NORTH WEST Tourism board

ANNUAL REPORT
2019-20

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PRESENTING PARTNER

South Africa
NORTH WEST PROVINCE

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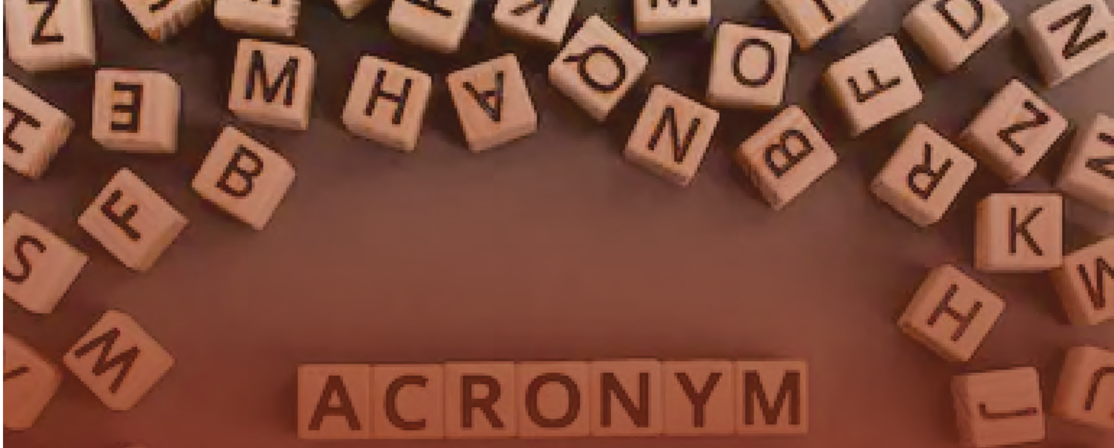
A

GENERAL INFORMATION

GENERAL INFORMATION

Registered Name of the Public Entity	North West Tourism Board
Registration Number	NWTB Act 2 of 2015
Nature of Business and Principle Activities	The primary purpose of the establishment of the North West Tourism Board is to provide for the promotion of tourism in the North West Province, tourism sector training within the Province, the creation of an enabling environment for tourism investment promotion, the management of existing and newly established tourism facilities in the Province and the creation of an enabling environment for the transformation of the tourism sector.
Shareholders	North West Provincial Government
Board Members	Mr Vincent Phusoane (Chairperson) Mr Obakeng Kgomo (Deputy Chairperson) Mr Baba Monare Mr Solly Lekhu Ms Faith Losaba Ms Elizabeth Mabebe Ms Lesedi Sello Ms Slauzy Mogami Adv Mothusi Tsineng – Ex Officio
Registered Office Address	4142 Nelson Mandela Drive Mmabatho North West Province 2735
Postal Address	Private Bag X35 Mmabatho 2735
Contract Telephone Numbers	018 386 2222 / 018 386 2121
Email & Website Address	www.tourismnorthwest.co.za & info@nwtb.co.za
External Auditors Information	Auditor General South Africa 124 Kock Street Rustenburg North West Province 0300
Bankers Information	First National Bank (FNB)
Company Secretary	Vacant



ABBREVIATIONS

Act	North West Tourism Board Act 2 of 2015
board	Accounting Authority
AGSA	Auditor General South Africa
AFS	Annual Financial Statements
APR	Annual Performance Report
Board	North West Tourism Board
COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
DEDECT	North West Department of Economic Development, Environment, Conservation and Tourism
DOT	North West Department of Tourism
Entity	North West Tourism Board
EXCO	North West Provincial Executive Council
GRAP	Generally Recognised Accounting Practice
HSD	Hotel School Division
IAA	Internal Audit Activity
IAS	International Accounting Standards
MEC	Member of Executive Authority
NTCE	National Tourism Careers Expo
NWPTB	North West Parks and Tourism Board
NWTB	North West Tourism Board
PAAP	Post Audit Action Plan
PFMA	Public Finance Management Act
VTE	Villages, Township and Economy

FOREWORD
BY CHAIRPERSON

It gives me great pleasure to provide an overview of the North West Tourism Board's financial year ending 31 March 2020. The 2019/20 financial year was the year during which the Board focussed on performing its duties effectively, efficiently, and economically, utilising the opportunities and resources available. This was performed in order to ensure that the mandate and objectives of the NWTB were carried out adequately. This has seen the board, as well as board committees providing leadership and direction towards critical corporate issues which required progression and decisiveness.

As a result of the unwavering focus alluded to the board's agenda of providing oversight and leadership, as well as unblocking challenges, critical issues which required intervention were directed to the board. As a result the Board registered progress with substantial issues which had plagued the organisation since its split from the NWPTB. Vital policies which were required to create an enabling environment for operational efficiencies were developed, to ensure that standard operating procedures together with their respective polices were adequately implemented. As a consequence of the aforementioned, significant structural gaps were addressed, namely, long standing labour issues, which were amicably resolved. Resolved labour matters have brought considerable relief at all levels within the entity, thus lifting staff morale in general including the absorption of fixed term contractors who had been with the entity for more than a financial cycle.

Although not all infrastructure challenges could be resolved in the financial period under review, due to a lack of sufficient resources, although some progress was indeed registered. The DEDECT is in the completion phase of the infrastructure upgrades and developments, at the Taung Hotel School, which is going to be a catalyst for bringing more investment and economy in the NWTB and the Province.

During the year under review, the board worked very closely with the Department in executing the entities mandate and rolling out tourism and hospitality programmes and activities. The result thereof was the participation of the entity at many tourism marketing events and platforms, locally, nationally and internationally where our goal orientation was well directed. Such events and platforms included the WTM Africa, Tourism Indaba, Meetings Africa, Travel People Sales Workshop to name a few. The board was further taken through an induction process soon after their appointment in order to better understand the tourism and hospitality environment in which the Board operates in.

I would like to express sincere gratitude to the current leadership at the DEDECT for their guidance during the 2019/20 term. A lot of gratitude also goes to the Management and Staff of the NWTB for playing their part in ensuring that the organisation is kept afloat, even during trials and tribulations which the NWTB was confronted with.

The entity has also been faced with the covert COVID19 pandemic, which has significantly affected the tourism and hospitality industry in which the entity operates in. Through discussions and formulation of strategic action plans with numerous industry stakeholders the NWTB is highly confident that it will recover from the grasp of this pandemic.

In conclusion, I am very hopeful that with the 6th Provincial Administration, which brings with itself, the merger between the North West Parks Board and the North West Tourism Board, high levels of dedication and performance from the DEDECT, Management and staff, performance will continue to be upheld in order to build a prosperous new entity. The newly established entity will surely live up to the pronunciations and expectations of the State of the Nation (SONA) and the State of the Province (SOPA) addresses, and the people of our vibrant province.

MR VINCENT PHUSOANE
CHAIRPERSON
NORTH WEST TOURISM BOARD

CHIEF EXECUTIVE OFFICERS

OVERVIEW

I look back at 2019/20 as the year wherein, first and foremost, structural gaps had to be addressed in order to set the organisation on the right path to ensure its optimal functionality. The focus on putting systems in place, saw the appointments of a new Board of Directors whose key mandate amongst others, was to drive and fast track issues pertaining to the merger of the North West Parks Board and the North West Tourism Board. The merger into one entity which shall be known as the North West Parks and Tourism Board (NWPTB) is as a result of a pronouncement made by the Premier in his 2020 State of the Province Address (SOPA).

The carrying out the North West Tourism Board's objectives during the year under review took center stage, with a relook at the substantive issues for reporting purposes, thus putting more focus on the two core mandates of the entity, i.e. Destination Marketing and Hospitality Training.

The Entity performed well in rolling out its programmes and activities as contained in the Annual Performance Plan. 2019/20 highlights with respect to Destination Marketing include participation at annual South African Tourism (SAT) led tourism exhibitions. These are, Africa's Travel Indaba which is the largest international tourism exhibition which takes place annually in Durban, Kwa-Zulu Natal; and Meetings Africa 2020, where the province's Business Tourism portfolio was profiled and showcased. In this regard, the North West Tourism Board (NWTB) created conducive marketing platforms for prime tourist attractions with one on one business interactions with a large spectrum of the travel trade whilst Meetings Africa on the other hand, catered specifically for the Meetings, Incentives, Conferences and Events (MICE) market. This was done with added value made possible by the marketing partnership created with local media (You FM). In working closely with South African Tourism (SAT), the entity got to co-host a Sho't Left domestic tourism campaign titled, “Move with Cassper” which exposed adventure tourism as well as a few other prime tourist attractions in the Bojanala District.

Further Marketing efforts involved participating at the World Travel Marketing (WTM) Africa, which takes place in Cape Town, in the Western Cape. In terms of events support, the entity supported several events which targeted domestic tourism such as the Rumba in the Jungle at Sun City, Nubian festival at Hartebeespoort. The Market Intelligence Unit conducted and concluded a number of research studies, mainly looking into the economic impacts of events hosted in the province, such as South African Traditional Music Achievement Awards and Makapanstad Troupe Celebrations.

2019/20 Key highlights for the Hospitality Training Division include the successful hosting of the 24th Hotel Schools Graduation Ceremony at which 76 students were conferred with national diplomas, diplomas and learnership certificated in Professional Cookery, Food and Beverage Management, Accommodation Services. The Hospitality Training Division also made its mark at the 2019 National Tourism Careers Exhibition (NTCE) hosted by the National Department of Tourism in partnership with the provincial Department of Tourism and CATHSSETA, with its sterling exhibition and mixology demonstrations, aimed at providing over 4000 youths with some of the career choices offered in the Tourism Industry.

The 2019/20 fiscal was not without challenges. The last quarter was closed with the beginning of the COVID 19 national Lockdown due to the Corona Virus pandemic which befell the whole world. The effects of the national lockdown will certainly affect the deliverables of the new financial year (2020/21). However, these effects will be reported at an appropriate period.

In concluding my overview, I would like to take the opportunity to express my gratitude towards the support, oversight and Leadership provided by the Chairperson and members of the Board of Directors during the period under review. Let me also take the opportunity to equally thank the MEC for Economic Development, Conservation and Tourism (DEDEC), honorable Kenetswe Mosenogi for her support and guidance, which allowed for the carrying out of the NWTB objectives.

Lastly, I would like to express my gratitude to the Management and entire staff of the NWTB for their continued support and dedication to duty, during the good and trying times as we collectively made valuable contributions in carrying out the mandates of the North West Tourism Board.

ADV MOTHUSI TSINENG
CHIEF EXECUTIVE OFFICER (ACTING)
NORTH WEST TOURISM BOARD

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

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

- All information and amounts disclosed in the annual report is consistent with the Annual Financial Statements audited by the Auditor General South Africa;
- 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 standards applicable to the public entity;
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information;
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources information and the Annual Financial Statements; and
- 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 entity for the financial year ended 31 March 2020.

MR V PHUSOANE
CHAIRPERSON
NORTH WEST TOURISM BOARD

6. STRATEGIC OVERVIEW

VISION

"Your partner Towards a Vibrant Tourism Sector in the North West Province"

MISSION

"To provide an Integrated Tourism Development Support System towards a Vibrant Tourism Sector in the North West Province"

VALUES

Integrity
honesty
trustworthy
reliable
transparent
fidelity
ethical

Proactive
trend setting
innovation
creative
initiative
adaptable
flexible
progressive

Collaborative
participative
consultative
cooperative

Accountable
decisive
assertive
responsible
productive

Results driven
expeditious
timeous
punctual
cost conscious
disciplined

Passionate
diligent
motivated
committed
loyal

Competitive
self-reliant
taking charge
taking ownership

Responsive
supportive
client-need
driven

7. LEGISLATIVE AND OTHER MANDATES

To give effect to an efficient, equitable and accessible service delivery, the North West Tourism Board; hereinafter referred to as NWTB, fully supports government initiatives and the mandate it was granted by the Provincial Government of the North West. The NWTB was created by Act 2 of 2015, and was registered as a Schedule 3c entity within the financial year 2016/2017.

7.1 CONSTITUTIONAL MANDATE

Tourism is an area of concurrent jurisdiction of both the National and Provincial Government in terms of Schedule 4 of the Constitution of South Arica. Therefore, in view of the concurrent jurisdiction, the NWTB will work closely with both the Provincial and National Tourism Departments in executing its mandate.

