign exchange rates
GRAP 5 Borrowing Cost
GRAP 6 Consolidated and separate financial statements
GRAP 7 Investments in associates
GRAP 8 Interest in joint ventures
GRAP 9 Revenue from exchange transactions
GRAP 10 Financial reporting in a Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after reporting date
GRAP 16 Investment property
GRAP 17 Property, Plant and Equipment
GRAP 18 Segment Reporting
GRAP 19 Provisions, Contingent liabilities and assets
GRAP 20 Related Party Disclosures
GRAP 21 Impairment of Non-cash-generating assets
GRAP 23 Revenue from Non-Exchange transactions
GRAP 24 Presentation of budget information in the financial statements
GRAP 25 Employee benefits
GRAP 26 Impairment of Cash-generating assets
GRAP 27 Agriculture
GRAP 31 Intangible Assets
GRAP 32 Service Concession Arrangements: Grantor;
GRAP 100 Discounted Operations
GRAP 103 Heritage assets
GRAP 104 Financial Instruments
GRAP 105 Transfer of functions between entities under common control
GRAP 106 Transfer of functions between entities not under common control
GRAP 107 Mergers
GRAP 108 Statutory Receivables;
GRAP 109 Accounting by Principals and Agents; and
IGRAP 1 : Applying the probability test of initial recognition of revenue
IGRAP 17: Service concession arrangements
IGRAP 18: Recognition and derecognition of land
IGRAP 19: Liabilities to pay levies

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

Standards, Amendments to Standards and interpretations issued but not yet effective

The following Standards on Generally Recognised Accounting Practice (GRAP) have been issued but is not yet effective, the entity did not early adopt this Standards.

GRAP 34: Separate Financial Statements;
GRAP 35; Consolidated Financial Statements;
GRAP 36: Investment in Associates and Joint Ventures;
GRAP 37: Joint Arrangements;
GRAP 38: Disclosure of Interests in Other Entities;
GRAP 110: Living and Non-living Resources.

All the standards as listed above will only be effective for financial years starting on or after 01 April 2020, as announced by the Minister of Finance.

Nature and impact once implemented:

The effectiveness of these standards will not have an effect on the financial statements / accounting policies of the entity, as the entity does not have any related transactions or activities that falls within the scope of these standards.

1.1 Presentation Currency

These annual financial statements are presented in South African Rand rounded off to the nearest Rand, which is the functional currency of the entity.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Fair value estimation

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

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 7 - Provisions.

Allowance for doubtful debts

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

1.4 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12 *
Motor vehicles	Straight line	200000km
Office equipment	Straight line	15
IT equipment	Straight line	5**

*Furniture and fixtures includes certain assets that were assessed to have an average life of only 5 years as a result of the nature of the assets. **IT equipment includes certain assets that have been assessed to have an average life of 15 years, as a result of the nature of the assets.

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

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

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

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

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

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

The gain or loss arising from the 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.

1.6 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

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

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

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

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

The 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 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 entity is exempt from the disclosures in accordance with the above, the 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 financial statements.

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

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

1.8 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 entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

The 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.

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.

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

Item	Useful life
Computer software, other	5 years

Intangible assets are 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 an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Changes in accounting policies, estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the public entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied retrospectively in accordance with GRAP 3 requirements. Details of changes in accounting estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the public entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.10 Comparative figures

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

1.11 Events after the reporting date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.12 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 uncollectibility.

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- 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
Other Finncial Assets	Financial asset measured at amortised cost
Trade and Other Recievables from Exchange	Financial asset measured at amortised cost
Cash abd Cash Equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and Other payables from Exchange Transaction	Financial liability measured at amortised cost
Finanace Lease liability	Financial liability measured at amortised cost
Transfers and Taxes payable - Non Exchange	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract.

If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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 - lessee

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

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.
Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating leases - lessee

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

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

1.15 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's 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 entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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

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

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

1.18 Provisions and contingencies

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

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

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.

This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 16.

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

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

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

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the 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 in exchange.

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

1.20 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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 as an asset.

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 as an asset.

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.21 Investment income

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

1.22 Borrowing costs

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

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

1.23 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

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

(a) this Act; or

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

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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Notes to the Financial Statements

	2020 R	2019 R

2. Receivables from exchange transactions

	2020 R	2019 R
Trade receivables	175,151	19,247
Other receivables	-	35,000
Staff advances	6,749	23,334
	181,900	**77,581**

Trade and other receivables pledged as security

No trade and other receivables were pledged as security during the financial year.