7.2 LEGISLATIVE MANDATE

The NWTB operates within the following legislated mandates:

- Basic Conditions of Employment Act, Act 75 of 1997;
- Employment Equity Act, Act 55 of 1998;
- Labour Relations Act, Act 66 of 1995;
- Occupational Health and Safety Act, Act 85 of 1993;
- Public Finance Management Act, Act 1 of 1999 together with Treasury Regulations;
- Skills Development Act, Act 97 of 1998;
- Broad-Based Black Economic Empowerment Act, Act 53 of 2003;
- National Development Plan (NDP);
- North West Tourism Master Plan; and
- National Tourism Sector Strategy

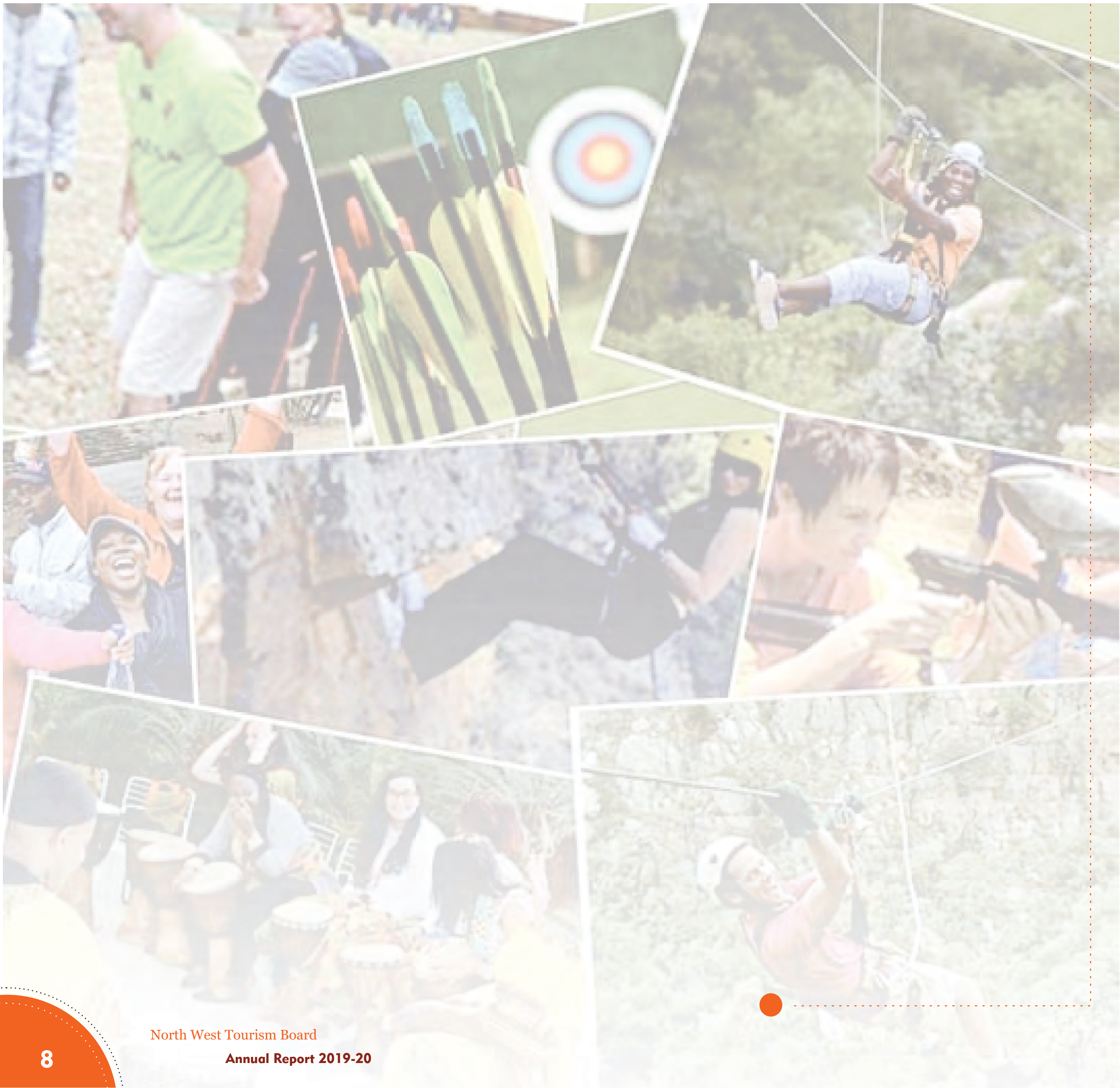
7.3 POLICY MANDATES

The North West Tourism Board Act 2 of 2015 requires that the entity provide in pursuance of its objectives the following:

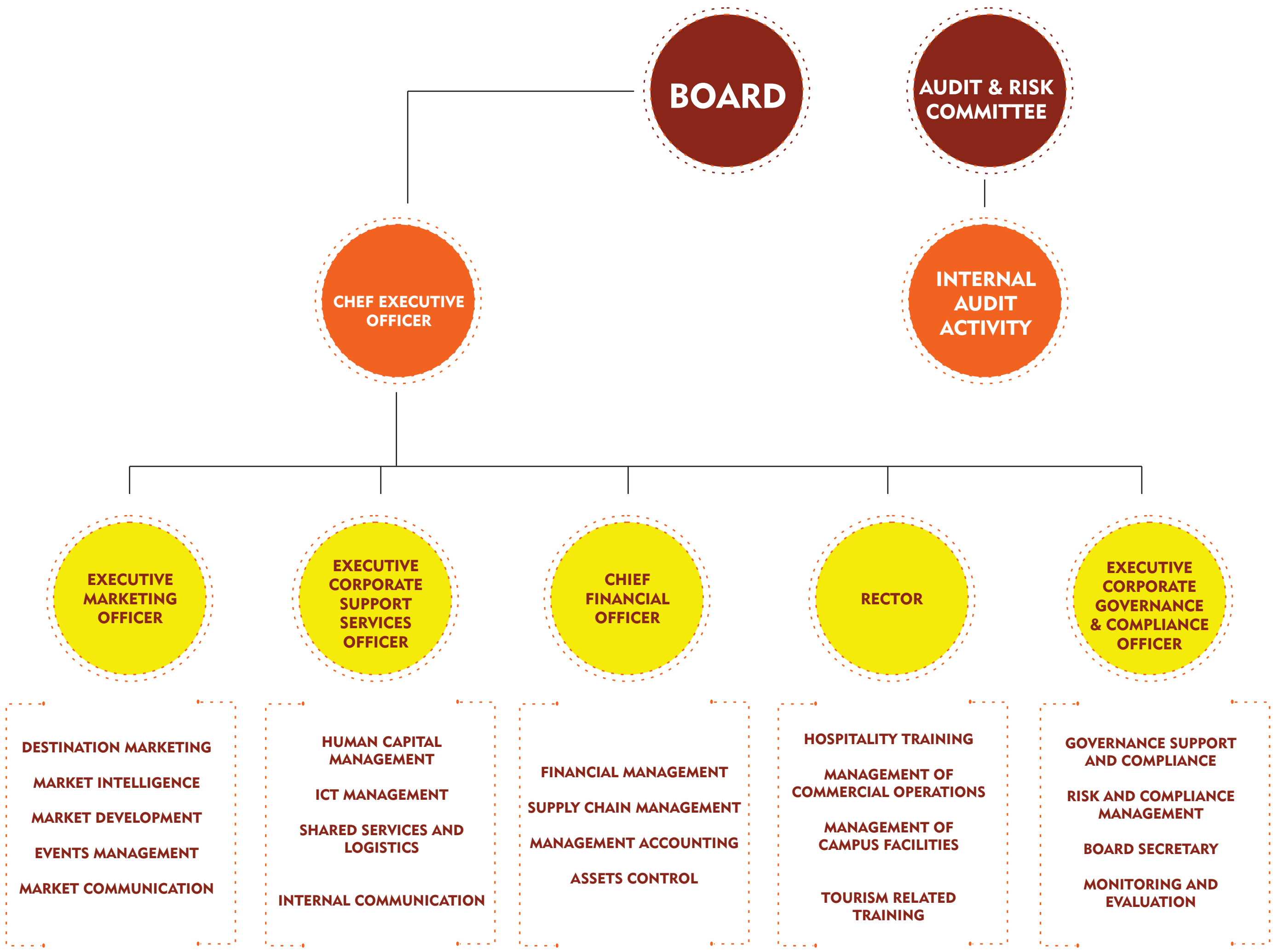
(a) Market the province as a tourism destination locally, provincially, nationally and internationally;
(b) Provide tourism training and skills transfer in the sector;
(c) Facilitate tourism investment promotion in the province;
(d) Create enabling environment for access to markets for new entrants in the tourism sector in the province; and
(e) Contribute to the establishment of enabling environment for job creation in the tourism sector in the province.

In addition to the above, other policy mandate for the public entity were developed such as:

- Procurement delegations;
- Financial delegations;
- Human Resources Management Delegations;
- Communication Delegations; and
- Other related delegations and policies to properly govern the entity as may be required.



8. ORGANISATIONAL PLAN



8.1 EXECUTIVE MANAGEMENT

ADV MOTHUSI TSINENG
CEO (ACTING)

The CEO holds a Baccalaureus Legum from the North West University and is also an admitted Advocate of the High Court of South Africa.

Adv M Tsineng has vast experience having worked at the Gauteng Provincial Legislature as a Principal Procedural Advisor and is a board member of other government institutions.

The CEO aims at revatilising the Tourism and Hospitality industry within the North West Province given that it was hampered by COVID19 complications.

MS CHARLENE JACOBS
EXECUTIVE CORPORATE SUPPORT SERVICES OFFICER (ACTING)

The Executive Corporate Support Services Officer holds a National Diploma in Human Resource Management from UNISA, a Diploma in Theology from Faith Bible College and is currently studying towards her Degree in Human Resource Management at North West University.

Ms C Jacobs has vast experience in the public and private sector having worked in the field of Human Resource Management, Organisational Development, Transformation Agenda, Change Management and HR strategic planning for over 9 years.

The executive aims to review the organisational structure, develop the HR plan and perform a policy review to strengthen internal controls in line with good HR practices.

MS KEITUMETSE TSOGANG
CFO (ACTING)

The Chief Executive Officer of the North West Tourism Board holds a BCOM Accounting degree from the North West University.

Ms Tsogang has over the past 15 years gained experience in the public sector focusing on Finance. She has worked at local government and at state entity level.

The Chief Finance Officer is aiming at an unqualified Audit Report for the 2020/21 financial period after improving the overall external audit for the 2019/20 financial period.

MR MALEBO MOLEMA
RECTOR (ACTING)

The Rector of the North West Tourism Board who is responsible to the 2 Hotel Schools namely Mafikeng and Taung Hotel Schools holds a Teachers Diploma, a Mathematics Diploma, B-ED Honors in Project Management and a MBA.

The Rector has an extensive knowledge and experience in the sphere of education, as a former teacher/lecture, a subject advisor, a quality assurer and academic manager and currently serving as a rector.

Under the Rectors leadership the hotel schools were stabalised amid a serious lack of resources, in the past 3 years the hotel schools has produced more than 250 graduates who were successfully employed in the industry and the hotel school have established themselves as hospitality skills training providers.

MR KWAME MATAKANYA
EXECUTIVE CORPORATE GOVERNANCE AND COMPLIANCE OFFICER (ACTING)

The Executive Corporate Governance and Compliance Officer of the North West Tourism Board holds a BCOMPT Accounting degree from UNISA, a Post Graduate Diploma in Forensic Auditing from UNISA and a Post Graduate Diploma in Internal Auditing from UNISA.

Mr Matakanya has vast experience in public and the private sector having worked as a manager in the field of finance namely external auditing, internal auditing, forensic auditing and advisory services.

Mr Matakanya is also an active member with the Institute of Internal Auditors of South Africa, and South African Institute of Chartered Accountants.

The achievements of the current year was ensuring that performance information under his portfolio received an unqualified audit opinion from the AGSA under his leadership.

8.2 ACCOUNTING
AUTHORITY

TOP: Mr Solly Lekhu; Ms Faith Losaba; Ms Lesedi Sello; Mr Baba Monare
BOTTOM: Ms Elizabeth Mabebe; Mr Vincent Phusoane; Mr Obakeng Kgomo; Ms Slauzy Mogami

The board is responsible for ensuring that it has represented on it the skills, knowledge and experience needed to effectively steer the North West Tourism Board forward. The board members are appointed because their specific skills, knowledge and experience will fill particular gaps within the board. It is important to acknowledge that not all board members will possess each necessary skill, but the board as a whole must possess them.

Other competencies considered to be important for many boards include:

- Strategic expertise – the ability to understand and review the strategy;
- Legal – the board's responsibility involves overseeing compliance with numerous laws as well as understanding a board members legal duties and responsibilities;
- Risk management – experience in managing areas of major risk to the entity;
- Managing people and achieving change – including experience as either a CEO or senior member of a management team in a similar or larger sized organisation;
- Industry knowledge – experience in similar industries.

Mr Vincent Phusoane (Chairperson)

The Chairperson holds a Diploma in Public Relations from the University of Johannesburg, EDP Certificate (Executive Development Program) from UNISA, holds Fiber Optic Communication Certificates from MICTseta and a Post Graduate Diploma in Business Administration from UNISA which is in progress. The Chairperson has over 15 years experience in Business management industry. The Chairperson has led a team appointed by Rustenburg Local Municipality for Public Relations strategy development which has seen him mobilize various stakeholders and directing the efforts on behalf of the host city in regards to the 2009 FIFA CONFEDERATION CUP and 2010 FIFA WORLD CUP. The Chairperson is currently consulting for the ICT Infrastructure and Telecommunications Industry in the country.

Mr Obakeng Kgomo (Deputy Chairperson)

Mr Kgomo is the founder of Kgomo Attorneys Inc where he occupies the director position as an attorney in practice. Mr Kgomo holds a B.Juris from the University of North West and also a Bachelors of Law (LLB) from the University of North West. Mr Kgomo has unsurpassed knowledge of the legal environment which puts him in an ideal position to advice the board in legal aspects affecting the entity. He was also a co-founder of a law firm where he held a partnership role giving him unrivaled experience in the legal and business environment.

Mr Baba Monare

Mr Monare holds a B.Tech in Management from Cape Peninsula University of Technology, a Diploma in Road Transportation from University of Johannesburg and partial course for BCOM at University of North West. Mr Monare has over 10 years' experience in management as he also led the public participation process in municipal governance and integrated planning. He also led the successful merging of the City of Tshwane and Metsweding District Municipality together with leading the Gauteng project. He also has vast experience knowledge and experience in the public sector holding directorship roles in government departments. Mr Monare is also a chairperson of the supervisory/audit committee of Boikago SACCO.

Ms Lesedi Sello

Ms Sello hold various diplomas in the Hospitality Industry namely food and beverage, reception operations and services, accommodation operation and services, food safety and hospitality management to name a few. Ms Sello has worked in various management positions within the hospitality industry where her passion lies, ensures that she adds value and consistently delivers first rate services. He experience has given her vast knowledge in the hospitality industry and has subsequently honed her strategic planning, development, understanding and implementation to ensure the strategic vision is achieved.

Mr Solly Lekhu

Mr Lekhu holds a Leadership Development Certificate from WITS Business School, a Board Leadership Core Programme from GIBBS and currently completing his Bachelor Degree in Public Management with Regenysis Business School. Mr Lekhu is well versed in leading different organisation as a strategic thinker having Chairmanship of different political organisations namely NWPOPCRU and NWCOSATU. Mr Lekhu is also an appointed board member based on his unmatched knowledge, experience and skill in different private and public entities namely North West Liquor Board, Workerslife Insurance and Workerslife Assurance. His skill set put in an ideal position to achieve the mandate of the North West Tourism Board.

Ms Elizabeth Mabebe

Ms Mabebe is a versatile professional with vast experience in the Government and Private Sector at managerial and leadership roles. Her experience spans from the retails industry to the governance of local municipality. Ms Mabebe has taken an analytical approach at adding value to the entity by applying her extensive skills and experience and tapping into her knowledge bank to assist the entity in achieving its core mandate as per the NWTB Act. She has a widespread understanding of municipal co-ordination and also a seasoned professional in logistics in the private sector and has also partook in the China Study Tour to get a broad understanding on how other countries approach certain dynamics to ensure effective, efficient and economical leadership.

Ms Slauzy Mogami

Ms Mogami is a well-travelled member of the board who started her business in the fashion and textile industry and who later became a member of the Junior Chamber of Commerce International. Ms Slauzy has interests in textile, agriculture, ICT industry and also founded companies such as Sanctum SA, ENQA and ISO Technologies. She also sits as a board member in both private and public organisations. Ms Mogami is currently the CEO of Leading Ladies of Africa and the World which focuses on business investments and socio-economic development. She also holds the chairmanship of the BRICS Agribusiness South Africa.

Ms Faith Losaba

Ms Losaba is leading business women as the founder of Morongwa Trading which endeavors in various sectors of the economy namely infrastructure development, transport and tertiary education. Ms Losaba has also worked as an executive in the tourism and hospitality primarily focused in tour operations, hosting and connecting of local and regional buyers and evaluation of tourism and hospitality facilities. She has also held leadership roles that has seen her chairing the Mafikeng Local Chamber of Commerce, Chairing South African Women in Transport and a member of South African Women in Construction. Ms Losaba is also a well-known activist and organizer advocating for socio-economic transformation.

The board of the North West Tourism Board have demonstrated the following competencies:

- Contribute to and function as board member within the appropriate governance structures and cognisant of position of trust
- Lead the company effectively and ethically in the long-term interest of all its stakeholders
- Act as director within the confines of the law
- Contribute meaningfully and effectively to strategy - setting and implementation thereof
- Act in a manner that demonstrates understanding of the responsibilities of various assurance providers and how these are leveraged to contribute to the working of the board and its accountability to stakeholders
- Gather and analyse information in decision-making by applying logical thinking
- Act in a manner that demonstrates self-knowledge and self-awareness
- Manage self in a manner that contributes to the activities of the board
- Adapt to environmental needs
- Interact with fellow board members and management in a manner that is beneficial to the entity

B

PERFORMANCE INFORMATION

9. PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION

1.1 PURPOSE OF EXISTENCE

The purpose of this programme is to:

- Ensure effective and efficient internal business planning processes of the Board;
- Ensure that the Board functions optimally through effective business processes and resource support services
- Provide business management / leadership support services in support of Board objectives; and
- Provide support services towards achieving internal business excellence within the Board.

1.2 OVERVIEW OF THE SUB-PROGRAMMES

This programme provides support services to the Board through the following key functions:

- Corporate Communications;
- Information Management;
- Stakeholder Relations;
- Business Planning;
- Risk Management;
- Governance compliance;
- Monitoring and Evaluation;
- Policy Development;
- Finance;
- Supply Chain Management;
- Human Resources Management;
- Shared Services; and
- Information Communication Technology.

PROGRAMME 2: HOSPITALITY SKILLS DEVELOPMENT

2.1. PURPOSE OF EXISTENCE

The Hotel School's Division exists mainly to provide quality and affordable education and training in the hospitality sector for social upliftment of communities within which it operates.

2.2. OVERVIEW OF THE SUB-PROGRAMMES

- Hospitality Training;
- Tourism Related Skills Training; and
- Management of Commercial Operation.

PROGRAMME 3: TOURISM MARKETING

3.1 PURPOSE OF EXISTENCE

The Unit's purpose is to:

- Provide information needed to support policy formulation and marketing decision-making; as well as create new
- tourist market segments for destination North West both from the domestic and international sources; and
- Market the Province and its products as a preferred tourist destination of choice.

3.2 OVERVIEW OF THE SUB-PROGRAMMES

Market Intelligence and Development Unit render a number of services that support senior management in decision-making as well as other functions that contribute to the tourism economic growth of the province. The basic functions of the unit are among others presented as follows:

- Provide reliable tourism market intelligence (information) for decision making;
- Maintain a comprehensive statistical market and product database;
- Provide business support for tourism enterprises (SMMEs);
- Promote tourism investments by both state and private within destination North West; and
- Create new tourist market segments for destination North West both from the domestic and international sources.

PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION

The programme comprises of the following sub-programmes:

1.1 Business Support Services;
1.2 Corporate Governance Support;
1.3 Financial Management Support and Administration; and
1.4 Corporate Support Services.

Strategic Objective 1: To ensure internal business excellence within the board

Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Strategic Plan approved (n)	0	0	1	1	0	N/A
Annual Performance Plan approved (n)	1	1	1	1	0	N/A
Annual Report produced (n)	1	1	1	1	0	N/A
Stakeholders relation sessions conducted (n)	5	-	4	0	-4	The former CEO, Mr Segwe resigned from office before the beginning of the financial period 2019/20, and left the vacuum within the CEO division, which is the custodian of the indicator. After the beginning of the financial period

Sub-programme 1.1: Business Support Services						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
						there has been 4 acting CEO's through internal acting and secondments. This has destabilised the entity in a sense that stakeholder sessions could not be held orchestrated by the Board. The change in the Accounting Officer has disrupted certain functions of the entity namely the incumbent being able to gain an understanding of the environment and its associated risk in order to call a meeting with stakeholders. (Refer to appointment letters of Acting CEO's)

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Ordinary board meetings held (n)	-	-	4	3	-1	In the beginning of the financial period 2019/20, the former Hon MEC, Ms W Nelson disbanded the Accounting Authority, this resulted in the Board not having a fully-fledged Accounting Authority for almost 3 quarters of the

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
						financial period, therefore no Ordinary Board Meetings were held. The current Member of the Executive Council in charge of the entity, Ms K Mosenogi appointed a new Accounting Authority on the 17th of December 2019. The Accounting has held 3 Ordinary Board Meetings since their appointment also in anticipation of the imminent merger of the NWTB and NWPB. (Refer to minutes of meetings + appointment letters)
Divisional policies approved (n)	**0**	**1**	**5**	**0**	**-5**	In the State of the Province Address presented by the Hon Premier of the North West Province, Prof J Mokgoro on the 28th of June 2019, a decision was taken to merge the North West Tourism (NWTB) with the North West Parks Board (NWPB) to create the North West Parks and Tourism Board (NWPTB). The entity had started to work together with the NWPB in order to formulate divisional policies for the new entity through the divisional work streams that were established through the NWPTB Workstreams Terms of Reference. The anticipation was that the new entity

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
						being NWPTB would be in operation as of the 01st of April 2020 in order to take over the reviewed policies for the new entity. Unfortunately there was a halt of getting certain legislated processes in effect due to a number of factors including the National Lockdown and therefore the bill for the NWPTB had not yet been approved. The effect was that the entity as a stand-alone could not conduct a policy review. Policies have been reviewed for the bigger entity namely NWPTB. (Refer to work streams terms of reference)
Risk based internal audit plan approved (n)	**0**	**1**	**1**	**0**	**-1**	In the beginning of the financial period 2019/20, the former Hon MEC, Ms W Nelson disbanded the Accounting Authority, this resulted in the Board not having a fully-fledged Accounting Authority for almost 3 quarters of the financial period, therefore no Ordinary Board Meetings were held. The entity still had their independent Chairperson of the Audit and Risk Committee who approved the Risk Based Internal Audit Plan as the overseer of the Internal Audit Activity of the entity. This plan

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
						could not be presented to the Accounting Authority (AA) for further ratification in accordance to governance processes as the AA was non-existent. The contract of the independent Chairperson expired before the new board was appointed by the current Member of the Executive Council in charge of the entity, Ms K Mosenogi on the 17th of December 2019. In accordance to the Board Charter, the Audit and Risk Committee must be chaired by an independent person, A chairperson had not yet been appointed before the end of the financial period. (Refer to approved Internal Audit Plan)
Internal audit engagements executed (n)	**0**	**8**	**8**	**8**	**0**	N/A
Reports on anti-fraud hotline (n)	**-**	**-**	**4**	**2**	**-2**	The Audit and Risk Committee together with the Accounting Authority approved the establishment of the Anti-Fraud Hotline before the beginning of the year. The Internal Audit Activity undertook to get all equipment needed to run the anti-fraud hotline ready before the

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
						beginning of the financial period 2019/20. All SCM documents were approved and sent to the SCM for the sourcing of quotes and services. The process of getting the necessary equipment got halted due to the slow turnaround of the grossly understaffed SCM unit. All equipment necessary to get the Anti-Fraud Hotline up and running was received in late September 2019. The Anti-Fraud hotline was subsequently established from the 3rd quarter of the 2019 and hence only 2 quarterly reports have been produced. (Refer to Quarterly Reports + SCM documents)
Risk Management progress report produced (n)	**3**	**4**	**4**	**0**	**-4**	The risk management unit has been manned by the risk and compliance manager with no other subordinates that assist in the risk management processes of the entity. This has led the risk management unit to be inefficient and ineffective due to the lack of capacity within the unit. The risk management unit had proposed to appoint risk champions within the different divisions of the entity but due

Sub-programme 1.2: Corporate Governance Support						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
						to the many changes in leadership namely the Accounting Authority and the Accounting Officer these champions could not be appointed before the end of the year to assist in the risk management processes. Certain risk processes were performed during the quarter's bur were never finalised and consolidated.

Sub-programme 1.3: Financial Management Support and Administration						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Evaluation and control of expenses and revenue versus budget (n)	**12**	**12**	**12**	**12**	**0**	N/A
Annual Financial Statements produced (n)	**1**	**1**	**1**	**1**	**0**	N/A

Sub-programme 1.4: Corporate Support Services						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
OHS inspections conducted (n)	**4**	**4**	**4**	**4**	**0**	N/A
Submit employment equity report to the Department of Labour (n)	**1**	**1**	**1**	**1**	**0**	N/A
Report on the overall PMDS cycle (2018/19) (n)	**0**	**0**	**1**	**1**	**0**	N/A
Mandatory Grant Plan submitted to CATHSETTA (n)	**0**	**1**	**1**	**1**	**0**	N/A
ICT reports produced (n)	**-**	**-**	**4**	**1**	**-3**	The IT department of the entity is decentralised with limited to no capacity within the unit. The IT department does not have as manager that will be ultimately responsible for all IT related matters including the APP indicators. The entity does not have sufficient IT infrastructure and relies heavily on the shared services between the entity and the NWPB. The lack of accountability, lack of infrastructure and the lack of capacity the indicator could not be achieved.

Strategy to overcome areas of under performance

The North West Tourism Board (NWTB) is in a process of merging with the North West Parks Board (NWPB), to establish the North West Parks and Tourism Board (NWPTB). The board will report directly to the Department of Economic Development, Environment, Conservation and Tourism (DEDECT). The newly amalgamated Department will bring synergy and much needed assistance to the board in terms of infrastructure, funding and other technical skills that will be sourced through a combined assurance approach. The entities have already started working on the imminent merger through the approved Workstreams terms of reference, close out reports, transitional period reports, Covid19 implication reports, business cases and other reports have been drafted and approved. This will ensure that the internal control environment is strengthened in order to achieve on the planned targets.