The carrying amount reported in the statement of financial position for trade and other receivables approximate fair value due to the short time period between initiation and settlement thereof. The effect of discounting is not material.

Trade and other receivables past due but not impaired

Trade and other receivables which are more than 3 months past due are not considered to be impaired. At 31 March 2020, R54,248 (2019: R 54,248) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current	28,752	23,334
2 months past due	98,900	-
+ 120 Days	54,248	54,248

Trade and other receivables impaired

As of 31 March 2020, trade and other receivables of nil (2019: R 74,558) were impaired and provided for.

The amount of the provision was R - as of 31 March 2020 (2019: R (74,558)).

The ageing of these trade receivables are as follows:

+ 120 Days	-	74,588

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	181,900	77,582

Reconciliation of provision for impairment of trade and other receivables

Opening balance	74,558	74,558
Provision for impairment	(74,558)	-
	-	**74,558**

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

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,685,089	3,708,245

Northern Cape Tourism Authority

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Notes to the Financial Statements

	2020 R	2019 R

3. Cash and cash equivalents (continued)

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 about counterpart default rates:

	2020 R	2019 R
Credit rating		
AAA	4,685,089	3,708,245

4. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	570,301	(285,912)	284,389	502,549	(247,054)	255,495
Motor vehicles	2,178,912	(311,590)	1,867,322	1,571,308	(92,481)	1,478,827
Office equipment	402,377	(266,381)	135,996	359,946	(215,764)	144,182
IT equipment	355,900	(248,876)	107,024	355,900	(208,108)	147,792
Total	**3,507,490**	**(1,112,759)**	**2,394,731**	**2,789,703**	**(763,407)**	**2,026,296**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	255,495	67,752	(38,858)	284,389
Motor vehicles	1,478,827	607,604	(219,109)	1,867,322
Office equipment	144,182	42,430	(50,616)	135,996
IT equipment	147,792	-	(40,768)	107,024
	2,026,296	**717,786**	**(349,351)**	**2,394,731**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	297,898	-	(42,403)	255,495
Motor vehicles	1,011,601	531,186	(63,960)	1,478,827
Office equipment	176,226	10,500	(42,544)	144,182
IT equipment	140,800	43,800	(36,808)	147,792
	1,626,525	**585,486**	**(185,715)**	**2,026,296**

Pledged as security

Finance lease assets with a carrying value of R30,055 (2018/19: R6,069) have been pledged for security for the finance lease obligation as disclosed in note 21.

Assets subject to finance lease (Net carrying amount)

	2020 R	2019 R
Office equipment	30,055	6,069

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

Northern Cape Tourism Authority

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	2020 R	2019 R

5. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	216,898	(185,450)	31,448	216,898	(171,695)	45,203

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	45,203	(13,755)	31,448

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	37,238	19,058	(11,093)	45,203

6. Payables from exchange transactions

	2020	2019
Trade payables	1,429,041	1,336,339
Other payables	152,539	9,934
Short term Employee Benefit: Thirteen Cheque	187,168	172,116
Short term Employee Benefit: Leave	605,669	385,368
	2,374,417	**1,903,757**

The carrying amount reported in the balance sheet for trade and other payables approximate fair value due to the short time period between initiation and settlement thereof. The effect of discounting is not material.

The carrying amount of trade and other payables are denominated in the following currencies:

Rand	2,374,417	1,903,757

Northern Cape Tourism Authority

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Notes to the Financial Statements

	2020 R	2019 R

7. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Total
Employee Benefit Cost	1,192,162	66,524	1,258,686

Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Employee Benefit Cost	1,124,966	67,196	1,192,162

The provision for capped leave represents management's best estimate of the entity's liability for staff members previously employed by the Section 21 company that had previous cycle leave due to them at the end of the 2008 leave cycle. Balances were capped at the onset of the 2009 leave cycle.

The outflow will only happen upon death or retirement of the staff members in question. The provision increases annually as the basic salary increases and can decrease if members use more than their allotted leave in the current leave cycle.