Changes to planned targets

The Annual Performance Plan was adjusted and approved by the Hon MEC of the Department of Economic Development, Environment, Conservation and Tourism during the financial period 2019/20. (Refer to the approved adjusted APP)

Linking performance with budgets

	2018/2019			2019/2020		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R	R	R	R
Administration	31 518 397	50 345 921	-18 827 524	32 321 655	26 752 149	5 569 506
Total	31 518 397	50 345 921	-18 827 524	32 321 655	26 752 149	5 569 506

PROGRAMME 2: HOSPITALITY SKILLS DEVELOPMENT

The programme comprises of the following sub-programmes:

2.1 Hospitality Training;
2.2Tourism Related Skills Training; and
2.3 Management of Commercial Operations.

Strategic Objective 2: To provide effective and affordable hospitality management education and training

Sub-programme 2.1: Hospitality Training						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Students registered at the North West hotel schools (n)	127	137	160	112	-48	The hotel schools have a capacity of 160 students, split between the Mafikeng Hotel School at 120 students' intake capacity and Taung Hotel School at 40 students intake capacity. There has always been a challenge of students who register with the entity throughout the years this was heavily based on student funding which hampered on the student registration numbers. The entity has also relied on private sponsorships in regards to student scholarships/bursaries. A decision was also taken by Department of Higher Education to roll out free education for potential students who wanted to enter tertiary education in the form of the National Student Financial Aid Scheme (NSFAS). This subsequently meant that students can therefore enter tertiary education without having to finance the

Sub-programme 2.1: Hospitality Training						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
						education themselves, as the cost would be carried by the Department of Higher Education. Unfortunately the NSFAS grant does not cover tuition for students who want to enter the Hotel School. This is the primary cause of a decrease in the number of students' registering at the Hotel Schools leading to a variance of -48 students.
Students' competency rate (%)	**80**	**81**	**95**	**90**	**-5**	The non-achievement on the target of 95% is based on student drop outs. Students who are registered with the Hospitality Skills Development wing of the North West Tourism Board do not complete the course (drop out) due to various reasons, this in turn affects the projected Student Competency Rate percentage, because these students who have dropped out were initially included in the projected percentage rate. Students within the institute did not submit their log books signed by supervisors which is used to assess their performance and therefore could not be marked on competency.

Sub-programme 2.2: Tourism Related Skills Training						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Hospitality outreach training programme conducted (n)	-	-	4	2	-2	The hospitality outreach training programme under achievement was based on a timing issue. The fourth quarter of the financial period is usually busy as there is a surge of activity at the hotel schools based on the new school financial period student intake. This function on taking in of students, registration, course outlines, queries and other administrative matters are conducted by the same officials that are supposed to provide hospitality training as an outreach programme to SMME's. The outreach was then scheduled for March 2020 after forecasting that the hotel school will be back to normal as students and officials would have already settled in. The covert coronavirus also known as COVID19 subsequently made the achievement of this indicator impossible, based on the fact that the hospitality industry that is primarily targeted for the training programme was the worst hit within the tourism sector. All functions within the tourism sector had ceased to exist based on the pandemic that was gripping the country and the world together with the subsequent lockdown that was pronounced by the Hon president of the country.

Sub-programme 2.3: Management of Commercial Operations						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Occupancy rate (%)	-	-	45	34.09	-10.91	In the first quarter of 2019/20 there was a student protest which then meant that activity at the Hotel School could not continue until the student issues were resolved, therefore no rooms were sold. In the second and third quarter we were faced with challenges in terms of commodities that are sold as part of accommodation and a poor guest turnout. In the fourth quarter we as the Tourism and Hospitality industry were faced with COVID19 related challenges that meant we could not attract all guests as anticipated. Given the quarterly performance abovementioned is that there are serious infrastructure challenges within the Hotel Schools in both Mafikeng and Taung due to the poor state of rooms making it impossible to sell out all the rooms to consumers at the required standard.

Strategy to overcome areas of under performance

The North West Tourism Board (NWTB) is in a process of merging with the North West Parks Board (NWPB), to establish the North West Parks and Tourism Board (NWPTB). The board will report directly to the Department of Economic Development, Environment, Conservation and Tourism (DEDECT). The newly amalgamated Department will bring synergy and much needed assistance to the board in terms of infrastructure, funding and other technical skills that will be sourced through a combined assurance approach. The entities have already started working on the imminent merger through the approved Workstreams terms of reference, close out reports, transitional period reports, Covid19 implication reports, business cases and other reports have been drafted and approved. This will ensure that the internal control environment is strengthened in order to achieve on the planned targets. Strategies have also been put in place by management and the Accounting Authority to develop outcome indicators that deal with the new normal of tourism marketing and training development.

Changes to planned targets

The Annual Performance Plan was adjusted and approved by the Hon MEC of the Department of Economic Development, Environment, Conservation and Tourism during the financial period 2019/20. (Refer to the approved adjusted APP)

Linking performance with budgets

	2018/2019			2019/2020		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R	R	R	R
Hospitality Skills Development	65 970 338	61 284 317	4 686 021	60 389 766	68 234 819	-7 845 053
Total	65 970 338	61 284 317	4 686 021	60 389 766	68 234 819	-7 845 053

PROGRAMME 3: TOURISM MARKETING

The programme comprises of the following sub-programmes

3.1 Tourism Market Intelligence
3.2 Destination Marketing
3.3 Tourism Development

Strategic Objective 3: Marketing the province as a preferred tourism destination

Sub-programme 3.1: Tourism Market Intelligence						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Market intelligence analysis reports produced (n)	**8**	**8**	**8**	**8**	**0**	**N/A**

Sub-programme 3.2: Destination Marketing						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
Destination marketing initiatives at regional and international	7	**6**	7	**6**	**-1**	The following events in which the entity partakes in were projected and targeted for the period under review, namely Botswana Annual Marketing Campaign These events were subsequently cancelled due to the covert

Sub-programme 3.2: Destination Marketing						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
platforms (n)						coronavirus that has gripped the nation together with the entire world. On the 23rd of March 2020, the president of the Republic of South Africa, Hon Cyril Ramaphosa announced a National Lockdown which affected all government institutions. The National Lockdown was in line with the National Disaster Management Act which resulted in the barring of all movement and closing down of operations on most government institutions. The COVID19 lockdown then meant that certain functions within the entity in relation to the output indicators as per the Annual Performance Plan and Strategic Plan could not be achieved. Importance to the lockdown is the fact that Tourism and Training have been the worsened affected industries within the country to which is the core mandates of the North West Tourism Board
Marketing initiatives at domestic platforms (n)	**12**	**12**	**12**	**10**	**-2**	The following events in which the entity partakes in were projected and targeted for the period under review, namely Cape Town Jazz & Gauteng Trade Sales Workshop. These events were subsequently cancelled due to the covert coronavirus that has gripped the nation together with the entire world. On the 23rd of March 2020, the president of the Republic of South

Sub-programme 3.2: Destination Marketing						
Performance Indicator	**Actual Achievement 2017/2018**	**Actual Achievement 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from planned target to Actual Achievement for 2019/2020**	**Comment on deviations**
						Africa, Hon Cyril Ramaphosa announced a National Lockdown which affected all government institutions. The National Lockdown was in line with the National Disaster Management Act which resulted in the barring of all movement and closing down of operations on most government institutions. The COVID19 lockdown then meant that certain functions within the entity in relation to the output indicators as per the Annual Performance Plan and Strategic Plan could not be achieved. Importance to the lockdown is the fact that Tourism and Training have been the worsened affected industries within the country to which is the core mandates of the North West Tourism Board

Sub-programme 3.3: Market Development						
Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Market segments expansion initiatives undertaken (n)	2	4	4	4	0	N/A
Business Development support to emerging tourism enterprises (n)	63	55	40	23	-17	The non-achievement in quarter 3 was due to Supply Chain not able to obtain quotations within the envisaged period. The programme was then moved to the 4th quarter. For the 4th quarter, the Service Excellence Programme was scheduled to conclude on 30 March 2020. Unfortunately the National Lockdown kicked in on 26 March 2020 and hence the programme could not be completed.
Tourism Investment opportunities packaged (n)	1	1	2	2	0	N/A

Strategy to overcome areas of under performance

The North West Tourism Board (NWTB) is in a process of merging with the North West Parks Board (NWPB), to establish the North West Parks and Tourism Board (NWPTB). The board will report directly to the Department of Economic Development, Environment, Conservation and Tourism (DEDECT). The newly amalgamated Department will bring synergy and much needed assistance to the board in terms of infrastructure, funding and other technical skills that will be sourced through a combined assurance approach. The entities have already started working on the imminent merger through the approved Workstreams terms of reference, close out reports, transitional period reports, Covid19 implication reports, business cases and other reports have been drafted and approved. This will ensure that the internal control environment is strengthened in order to achieve on the planned targets. Strategies have also been put in place by management and the Accounting Authority to develop outcome indicators that deal with the new normal of tourism marketing and training development.

Changes to planned targets

The Annual Performance Plan was adjusted and approved by the Hon MEC of the Department of Economic Development, Environment, Conservation and Tourism during the financial period 2019/20. (Refer to the approved adjusted APP)

Linking performance with budgets

	2018/2019			2019/2020		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R	R	R	R
Tourism Marketing	32 897 265	32 517 923	379 342	32 744 579	26 253 469	6 521 110
Total	32 897 265	32 517 923	379 342	32 744 579	26 253 469	6 521 110

10. AUDITOR GENERALS REPORT: PREDERTERMINED OBJECTIVES

10.1. AGSA – Audit Report

Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature on the North West Tourism Board

Report on the audit of the annual performance report

Introduction and scope

17. 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 selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

18. 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 did 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.

19. 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 programmes presented in the annual performance report of the entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 2: Tourism Education/Training/Skills Transfer	17-37

20. 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

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

Programme 2: Tourism Education/Training/Skills Transfer

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. Refer to the annual performance report on pages 17 to 37 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Tourism Education/Training/Skills Transfer. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Auditor General

Rustenburg
30 September 2020

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

10.2. AGSA - Management Report

Programme 2 – Tourism Education/Training/Skills Transfer

Unqualified opinion

21. In our opinion the reported performance information for Programme 2 – Tourism Education/Training/Skills Transfer is useful and reliable in accordance with the applicable criteria as developed from the performance management and reporting framework as set out in annexure D to this report.

Programme	Pages in annual performance report	Opinion	Movement.
Programme 2 – Tourism Education/Training/Skills Transfer	17-37	Unqualified	

11. SITUATIONAL ANALYSIS

TOURISM

The purpose of the situational analysis is to present the impact of Covid-19 outbreak on the tourism economy of the North West Province. The focus is mainly on the effect of the measures put in place to slow down the spread of the pandemic in South Africa as experienced by the tourism industry at large. The aim is to present the broader current picture of the situation across the tourism spectrum. The situation analysis approach to present the comparison and projections. The structure follow a top-down approach which first presents the global picture, followed by the national situation and then zoom to details at provincial level.

International

The United Nations World Tourism Organisation (UNWTO) has reported that 100% of destinations in the world now have pandemic-related restrictions in place and so far (beginning May) none of them has lifted them. This situation has resulted in much more than envisaged negative impact on the tourism globally. The situation as presented by UNWTO is as follows:

- International tourism down 22% in Q1 (January – March) compared to 2019
- 67 million fewer international tourists compared to 2019
- US$80 billion tourism exports loss compared to 2019

Current scenarios point to possible declines in arrivals of 60% to 80% for the year. These depend on the speed of containment and the duration of travel restrictions and shutdown of borders. The following scenarios for 2020 are based on three possible dates for the gradual opening up of international borders:

Scenario 1: Decline by 60%
Based on the gradual opening of international borders and easing of travel restrictions in early July.

Scenario 2: Decline by 70%
Based on the gradual opening of international borders and easing of travel restrictions in early September.

Scenario 3: Decline by 80%
Based on the gradual opening of international borders and easing of travel restrictions only in early December.

- Loss of 850 million to 1.1 billion international tourists
- Loss of US$910 billion to US$1.2 trillion in export revenues
- 100 to 120 million direct tourism jobs at risk

On the other hand, World Travel and Tourism Council (WTTC) envisages the industry will lose about 75% of the revenue calculated in billions of rands and 75 million jobs are at risk worldwide. This is equivalent to a loss of three months tourism (economic) activity which represents GDP loss to the world economy of about US$2.1 trillion.

South Africa

The Tourism Industry Survey conducted by the National Department of Tourism (NDT), International Finance Corporation (IFC) and Tourism Business Council of South Africa (TBCSA) present the negative pandemic impact as of April. The impact on tourism businesses are follows:

- Tourism businesses were affected negatively by the pandemic (99 %)
- Tourism revenue is down 50% compared to same period in 2019
- Tourism businesses are unable to service their debts (58 %)
- Tourism businesses could not cover their fixed costs (54%)
- Tourism businesses have applied temporary closure (69 %)
- Medium businesses have reduced staff wages up to half (75%)

There is a great need for financial support for cash flow, recovery and tax relief (UIF and Tourism Relief Fund)

The WTTC envisages (if the current scenario persists) that tourism industry in South Africa is likely to shed about 25 % of the 1.5 million jobs. Furthermore the annual GDP contribution of about R425 billion (8.6% of total economy) will shrink by 25% as a result of the pandemic.

North West Province

In the North West the situation appears to be more negative under the current circumstances. Tourism in the province is one of the key economic drivers that has unfortunately gone on total shutdown. Market Intelligence and Development Unit presents the impact of the pandemic on North West tourism (thus far) as follows:

Table 1: Pandemic impact on North West Tourism:

INDICATOR	ESTIMATED IMPACT
International Arrivals	-19% (27 895 less travellers)
Domestic Trips	-15% (38 884 less trips)
International Revenue	-45% (R209 million loss)
Domestic Revenue	-15% (R31 million loss)
Jobs	No job losses (yet)
Investment value	No investment value depreciation (yet)

The envisaged impact of the pandemic under the scenarios mentioned on page 1 above for the year 2020 could translate into the following for the province:

- Loss of 400 000 to 200 000 international tourists
- Loss of R2.5 billion to R500 million in international revenues
- 2800 to 4000 direct tourism jobs at risk
- Reduced GGP contribution from 4.5% to 2.7%
- Depreciated tourism investment value from R13 billion to R7 billion

The impact assessment of the pandemic on tourism depends on the developments that are being observed and monitored by health experts and governments all over the world.

Tourism is a crucial contributor to economic growth. We need it to be feasible for travellers to visit African countries, to provide a foundation for us to highlight what the continent has to offer, thereby boosting the tourism industry and the economy as a whole.

HOSPITALITY

As South Africa begins the journey along the government's phased approach to fully lifting lockdown, many businesses are gearing up for resuming operations (at least partially).

What does this mean for the hospitality industry and how will the tourism landscape change post-COVID-19? I believe the African hospitality industry, which has been on an upward trajectory, will continue to achieve growth, provided businesses are willing to adapt to newly formed markets and cater for a different wave of consumers with different needs.

For the South African hospitality industry, there is still a long road ahead. Other than for the movement of goods and for 'exceptional circumstances' such as to attend funerals, inter-provincial travel will only be permitted when respective provinces reach levels one and two of the strategy. Restrictions on international travel prevail throughout all levels.

The widespread global outbreak of COVID-19 brought the hospitality industry to a grinding halt, almost overnight, bar some establishments catering for essential workers and travellers not yet able to return to their home countries. Hospitality and tourism companies must prepare for 'a new normal' when business does resume.

Investment

Prior to the pandemic, the African hospitality market was on the rise and attracting significant investment. In fact, the Jumia 2019 Hospitality Report Africa notes that the continent was the second-fastest-growing tourism region in 2018 (after only Asia Pacific) with around 67 million international tourist arrivals.

Major investment has been made in the African hospitality industry in recent years by big names in tourism. In December, according to the Africa hotel projects overview construction report, there were 282 projects in the African pipeline scheduled to bring more than 60 000 rooms to the region in predominantly four- and five-star establishments.
There is still potential in the African market for hospitality businesses, but the tourism landscape will likely look very different after COVID-19. Of the total tourist expenditure in Africa in 2018, according to the Jumia report, a large contribution (29%) came from business travel.

Historically, the African hospitality industry has relied on the prevalence of business travel across the continent.

In a post-COVID-19 world, many businesses will continue to embrace remote and digital work processes. Businesses may also simply not have the budget for travel. This will significantly impact the hospitality industry if we are reliant on a large portion of business travel.

Adaptability

Establishments that rely heavily on catering for business travel and conferencing will have to be adaptable to more versatile offerings.

Mid-market upscale hotels that focus on the domestic corporate business market will be first to see a flow of business travellers return. Larger upmarket five-star establishments that are reliant on the international business market, on the other hand, will be hardest hit throughout Africa.

There will be casualties with the loss of business travel if hotels don't adjust their offerings, but there is still room to cater for domestic corporate travellers, and those that do will flourish far sooner.

Fortunately, there is room for growth in various tourism sectors. To maintain a foothold in the future face of tourism, the hospitality industry must appeal to the first tentative travellers stepping out into the world after this global crisis, and unequivocally demonstrate that these hotels are havens of safety and health compliance that go the extra mile for sanitation, cleanliness and hygiene.

11.1 PERFORMANCE DELIVERY ENVIRONMENT

The core business of NWTB is to position the North West as a preferred tourism destination. The Board derived opportunities and threats in the external performance environment through a focused group discussion process.

Opportunities	Threats
• Access to funding e.g. state funding, alternative sources of funding • Tourism development opportunities • Strategic partnerships / alliances • Strategic positioning opportunities • Joint marketing agreements • Political will / support • Favourable legislative framework • Supportive stakeholder network (private and public sector, civil society) • Need for business development solutions • Stable political environment • Technological developments • Social beneficiation • Landscape	• Insufficient funds • Changing political priorities • High levels of crime • Global economic trends • Restricting legislation (visa's) • Infrastructure development issues (electricity, transport, roads, air routes) • Long decision lead times • Unsafe environment • Competing stakeholder interest • Scarce skills in selected fields • Competition for key skills • COVID 19 Pandemic

11.2 ORGANISATIONAL ENVIRONMENT

Strengths and weaknesses in the organisational environment of the entity were derived through a gap analysis process of the strategic goals and objectives of the NWTB.

Strengths	Weaknesses (Areas to be developed)

Tourism Education / Training / Skills Transfer
 	
• Hospitality training
• Other tourism related training
• Management of commercial operations
• Management of campus facilities / operations
 	
Destination Marketing
 	
• Tourism market intelligence (tourism sector monitor, visitor opinion survey, tourism plan analysis, tourism product audit)
 	
Internal Business Excellence within NWTB
 	
• Corporate governance
• Business management / Leadership
  ◦ Corporate communication
  ◦ Stakeholder relations management
• Corporate Support Services
  ◦ HR management
  ◦ ICT Management
• Financial management
	Destination Marketing
	
	• Marketing the province as a destination
	• Marketing of products / attractions as destinations within the province
	
	Internal Business Excellence within NWTB
	
	• Business management / leadership
	  ◦ Business planning, organisation culture development, business performance management)
	• Resource management
	  ◦ Infrastructure / facilities management
	  ◦ Information / knowledge management

12. REVISION TO LEGISTLATIVE

The entity is still governed by the North West Tourism Board Act 02 of 2015 and is still registered as a schedule 3c entity with the relevant Treasury.

12.1 CONSTITUTIONAL MANDATE

The constitutional mandate governing the entity has not changed. The entity is still in an area of concurrent jurisdiction in regards to Tourism of both the Provincial and National Government in terms of section 4 of the Constitution of South Africa.

12.2 LEGISLATIVE MANDATES

The legislative mandates that govern the North West Tourism Board has not changed. (Please refer to point 7.2 of the Annual Report)

12.3 POLICY MANDATES

After the National Elections in May 2019, the 6th administration had then subsequently reconfigured the North West Provincial Departments. The North West Department of Tourism (DOT) in which the North West Tourism Board reported to directly was no longer a stand-alone department. The DOT was incorporated into a bigger Department currently known as the North West Department of Economic Development, Environment, Conservation and Tourism, administered by the Honourable MEC, Ms Kenetswe Mosenogi. There was also an EXCO resolution to amalgamate the North West Tourism Board and North West Parks Board which will successively see these entities as one. The implementation of the EXCO resolution is imminent and is likely to be implemented in the 2020/21 financial period.

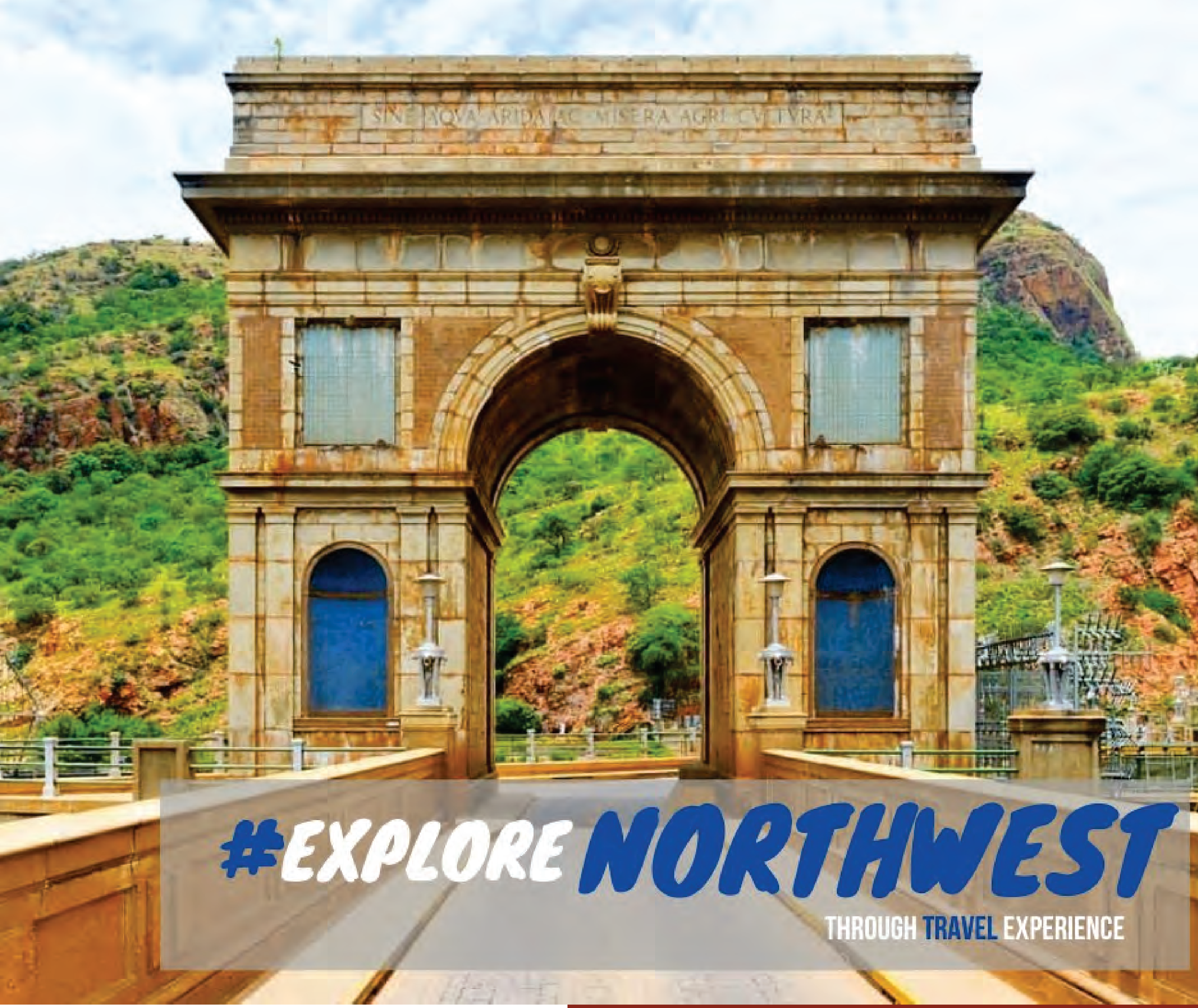
13. FINANCIAL VIABILITY

The table below is a high-level overview of the entity's financial viability as at year-end. The financial viability assessment provides useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. The financial viability assessment is expected to enhance timely remedial decision-making and policy reforms where financial viability may be at risk. The information is used to complement, rather than substitute, the entities own financial assessment.

FINANCIAL VIABILITY ASSESSMENT		
		AS AT 31 MARCH 2020
REVENUE MANAGEMENT		
1.1	Debtor-collection period (after impairment)	**251.1 Days**
1.2	Debtors impairment provision as a percentage of accounts receivable	**44.3 %**
	Amount of debtors impairment provision Amount of accounts receivable	**R 9 246 177** **R 20 857 555**
ASSET AND LIABILITY MANAGEMENT		
2.1	A deficit for the year was realised (total expenditure exceeded total revenue)	**Yes**
	Amount of the surplus / (deficit) for the year	**(R 10 370 851)**
2.2	A net current liability position was realised (total current liabilities exceeded total current assets)	**No**
	Amount of the net current assets / (liability) position	**R 3 206 634**
2.3	A net liability position was realised (total liabilities exceeded total assets)	**No**
	Amount of the net asset / (liability) position	**R 105 152 438**
CASH MANAGEMENT		
3.1	The year-end bank balance was in overdraft	**No**
	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	**R 16 383 636**
3.2	Net cash flows for the year from operating activities were negative	**Yes**
	Amount of net cash in / (out)flows for the year from operating activities	**(R 5 659 231)**
3.3	Creditors as a percentage of cash and cash equivalents	**99.8 %**
	Amount of creditors (accounts payable)	**R 16 343 854**
	Amount of cash and cash equivalents / (bank overdraft) at year-end	**R 16 383 636**

There has been a decline in the financial viability of the entity, from the previous financial period (2018/19) to the current financial period (2019/20).