8. Cash generated from operations

	2020 R	2019 R
Surplus	805,542	1,041,526
Adjustments for:		
Depreciation and amortisation	363,104	196,809
Debt Impairment	(74,558)	-
Movements in Provisions & Employee payables	301,877	94,522
Service in Kind - Revenue	(284,465)	(249,875)
Service in Kind - Expenditure	284,465	249,875
Other non - cash items	55,806	(110,032)
Changes in working capital:		
Inventories	-	-
Receivables from exchange transactions	(29,760)	102,105
Trade and other payables from Non-Exchange transactions	(72,703)	216,703
Prepayments	85,804	(41,356)
Payables from exchange transactions	235,307	(59,222)
	1,670,419	**1,441,055**

9. Revenue: Non - Exchange and Exchange Revenue

	2020 R	2019 R
Northern Cape Department of Economic Development and Tourism	24,036,000	22,759,000
Contributions - Government Entities	2,585,505	758,297
Services in Kind	284,465	249,875
	26,905,970	**23,767,172**

9.1 Advertising Campaing Contributions

	2020 R	2019 R
Income - Getaway	-	10,000
Income - Beeld	22,000	20,000
Total Exchange Revenue from Advertising and campaing contributions	**22,000**	**30,000**

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	2020 R	2019 R

10. Investment revenue

Interest revenue		
Bank	299,585	363,872

The amount included in Investment revenue arising from exchange and non exchange transactions amounted to R 299,585 (2018/19: R363,872). The Income is earned from the Money Market Bank Account

11. Finance costs

Finance leases	2,169	1,035

12. Employee related costs

Basic Salary	8,645,646	7,865,490
Medical aid - company contributions	406,610	388,228
UIF	29,386	27,712
Leave pay provision charge	286,826	78,717
Provident fund	1,407,223	1,298,499
Bonusses	564,626	518,697
Travel, motor car, accommodation, subsistence and other allowances	55,094	18,067
Car allowance	6,000	72,000
Housing benefits and allowances	144,000	134,400
Performance bonusses	356,639	298,555
	11,902,050	**10,700,365**

Remuneration of Chief Executive Officer

Annual Remuneration	1,065,061	1,008,828
Annual Bonus	88,092	83,738
Travel Allowance	-	16,609
Subsistence - Non Taxable	56,192	10,133
Provident Fund	199,867	189,988
Cash Allowance	62,552	59,896
	1,471,764	**1,369,192**

Remuneration of Chief Finance Officer

Annual Remuneration	668,213	627,109
Annual and Performance Bonus	120,520	117,830
Travel Allowance	22,578	5,500
Cash Allowance	221,409	208,345
Provident Fund	123,450	117,348
Subsistence - Non Taxable	2,166	18,197
	1,158,336	**1,094,329**

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Notes to the Financial Statements

	2020 R	2019 R
13. Remuneration of other key management		
General Manager - HR		
Basic Salary	506,295	470,138
Annual and Performance Bonus	71,461	66,713
Travel Allowance	560	517
Cash Allowance	167,327	155,629
Provident Fund	93,986	88,022
Subsistence - Non Taxable	974	1,081
	840,603	**782,100**
General Manager - Office of the CEO		
Basic Salary	507,363	469,430
Annual and Performance Bonus	71,461	87,560
Cash Allowance	167,326	155,619
Provident Fund	93,986	88,022
Subsistence - Non Taxable	2,367	7,478
	842,503	**808,109**
General Manager - Marketing		
Basic Salary	894,826	835,469
Annual and Performance Bonus	43,310	40,859
Travel Allowance	859	2,617
Cash Allowance	213,267	115,414
Provident Fund	166,402	154,924
Subsistence - Non Taxable	44,290	101,192
	1,362,954	**1,250,475**
General Manager - Mice		
Basic Salary	663,772	624,504
Annual and Performance Bonus	92,188	89,498
Travel Allowance	19,458	87,676
Cash Allowance	215,409	136,345
Provident Fund	123,450	117,348
Subsistence - Non Taxable	42,701	87,931
	1,156,978	**1,143,302**

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Notes to the Financial Statements

	2020 R	2019 R

14. Risk management

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

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

Financial instrument	**2020**	**2019**
Receivables from Exchange Transactions	181,900	77,588
Other financial Assets	43,889	43,889
Cash and Cash Equivalents	4,685,089	3,708,245