The situation is still concerning based on challenges faced at the entity, more focus will be put on debt collection as per section 51(1)(b)(i) of the PFMA and/or Treasury Regulation 31.1.2(a) and (e) to ensure effective and appropriate steps are taken to collect all money due to the entity.



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GOVERNANCE

14. 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 and run in tandem with the principles contained in the King IV report on Corporate Governance for South Africa 2016.

The board is ultimately responsible to carry out its functions through application of good corporate governance principles. The entity carries out its functions through legislative committees, the board, and board committees.

15. PORTFOLIO COMMITTEES

The entity has tabled strategic documents, such as the Strategic Plan, Annual Performance Plan, and Quarterly Performance Reports with the Portfolio Committee on Tourism, which has subsequently been transformed into the Portfolio Committee on Economic Development, Environment, Tourism, Agriculture and Rural Development after inauguration of the 6^{th} administration, chaired by the Honorable B Lenkopane. The entity has also prepared and tabled other documents/reports requested by the committee in order to satisfy itself of processes, procedures and control environment within the entity.

The entity was also able to respond successfully to the queries raised during the sittings of these committees, by providing supporting evidence on request to the committee members on a timely basis through the mother department and giving thorough explanations that do not leave any member in abyss.

16. ACCOUNTING AUTHORITY

The North West Tourism Board is established in terms of section 3 of the North West Tourism Board Act 2 of 2015 as a juristic person, which is listed as a schedule 3c public entity in terms of the Public Finance Management Act (PFMA) of 1999. The board of NWTB is established as a non-executive board, responsible to control the affairs of the NWTB as the Accounting Authority of the NWTB in terms of section 49(2) of the PFMA, direct the affairs of the NWTB in accordance with its mandate and the provision of the South African Constitution. The roles and responsibilities of the board are stipulated in the board charter and the NWTB Act.

BOARD CHARTER AND SUB-COMMITTEE CHARTERS

As recommended by the King IV Report of Corporate Governance, and as stipulated in the NWTB Act, the board and its sub-committees have charters that set out their roles, responsibilities and functions as follows:

- Giving strategic direction and leadership to the NWTB;
- Ensuring effective decision making;

- Ensuring coordination, monitoring and implementation of Board policies;
- Maintaining the effectiveness and integrity of Board systems;
- Determining policy; and
- Takes responsibility as the accounting authority for the entities actions.

COMPOSITION OF THE BOARD

The board comprises of a minimum of 5 and maximum of 9 non-executive Directors appointed in terms of Section 7 of the North West Tourism Board Act No. 2 of 2015 by the Executive Council of the North West Province and Member of Executive Council responsible for Tourism for a period not exceeding three (3) years, but will be eligible for re-appointment for a further term of office not exceeding another 3 years.

The CEO of North West tourism board is an ex-officio member of the board and does not vote during the decision making process of the board. A member of the staff of the board may on invitation by the relevant committee attend a meeting of that committee without any voting right at a meeting of the committee.
The board attended ordinary board meetings as follows:

Sub-Committee	# of Ordinary Meetings held	# of Members	Name of members
01/04/2019 – 31/03/2020			
Board	3	9	Mr Vincent Phusoane (Chairperson)
			Mr Obakeng Kgomo (Deputy Chairperson)
			Mr Baba Monare
			Mr Solly Lekhu
			Ms Faith Losaba
			Ms Elizabeth Mabebe
			Ms Lesedi Sello
			Ms Slauzy Mogami
			Adv Mothusi Tsineng – Ex Officio

SUB-COMMITTEE OF THE BOARD

The board has established the following Sub-Committees that are governed by their respective charters approved by the chairperson of the board, these sub-committees serve different purposes in the efficient and effective running of the board:

- Human Resources,
- Finance and Governance Committee;
- Audit and Risk Committee;
- Marketing Committee; and
- Training Committee.

GENERAL FUNCTIONS OF THE BOARD COMMITTEES

The general functions of the board committees are to:

- Engage in creative and collaborative interaction on issues affecting the entire organisation and develop board memorandum relating to policy development and service delivery needs of the organisation;
- Ensure the efficient, effective and economical operations of the respective portfolios in which they direct;
- Strengthen capacity and systems development for integrated planning, coordination, monitoring and evaluation; and
- Make recommendations to the board.

The committees of the board attended ordinary meetings as follows:

Sub-Committee	# of Meetings held	# of Members	Name of members
01/04/2019 – 31/03/2020			
Audit and Risk Committee	0	4	Mr Andrew Kyereh - Chairperson
			Mr Baba Monare
			Mr Obakeng Kgomo
			Mr Solly Lekhu
Marketing Committee	1	3	Ms Slauzy Mogami - Chairperson
			Ms Elizabeth Mabebe
			Ms Lesedi Sello

Sub-Committee	# of Meetings held	# of Members	Name of members
01/04/2019 – 31/03/2020			
Training Committee	1	3	Ms Faith Losaba - Chairperson Ms Lesedi Sello Mr Solly Lekhu
Finance and Governance committee	1	3	Mr Baba Monare - Chairperson Mr Obakeng Kgomo Ms Slauzy Mogami
Human Resources	1	3	Mr Solly Lekhu - Chairperson Ms Faith Losaba Ms Elizabeth Mabebe

RUMUNERATION OF BOARD MEMEBERS

Remuneration is in line with National Treasury directives.

Refer to note 30 board emoluments of the Annual Financial Statements for 2019/20.

17. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a statutory body established as a committee of the board, in terms of Section 15 of the NWTB Act 2 of 2015, also read together with Section 77 of the Public Finance Management Act No. 29 of 1999, and encompass it with paragraph 3.1.13 of the Treasury Regulations. The Audit and Risk Committee has adopted the terms of reference approved by the board and has discharged its responsibilities and conducted its affairs in accordance with these terms of reference. This report sets the basis for reporting by the Audit and Risk Committee on the oversight responsibilities undertaken by the committee in the financial year ended 31 March 2020.

Key activities and objectives of Audit and Risk Committee

The Audit and Risk Committee of the North West Tourism Board is established as a technical committee to assist the board with the relevant requirements contained in the PFMA of 1999, Treasury Regulations and the North West Tourism Board Act in fulfilling its oversight responsibilities as they relate to the NWTB.

In line with Section 3.1.13 of the Treasury Regulations, key activities and objectives of the ARC are:

- Determining the adequacy and effectiveness of internal control systems, providing the assurance that assets are protected against material loss or unauthorised use and transactions are properly authorised and recorded;
- Performing the function required of it by law and evaluating the effectiveness of the internal controls and the management of risks in compliance with these principles;
- Reviewing the significant accounting and reporting issues, including professional and regulatory pronouncements, and their impact on the financial statements with a view to ensure consistency with the appropriate accounting principles;
- Reviewing the effectiveness of the internal audit function that is performed for the organisation whose responsibilities include the examination and evaluation of the effectiveness of operational activities and systems, together with the attendant business risks and financial control; and
- Review the scope, performance, significant findings and recommendations made by the external auditors from the office of the Auditor General and External Auditors contracted by the Auditor General.

Attendance of Audit and Risk Committee meetings by Audit and Risk Committee Members:

The ARC performed it duties laid upon it in terms of the PFMA Section 77, holding meetings with the key role players. The ARC has 4 members, of which the Chairperson is independent. The ARC is satisfied that its members have the required knowledge and experience to carry out legislated duties in the 2019/20 financial period.

The ARC role and responsibilities were conducted in terms of an approved ARC charter.

Name	Internal or External	Appointment Date
Mr Andrew Kyereh - Chairperson	Independent Non-Executive Chairperson (External)	14/07/2020
Mr Baba Monare	Non-Executive (External)	07/01/2020
Mr Obakeng Kgomo	Non-Executive (External)	07/01/2020
Mr Solly Lekhu	Non-Executive (External)	07/01/2020

The Acting CEO, Acting CFO, Risk and Compliance Manager and the Head of Internal Audit and other executive management team members attended meetings of the ARC by invitation and were encouraged to provide active feedback on matters discussed post financial year end.

17.1 GOVERNANCE OF RISK MANAGEMENT

The committee is required to fulfil an oversight role on financial reporting, internal financial controls, compliance risks, fraud risks and IT risks as it relates to financial reporting. The ARC has:

- Provided an oversight role and responsibilities in the financial reporting, internal financial controls, compliance risks, fraud risks and IT risks. The committee provided oversight in the preparation of accurate financial reporting and monitored compliance with all applicable legal requirements and accounting standards;
- Ensured that the entity has and maintains effective, efficient and transparent systems of financial; risk management, governance and internal control;
- Ensured the enforcement of adequate systems and control processes in the corporation for the safeguarding of assets and the management of the revenue, expenditure and liabilities of the NWTB;
- Ensured corporate accountability and governance and the associated risk in terms of management, assurance and reporting;

The ARC has ensured that the Risk Management department of the entity functions within the Enterprise Risk Management related literature namely the Risk Management Frameworks, Risk Management Policy, and Risk Assessment Plan.

17.2 INTERNAL AUDIT ACTIVITY

The Audit and Risk Committee has a responsibility for the appointment of the Head on Internal Audit, the approving of the Internal Audit Activity (IAA) Charter and ensuring the Internal Audit Activity carries its work in accordance with the IAA plan. The committee has:

- Appointed the Head of Internal Audit and the committee has ensured that the IAA are independent by ensuring the IAA reports functionally to the ARC and administratively to the CEO;
- Approved the Internal Audit Charter for the financial year 2019/20 and provided oversight of the IAA independence and objectivity in discharging their duties in accordance with the International Standards of Professional Practice in Internal Auditing and the approved charter. The committee ensured that the IAA is independent and free of influence by management, carried out assurance duties objectively, empowered the IAA to have unrestricted access to information and records to execute its work without restrictions and impairment in its independence and objectivity;
- Ensured that the IAA is sufficiently resourced to perform and deliver its functional duties to meet its approved IAA plan; and
- Approved the risk based Internal Audit Activity Plan for the financial year 2019/20. The committee evaluated the work of the IAA and is satisfied that the IAA has provided the required assurance on the adequacy and effectiveness of internal control environment in accordance with the a pproved risk based Internal Audit Activity Plan for the financial year 2019/20.

The Internal Audit Activity of the entity has conducted multiple risk based engagements within the entity, the following engagements were performed and completed by the IAA:

Engagement Executed	Status
Quarter 4 Performance Report Review 2018/19	Completed
Annual Performance Report Review 2018/19	Completed
Annual Financial Statements Review 2018/19	Completed
Emergency Expenditure Assessment	Completed
Undue Influence Assessment	Completed
Hotel School Compliance – Follow Up Review	Completed
Performance Information – Follow Up Review	Completed
Entity Policy Review – Follow Up Review	Completed

Engagement Executed	Status
Supply Chain Management – Follow Up Review	Completed
Quarter 1 Performance Report Review	Completed
Quarter 2 Performance Report Review	Completed
Quarter 3 Performance Report Review	Completed
Human Resource Review	Completed

According to the Auditor General South Africa 2019/20 external audit, the Internal Audit Activity of the entity did not receive any external audit findings and maintained their stature in regards to the Status of Drivers of Internal Controls and Level of Assurance Provided as per the AGSA external audit conducted for the year end 31 March 2020.

17.3 EXTERNAL AUDIT

The Audit and Risk Committee has the oversight responsibility over the external auditors, Auditor-General of South Africa. The following oversight responsibilities were carried by the ARC in discharging its duties relating to the external auditors. The committee:

- Ensured that the external auditors are independent and therefore satisfied with the independence and objectivity of the external auditors;
- Satisfied with the qualifications and the level of expertise of the external auditors;
- Provided oversight over the audit strategy presented by external auditors and the plan was approved in the light of costs, resources and areas of audit considered; and
- Reviewed the effectiveness of the external auditors, through the fulfilment of the audit strategy and handling of key accounting treatment and disclosures.

17.4 COMPLIANCE WITH LAWS AND REGULATIONS

The Board strives to comply with all the laws of the country by ensuring that the Act, Regulations and Rules of the Board are amended regularly to accommodate the requirements of new laws of the country or amendments of related legislation. The Board relies on its Internal Audit Activity to constantly evaluate its compliance with all relevant laws and regulations. In this regard, much attention is placed on compliance with those laws and identifying possible areas of deviation or non-compliance, to provide corrective measures or requisite systems of internal control.

18. COMPLIANCE
THROUGH GOVERNACE

18.1 MINIMISING CONFLICT OF INTEREST

Section 10 of the NWTB Act No 2 of 2015, "provides for the disclosure of conflict of interest". The Declaration of Interest Policy and Procedures also, "provides for the disclosure of conflict of interest". A member of the board shall not vote or participate in proceedings when his or her family or business associate has a controlling or financial interest in a matter relating to those proceedings.

On an annual basis all officials of the entity including board members are required to complete a declaration of interest form and submit it to the relevant internal department. The members of the board and sub-committees are also required to fill in a declaration of interest on every board and sub-committee sitting.

18.2 FRAUD AND CORRUPTION

The Board has an approved Fraud Prevention Plan and Fraud Prevention Policy in place which is supported by the antifraud hotline that allows for the whistle blowing of irregularities within the entity for use by both staff and the general public.

18.3 CODE OF CONDUCT

The Board has developed policies and procedures aimed at facilitating excellent Human Resource management and compliance with statutory and legislative processes, good ethics and conduct. The entity also has an approved Staff Code of Conduct Policy, which promotes good ethical behaviour and provides guidelines for constant monitoring.

To ensure compliance with all policies and guidelines for promotion of good ethical behaviour, the management of the entity has been empowered by the above stated policy to take corrective action against employees who are in breach of their contracts of employment, either on account of misconduct or incapacity, nonperformance and/or underperformance. The purpose of these procedures is to provide appropriate processes for dealing with all cases in a manner that is predictable, consistent, fair and in line with the Labour Relations Act and other governing legislative prescripts.

18.4 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

NWTB recognizes and accepts its moral, legal and economic responsibility as an employer for providing a safe and healthy work place and environment for all of its employees. These include improvements in productivity, competitiveness and the quality of life of the employees. The effective management of many health and safety hazards will contribute to improved levels of employees, tourists and students safety. The effective control of source of hazardous substances in workplace will improve levels of health and well-being of employees.

The following are Occupational Health and Safety programmes which the NWTB has engaged:

- Increase Occupational Health and Safety standards and compliance in the workplace;
- To develop and implement OHS Risk Management system in workplace;
- Implement and maintain a safe working environment;
- Develop, implement and monitor policies and procedures; and
- Coordinate the reporting of Injuries on Duties and Compensation for injuries and Disease Claim and processes.

18.5 SOCIAL INVESTMENT

The Hotel School Division of the Board embarked on a number of outreach programmes as part of the Board's Social Investment. The outreach programmes focused on primary schools with feeding schemes and capacitation of the cooks who prepare meals for learners. The programme also focused on emerging enterprises in order to enhance their competitiveness and market readiness.

18.6 COVID 19

The president of the Republic of South Africa, Hon Cyril Ramaphosa announced a National Lockdown which affected all government institutions. The National Lockdown was in line with the National Disaster Management Act which resulted in the barring of all movement and closing down of operations on most government institutions. Importance to the lockdown is the fact that Tourism and Training have been the worsened affected industries within the country to which is the core mandates of the North West Tourism Board. The lockdown is being eased in phases by the national government and as the drivers of Tourism in the Province we anticipate to recover swiftly. The two hotel schools namely Mafikeng Hotel School and Taung Hotel School were then converted into quarantine sites.

18.7 COMPANY SECRETARY

The organisation has appointed the Executive PA to act as an acting Board Secretariat of the entity, a role of which provides secretarial services to the board. The responsibilities of this position entail facilitation of training for board members, facilitation of board and sub-committee meetings, as well as capturing and safeguarding/keeping records and minutes of the board in collaboration with the Chief Governance and Compliance Officer.

Furthermore, the Board Secretariat ensures the attendance of all members of the board to the business of the organisation, in line with code of good governance. The acting Board Secretariat reports to the acting CEO, but remained directly accountable to the board. The Company Secretary position is currently vacant·

19. AUDIT AND RISK

COMMITTEE REPORT

Members and meetings of the Audit and Risk Committee

The Audit and Risk Committee (ARC) performs duties laid upon it in terms of the PFMA Section 77 holding meetings with the key role players. The ARC has four members, of which the Chairperson is independent. The ARC is satisfied that its members have the required knowledge and experience to carry out its legislated duties.

The ARC fulfilled its roles and responsibilities in terms of an approved charter. The ARC chairperson was only appointed post year end and therefore all meetings of the ARC only occurred after 31 March 2020.

The Acting CEO, Acting CFO, Risk and Compliance Manager and Head of Internal Audit attend meetings of the ARC by invitation and are encouraged to provide active feedback on matters.

External Auditors

The Auditor General of South Africa (AGSA) are the external auditors of NWTB in terms all applicable legislation and the ARC has satisfied itself through enquiry that the external auditors are independent as required by the PFMA and applicable auditing standards.

The ARC in consultation with the executive management, agreed to the terms of external audit engagement. The AGSA has audited annual financial statements contained in this annual report and all performance information reported. The audit fee for the external audit has been considered and approved taking into account such factors as audit timelines, extent and scope of work required.

Annual Financial Statements

The ARC conducted a comprehensive review of the Annual Financial Statements (AFS) and is of the view that the opinion expressed by the AGSA is fair. AFS were compiled in terms of GRAP and attention is drawn to the fact that the AFS for the year ended 31 March 2020 was prepared on the basis of accounting policies applicable to a going concern. A going concern status 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 operations.

Internal Audit Activity

The ARC has ensured the independence and objectivity of the Internal Audit Activity (IAA) during the financial year. The ARC approved the risk based annual internal audit plan and the 3- year rolling plan. The IAA has unrestricted access to all functions, records, property and personnel of the NWTB. The IAA report its findings to management and the ARC and has unrestricted direct access to the Chairperson of the ARC.

Accounting practices and internal controls

Internal controls of NWTB were not fully effective as intended, mainly due to the high vacancy rates during the financial year; as a result, the ARC placed limited reliance on them. The board is expected to commence implementing recommendations of the ARC to ensure an improved internal control systems which will be effectively monitored.

The ARC has expressed and recommended certain risk management processes to be implemented by the Board in order to ensure that risk management operates efficiently and effectively.

After a thorough assessment of the internal control systems and oversight over the independence of both Internal and External Auditors, the ARC recommended the adoption and publication to the board of the Annual Financial Statements and Annual Performance Report for the year ended 31 March 2020 respectively.

Signed on behalf of the Audit and Risk Committee.

ANDREW KYEREH
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE
NORTH WEST TOURISM BOARD

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HUMAN RESOURCE MANAGEMENT

20. INTRODUCTION

Overview of HR matters at the public entity

Human Resource Management is the integral part of North West Tourism Board. It is the support structure that enables the entity to perform and realise its objectives.

Set HR priorities for the year under review and the impact of these priorities

Develop and approve the organisational plan for the entity in line with its objectives and mandate.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The North West Tourism Board's workforce planning is guided by an approved Strategic Plan and an approved Annual Performance Plan of the entity.

Employee performance management framework

Effective performance is inculcated through performance management and development system whereby employee performance is assessed on quarterly basis following the performance road map of the entity.

Employee wellness programmes

NWTB recognises its legal and economic responsibility of providing a safe and healthy work environment for all employees and engaging in programs that enhance the well-being of employees.

Policy development

NWTB has policies and procedures in place that promote culture of compliance and consistent human resource management.

Highlight achievements

The absorptions of long standing fixed terms contracts within the structure of the entity.

Challenges faced by the public entity

The entity is unable to fully implement the organisational plan and address vacancy rate due to limited funding and a lack of capacity is experienced across the entity.

Future HR plans /goals

- Review and align the current organisational plan with the organisation's performance plan;
- Develop new policies and review all current Human Resources Policies and Procedures; and
- Develop Human Resource Strategy.

21. HUMAN RESOURCES

OVERSIGHT STATISTICS

Personnel Cost by programme/ activity/ objective

Programme/activity/ objective	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)
Administration	33 750	17 253	13	34	508
Hospitality Training	68 252	38 000	29	126	302
Marketing	27 267	12 360	10	27	458
Total	**129 269**	**67 613**	**52**	**187**	

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 (2 -3) Management	0	0	0	0
Senior Management	9 466	14	11	861
Professional qualified	27 045	40	55	492
Skilled	18 932	28	60	316
Semi -skilled	12 170	18	58	210
Unskilled	0	0	0	0
Total	**67 613**	**100**	**184**	

Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Administration	18, 593	135	0.7	56	2 416.77
Hospitality Training	0	0	0	0	0
Marketing	0	0	0	0	0
Total	**18, 593**	**135**	**0.7**	**56**	**2 416.77**

Employment and vacancies

Programme/activity/objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Administration	30	71	34	38	54
Hospitality Training	103	166	124	41	25
Marketing	26	36	26	10	28
Total	**159**	**273**	**184**	**89**	

Programme/activity/objective	2018/2019 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	0	3	0	3	100
Senior Management	9	22	11	11	50
Professional qualified	56	94	55	39	41
Skilled	48	83	60	25	30
Semi-skilled	46	71	58	11	15
Unskilled	0	0	0	0	0
Total	**159**	**273**	**184**	**89**	

Most of the top and senior management positions have been vacant for the past three years and filled by internal staff on an acting basis. The reason for the vacancies remaining unfilled is the imminent merger between the North West Tourism Board and North West Parks Board that will see duplicate functions which is being reduced by the non-filling of these posts.

Employment changes

Turnover rates provide an indication of trends in employment profile of the North West Tourism Board.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	0	0	0
Senior Management	9	2	0	11
Professional qualified	56	0	1	55
Skilled	48	12	2	60
Semi -skilled	46	12	0	58
Unskilled	0	0	0	0
Total	**159**	**28**	**3**	**184**

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	1	33
Retirement	2	66
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	**3**	**100%**

The reasons for the majority of staff leaving the North West Tourism Board is due to retirement, employees reach their retirement age and therefore have to leave in terms of labour law.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	2
Dismissal	1
Total	**3**

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	4	1	0	0	0	0	0	0
Professional qualified	19	0	0	0	0	0	0	0
Skilled	20	0	0	2	1	1	0	0
Semi-skilled	28	0	1	1	0	1	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	71	1	1	3	1	2	0	1

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	6	0	1	1	0	0	0	0
Professional qualified	34	0	1	0	0	0	1	0
Skilled	39	1	0	2	0	1	0	1
Semi-skilled	29	0	0	0	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	**108**	**1**	**2**	**3**	**0**	**1**	**1**	**2**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	1
Professional qualified	0	1	1	0
Skilled	0	0	0	1
Semi-skilled	0	0	1	0
Unskilled	0	0	0	0
Total	**0**	**1**	**2**	**2**

The Employment Equity Targets are based on the variances of under representation identified through workforce planning. The targets are projected on the basis of under representation gaps identified. The numerical goals are projected numbers of employment guided by the Employment Equity Plan of the organisation. Limited budget impedes the organisation to fill vacant positions and meet the projected targets.

"WE WILL MAKE GOOD ON OUR AMBITION TO MORE THAN DOUBLE INTERNATIONAL TOURIST ARRIVALS TO 21 MILLION BY 2030. THIS WILL BE ACHIEVED THROUGH THE RENEWAL OF THE COUNTRY'S BRAND, INTRODUCING A WORLD-CLASS VISA REGIME AND A SIGNIFICANT FOCUS ON CHINESE AND INDIAN MARKETS AND AIR ARRIVALS FROM THE REST OF OUR CONTINENT."

PRESIDENT CYRIL RAMAPHOSA
STATE OF THE NATION ADDRESS
20 JUNE 2019

tourism
Department:
Tourism
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

South Africa
NORTH WEST PROVINCE

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FINANCIAL INFORMATION

22. BOARD'S RESPONSIBILITY AND APPROVAL

The board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the board to ensure that the annual financial statements fairly present the state of affairs of the NWTB as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The board acknowledge that they are ultimately responsible for the system of internal financial control established by the NWTB and place considerable importance on maintaining a strong control environment. To enable the board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NWTB and all employees are required to maintain the highest ethical standards in ensuring the NWTB's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the NWTB is on identifying, assessing, managing and monitoring all known forms of risk across the NWTB. While operating risk cannot be fully eliminated, the NWTB endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The board has reviewed the NWTB's cash flow forecast for the year 2020/21 financial period and, in the light of this review and the current financial position, they are satisfied that the NWTB has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the NWTB's annual financial statements.

The annual financial statements set out on pages 76 to 127, which have been prepared on the going concern basis, were approved by the board on 31 September 2020 and were signed on its behalf by:

Accounting Authority

23. REPORT OF THE EXTERNAL AUDITOR

Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature on the North West Tourism Board

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the North West Tourism Board set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2020, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the North West Tourism Board 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 qualified opinion

Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions as the entity did not have an adequate system of internal control to account for these receivables and did not keep proper records. I was unable to confirm these receivables by alternative means. In addition, the entity did not correctly assess these receivables for impairment as required by GRAP 104, *Financial instruments*, but I was unable to quantify the resultant misstatement on provision for impairment as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments relating to receivables from exchange transactions of R11 571 980 as disclosed in note 5 or the debt impairment reversal of R186 622 as disclosed in note 22 to the financial statements were necessary.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for debtors with credit balances included in payables from exchange transactions as the entity did not keep proper records of these balances. I was unable to confirm these debtors with credit balances by alternative means. Consequently, I was unable to determine whether any adjustment relating to debtors with credit balances of R2 034 194 included in payables from exchange transactions as disclosed in note 11 to the financial statements was necessary.