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2020	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from Exchange	(2,374,417)	-	-	-
Fiance Lease Obligation	(11,259)	(19,343)	-	-
Payables from Non - Exchange	(144,000)	-	-	-
Operating lease	-	-	(55,806)	-

At 31 March 2019	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from Exchange	(1,903,757)	-	-	-
Finance Lease Obligation	(6,392)	-	-	-
Payables from Non - Exchange	(216,703)	-	-	-

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

	2020 R	2019 R

15. Related parties

Relationships

Members	Refer to members' report note
Controlling Department	Northern Cape Department of Economic Development and Tourism
Entities under common control	Northern Cape Liquor Board, Northern Cape Gambling Board, Northern Cape Economic Development Agency, Northern Cape Department of Finance
Members of key management	Refer to Note12 & 13

Related party balances

	2020 R	2019 R
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Key Management - Leave and Bonus	(1,702,474)	(1,486,785)
Department of Economic Development and Tourism	(144,000)	(216,703)
Northern Cape Economic Development Agency	54,248	54,248

Related party transactions

	2020 R	2019 R
Revenue from Related Parties		
Department of Economic Development and Tourism	(24,036,000)	(22,759,000)
Partnership Projects - Department of Economic Development and Tourism	(1,472,703)	(658,297)
Transaction with Board Members		
Remuneration	122,800	159,345
Travel and Subsistence	175,866	181,397
Goods and Services	69,650	43,586
Compensation of Key management		
Salaries and Employee Benefits (Refer to Note 12 & 13)	6,833,139	6,447,540

Transactions with Board Members include good's and sevicies procured from the Protea hotel Upington and the Oasis Hotel through the normal supply chain process.

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Figures in Rand

15. Related parties (continued)

Remuneration of management

Board members

2020

Name	Basic salary	Subsistence & Travel Allowance	Total
C Fortune (Chairperson)	46,200	744	46,944
B Bopape (Deputy Chairperson)	18,600	648	19,248
V Barbery	8,000	50,655	58,655
RJ Williams	2,000	20,300	22,300
RM Loko	26,000	42,443	68,443
W Burger	22,000	50,596	72,596
T Cogang	-	10,480	10,480
	122,800	**175,866**	**298,666**

2019

Name	Basic salary	Subsistence and Travel Allowance	Total
C. Fortune (Chairperson)	65,345	-	65,345
B. Bopape (Deputy Chairperson)	13,000	444	13,444
V. Barbery	11,000	70,427	81,427
RJ Williams	8,000	5,261	13,261
RM Loko	34,000	40,984	74,984
W Burger	28,000	64,281	92,281
	159,345	**181,397**	**340,742**

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	2020 R	2019 R

16. Contingencies

The entity does not have any contingent assets or liabilities on 31 March 2020, that will require disclosure in terms of GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets*.

17. Operating lease asset (accrual)

	2020 R	2019 R
Non-current liabilities	(55,806)	-

The operating lease was entered into during October 2019 the lease of the office building of the entity.

The lease period is 60 months with an annual increase of 6.5%

The minimum lease payments due under the lease contract are as follows:

Within 1 year: R 830, 687
Year 2-5 R 3,347,804

Reconciliation of operating lease liability:

Payments made R890,158 (2018/19: R777,860), straightline lease payments recognised R458,076 (2018/19 R660,506) due to straightline recognition of R55,806

18. Prepayments

Prepayments made on annual licence renewal fees and securing of accommodation for Indaba 2020 amounting to R202,445 (18/19 R288,249).

19. Office Rent - Deposit

Rental Deposit - Office Building was moved from current to non current as the entity entered into a new 5 year lease - R43,889

20. Finance lease obligation

	2020 R	2019 R
Minimum lease payments due		
- within one year	23,089	6,604
- in second to fifth year inclusive	9,620	-
	32,709	6,604
less: future finance charges	(2,107)	(212)
Present value of minimum lease payments	**30,602**	**6,392**
Present value of minimum lease payments due		
- within one year	11,259	6,392
- in second to fifth year inclusive	19,343	-
	30,602	**6,392**
Non-current liabilities	19,343	-
Current liabilities	11,259	6,392
	30,602	**6,392**

It is entity policy to lease certain office equipment under finance leases.

The average lease term was 2 years and the average effective borrowing rate was 9 % (2019: 9%).

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

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	2020 R	2019 R

21. Taxes and transfer payables (non-exchange)

Earmarked funds: Partnership projects	144,000	216,703

The carrying amount reported in the balance sheet for trade and other payables approximate fair value due to the short time period between initiation and settlement thereof. The effect of discounting is not material.

Reconciliation of payable (non-exchange)

Opening Balance	216,703	-
Amount Received	1,400,000	875,000
Conditions met : Transfer to non - exchange revenue	(1,472,703)	(658,297)
	144,000	**216,703**

The carrying amount of trade and other payables (non-exchange) are denominated in the following currencies:

Rand	144,000	216,703

The earmarked funds received from the Northern Cape Department of Economic Development and Tourism, is for rebranding of visitor information offices and providing skills development on routes..

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	2020 R	2019 R

22. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Other financial assets	43,889	43,889
Trade and other receivables from exchange transactions	181,900	181,900
Cash and cash equivalents	4,685,089	4,685,089
	4,910,878	**4,910,878**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(2,374,417)	(2,374,417)
Taxes and transfers payable (non-exchange)	(144,000)	(144,000)
Finance lease liability	(30,602)	(30,602)
Operating lease liability	(55,806)	(55,806)
	(2,604,825)	**(2,604,825)**

2019

Financial assets

	At amortised cost	Total
Other financial assets	43,889	43,889
Trade and other receivables from exchange transactions	77,588	77,588
Cash and cash equivalents	3,708,245	3,708,245
	3,829,722	**3,829,722**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(1,903,757)	(1,903,757)
Finance lease liability	(6,392)	(6,392)
Transfer and taxes payable - non exchange	(216,703)	(216,703)
	(2,126,852)	**(2,126,852)**

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	2020 R	2019 R
23. General expenses		
Marketing and advertising	9,157,081	7,321,499
Assessment rates & municipal charges	63,278	51,775
Audit and other fees	1,058,900	884,770
Bank charges	26,777	29,176
Insurance	192,081	131,477
Community development and training	24,459	20,875
IT expenses	21,553	25,657
Motor vehicle expenses	3,840	420
Printing and stationery	73,816	75,698
Office Repairs and maintenance	6,178	24,093
Security costs	14,480	18,528
HR and organizational development	61,605	152,741
Subscriptions and membership fees	181,830	107,531
Telephone and fax	230,577	231,940
Travel and accomodation	1,534,529	1,800,259
Annual report	60,000	45,200
Board and sub-committe expenses	370,712	435,414
Other expenses	60,036	44,405
	13,141,732	**11,401,458**
24. Auditors' remuneration		
Audit fees	774,435	634,895
Accounting and other services	284,465	249,875
	1,058,900	**884,770**

25. Prior-year adjustments

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

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

Marketing and Advertising (R1,759,359.15)
Travel and Subsistence R1,759,359.15
Travel and Subsistence costs related to the execution of marketing campaigns and activations have been reclassifies as Subsistence and Travel expenses. The reclassification only affects Note 23 as both line items are disclosed under General expenditure on the Statement of Performan

26. Going concern

We draw attention to the fact that at 31 March 2020, the entity had an accumulated surplus of R 3,675,991 (18/19 R2,870,449) and that the entity's total assets exceed its liabilities by R3,725,100 (18/19 R2,870,449).

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

The Entity is wholly dependant on the Northern Cape Department of Economic Development and Tourism for the continued funding of our operations. The Department of Economic Development and Tourism has neither the intention or the need to liquidate or curtail the scale of the entity. The Department has indicated that they have no intention of reducing our funding as a result of th COVID 19 pandemic.

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	2020 R	2019 R

27. Events after the reporting date

The COVID 19 pandemic that has affected South Africa will have an impact on the operations of the NCTA in subsequent financial year. The lock-down as announced by the President of the Republic of South Africa will in return have a significant impact on th economy of South Africa The real impact on the Tourism Economy and value chain is yet to be determined. This pandemic has caused the Entity to egage with our stakeholders via virtual platforms as a result of the lockdown. This event had no effect on the Financial Statement as presented

28. In-kind donations and assistance

	2020	2019
Internal Audit	284,465	249,875

Provincial Treasury provided the Internal Audit Function for the NCTA, an external firm was appointed to provide the service on behalf of Provincial Treasury for the period under review.