Expenditure

5. During 2019, I was unable to obtain sufficient appropriate audit evidence to confirm that goods and services had actually been received for expenditure recognised, as the supporting documentation for the transactions did not provide adequate evidence that the goods and services were actually received at the correct quantity and price. I was unable to determine whether any adjustment to expenditure of R127 555 058 included in the statement of financial performance was necessary. My audit opinion on the financial statements for the period ended 31 March 2019 was modified accordingly. I was still unable to confirm this expenditure by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Irregular expenditure

6. Section 55(2)(b)(i) of the PFMA requires the disclosure of irregular expenditure incurred. The entity made payments of R2 277 650 (2019: R2 158 468) in contravention with the supply chain management requlations which were not included in irregular expenditure disclosed. As the entity did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R38 303 313 (2019: R26 311 814) as disclosed in the note 37 to the financial statements.

Context for the opinion

7. 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.
8. I am independent of the North West Tourism Board 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.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Fruitless and wasteful expenditure

11. As disclosed in note 36 to the financial statements, fruitless and wasteful expenditure of R2 785 was incurred in the current year and fruitless and wasteful expenditure of R258 007 from prior years had not yet been resolved.

Restatement of corresponding figures

12. As disclosed in note 31 to the financial statements, the corresponding figures for 2018-19 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2019.

Responsibilities of the accounting authority for the financial statements

13. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
14. In preparing the financial statements, the accounting authority is responsible for assessing the North West Tourism Board'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 there is no realistic alternative but to do so.

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

15. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. 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 audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of contingent liabilities, related parties, the statement of comparison of budget and actual amounts s and the statement of changes in net assets identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion the value disclosed in note 37 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance of treasury regulations regarding SCM processes that caused majority of the irregular expenditure.

Consequences management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular and fruitless and wasteful expenditure.

Procurement and contract management

30. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.1 and 8.2.

Other information

31. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

32. 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.

33. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

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

The accounting authority did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation. The entity did not have sufficient monitoring controls to ensure that financial statements submitted for audit were accurate and complete.

Senior management did not implement adequate control disciplines over financial reporting and compliance with key legislation. There was a lack of a proper records management system that could support the information reported in the financial statements and as a result material errors and omissions were identified during the audit process.

Documentation required to support the amounts in the financial statements submitted for audit were not adequately maintained and filed and the supply chain management unit of the entity did not always function effectively as incidences of irregular and fruitless and wasteful expenditure were identified.

Internal audit processes did not always identify internal control deficiencies and recommend appropriate corrective action effectively. This resulted in significant and recurring control deficiencies relating to the preparation of financial statements and compliance with legislation. Although the audit committee is effective, it did not achieve the desired impact of improving the audit outcome.

Auditor General

Rustenburg
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 selected programmes 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 the 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 accounting 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 related to events or conditions that may cast significant doubt on the North West Tourism Board's ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

   evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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, related safeguards.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The primary purpose of the entity is to market the province as a tourism destination, provide hospitality, training and skills transfer and to facilitate sustainable responsible tourism development and investment promotion
Members	Lekhu SM Mabebe KE Monare BI Sello LM Mogami SZ Losaba F Adv. Kgomo OB (Deputy Chairperson) Phusoane V (Chairperson) Adv. Tsineng M (Ex Officio - Acting)
Registered office	4142 Nelson Mandela Drive Mmabatho 2735
Business address	4142 Nelson Mandela Drive Mmabatho 2735
Postal address	Private bag X35 Mmabatho 2735
Bankers	First National Bank
Auditors	Auditor General South Africa
Members of Audit committee	Lekhu SM Monare BI Adv. Kgomo OB
Relevant Legislation	Public Finance Managament Act (Act 1 of 1999) North West Tourism Board Act (Act 2 of 2015)

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

GRAP	Generally Recognised Accounting Practice
Entity	North West Tourism Board
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
PFMA	Public Finance Management Act (Act 1 of 1999)
NWTB	North West Tourism Board
The Act	North West Tourism Board Act (ACt 2 of 2015)
Members	Board of Directors
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sports Sector Education Training Authority
DEDECT	Department of Economic Development, Environment, Conservation and Tourism

Board's Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The 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 board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the 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.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements 4.

The annual financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the board on July 29, 2020 and were signed on its behalf by:

Member
Accounting Authority

Board's Report

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

1. Incorporation

The entity was established on 01 June 2015 and obtained its certificate to commence business on the same day. The NWTB was listed in the PFMA as a schedule 3C entity on 24 February 2017.

2. Review of activities

Main business and operations

The primary purpose of the entity is to market the province as a tourism destination, provide hospitality, training and skills transfer and to facilitate sustainable responsible tourism development and investment promotion and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the entity was R 10 370 851 (2019: surplus R 8 873 892).

3. Going concern

We draw attention to the fact that at 31 March 2020, the entity had accumulated surplus of R 105 152 438 and that the entity's total assets exceed its liabilities by R 105 152 438.

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

4. Subsequent events

The Premier of North West Province Professor Job Mokgoro pronounced in the state of the Province address that the NWTB will merge with the NWPB during 2019/2020 financial year. The merger did not occur during the current financial year and the entity still awaits legislation to effect the merger.

During 2020/2021 financial year the transfer payment funding the operations of the NWTB has been reduced with R7 500 000 as a result of the impact of COVID-19. This is part of the provincial contribution to the National disaster management relief provided. The cut will affect the enity's abilities to meet its objectives and performance targets set.

5. Accounting policies

The annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any intepretations of such Statements issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Board

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

Name	Nationality	Changes
Lefenya KO	South African	Resigned Friday, May 31, 2019
Nkagisang MG	South African	Resigned Friday, May 31, 2019
Reetsang WI	South African	Resigned Friday, May 31, 2019
Modiselle IR	South African	Resigned Sunday, June 30, 2019
Mosaka RP	South African	Resigned Friday, May 31, 2019
Dliso J	South AFrican	Resigned Friday, May 31, 2019
Keeme-Gaobepe G	South African	Resigned Friday, May 31, 2019
Mabunda JN (Ex Officio - Acting)	South African	Resigned Friday, May 31, 2019
Lekhu SM	South African	Appointed Tuesday, December 17, 2019
Mabebe KE	South African	Appointed Tuesday, December 17, 2019
Monare BI	South African	Appointed Tuesday, December 17, 2019
Sello LM	South African	Appointed Tuesday, December 17, 2019
Mogami SZ	South African	Appointed Tuesday, December 17, 2019

Board s Report

Losaba F	South African	Appointed Tuesday, December 17, 2019
Adv. Kgomo OB (Deputy Chairperson)	South African	Appointed Tuesday, December 17, 2019
Phusoane V (Chairperson)	South African	Appointed Tuesday, December 17, 2019
Khukhele BS	South African	Resigned Saturday, November 30, 2019
Adv. Tsineng M (Ex Officio - Acting)	South African	Appointed Tuesday, December 17, 2019

7. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is charged with governance through prescripts of the PFMA and conducts its activities as follows:
  - non-executive members, all of whom are independent members as defined in the Code; and
  - the CEO (Ex Officio).
  - executes its oversight through formally consititutted committees

Chair person and chief executive

The Chairperson is a non-executive and independent member (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Board meetings

The board has met on separate occasions during the financial year. The board schedules to meet at least 4 times per annum.

Non-executive members have access to all officials of management of the entity.

8. Auditors

Auditor General South Africa will continue in office for the next financial period, in terms of the Consitution of the Republic of South Africa and the Public Audit Act as amended

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	4	736 046	837 399
Receivables from exchange transactions	5	11 571 980	10 032 372
Receivables from non-exchange transactions	6	39 398	95 694
Cash and cash equivalents	7	16 383 636	25 389 277
		28 731 060	**36 354 742**
Non-Current Assets			
Property, plant and equipment	3	103 070 427	105 924 076
Total Assets		**131 801 487**	**142 278 818**
Liabilities			
Current Liabilities			
Finance lease obligation	8	13 257	36 987
Payables from exchange transactions	11	13 137 516	12 458 326
Payables from non-exchange transactions	12	3 206 338	3 694 075
Unspent conditional grants and receipts	9	9 025 618	9 408 368
Employee benefit obligation	10	141 697	151 214
		25 524 426	**25 748 970**
Non-Current Liabilities			
Finance lease obligation	8	-	13 257
Employee benefit obligation	10	1 124 623	993 306
		1 124 623	**1 006 563**
Total Liabilities		**26 649 049**	**26 755 533**
Net Assets		**105 152 438**	**115 523 285**
Accumulated surplus		105 152 438	115 523 285

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Application fees	13	27 360	25 960
Academic training income	13	1 555 893	11 460 098
Hotel income	13	12 118 168	13 436 865
Other income	15	3 177 221	2 767 669
Interest received	16	1 754 584	1 290 843
Total revenue from exchange transactions		**18 633 226**	**28 981 435**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	17	100 264 600	106 993 000
Public contributions and donations	18	-	27 669
Conditional grants revenue		382 750	603 169
Total revenue from non-exchange transactions		**100 647 350**	**107 623 838**
Total revenue	13	**119 280 576**	**136 605 273**
Expenditure			
Employee related costs	19	(67 613 248)	(61 862 254)
Conditional grants expenses		(382 750)	(603 169)
Depreciation and amortisation		(5 671 003)	(5 449 679)
Impairment loss/ Reversal of impairments	20	-	(22 187)
Finance costs	21	(6 230)	(13 479)
Lease rentals on operating lease		(2 975 283)	(2 700 875)
Debt Impairment/reversal	22	186 622	(1 740 101)
Repairs and maintenance		(3 798 571)	(1 971 375)
General Expenses	23	(48 902 340)	(53 191 939)
Total expenditure		**(129 162 803)**	**(127 555 058)**
Operating (deficit) surplus		**(9 882 227)**	**9 050 215**
Loss on disposal of assets and liabilities		(488 624)	(176 323)
(Deficit) surplus for the year		**(10 370 851)**	**8 873 892**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2018	**103 748 417**	**103 748 417**
Changes in net assets		
Surplus for the year as previously reported	9 100 794	9 100 794
Correction of prior period errors	2 674 074	2 674 074
Total changes	11 774 868	11 774 868
Restated* Balance at 01 April 2019	**115 523 289**	**115 523 289**
Changes in net assets		
Deficit for the year	(10 370 851)	(10 370 851)
Total changes	(10 370 851)	(10 370 851)
Balance at 31 March 2020	**105 152 438**	**105 152 438**

Note(s) 32 & 31

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		15 339 034	23 793 742
Grants public contributions and donations		100 320 896	106 975 996
Interest income		1 754 584	1 290 843
		117 414 514	132 060 581
Payments			
Employee costs		(67 613 248)	(61 862 254)
Suppliers		(55 457 712)	(57 877 811)
Finance costs		(2 785)	(6 446)
		(123 073 745)	(119 746 511)
Net cash flows from operating activities	25	**(5 659 231)**	**12 314 070**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3 602 717)	(949 312)
Proceeds from sale of property, plant and equipment	3	296 739	1
Net cash flows from investing activities		**(3 305 978)**	**(949 311)**
Cash flows from financing activities			
Finance lease payments		(40 432)	(40 431)
Net increase/(decrease) in cash and cash equivalents		**(9 005 641)**	**11 324 328**
Cash and cash equivalents at the beginning of the year		25 389 277	14 064 949
Cash and cash equivalents at the end of the year	7	**16 383 636**	**25 389 277**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Application fees	20 000	-	**20 000**	27 360	**7 360**	40
Academic training income	6 000 000	-	**6 000 000**	1 555 893	**(4 444 107)**	40
Hotel income	16 372 760	-	**16 372 760**	12 118 168	**(4 254 592)**	40
Rent and other income	1 666 240	-	**1 666 240**	3 177 221	**1 510 981**	40
Interest received - investment	1 784 000	-	**1 784 000**	1 754 584	**(29 416)**	40
Total revenue from exchange transactions	**25 843 000**	**-**	**25 843 000**	**18 633 226**	**(7 209 774)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	99 643 000	-	**99 643 000**	100 264 600	**621 600**	40
Conditional grants revenue	-	-	**-**	382 750	**382 750**	40
Total revenue from non-exchange transactions	**99 643 000**	**-**	**99 643 000**	**100 647 350**	**1 004 350**	
Total revenue	**125 486 000**	**-**	**125 486 000**	**119 280 576**	**(6 205 424)**	
Expenditure						
Personnel	(75 097 493)	-	**(75 097 493)**	(67 613 248)	**7 484 245**	40
Conditional grants expenses	-	-	**-**	(382 750)	**(382 750)**	40
Depreciation and amortisation	-	-	**-**	(5 671 003)	**(5 671 003)**	40
Finance costs	-	-	**-**	(6 230)	**(6 230)**	40
Lease rentals on operating leases	(2 663 000)	-	**(2 663 000)**	(2 975 283)	**(312 283)**	40
Debt Impairment	-	-	**-**	186 622	**186 622**	40
Repairs and maintenance	(1 695 000)	-	**(1 695 000)**	(3 798 571)	**(2 103 571)**	40
General Expenses	(45 068 507)	-	**(45 068 507)**	(48 902 340)	**(3 833 833)**	40
Total expenditure	**(124 524 000)**	**-**	**(124 524 000)**	**(129 162 803)**	**(4 638 803)**	
Operating deficit	**962 000**	**-**	**962 000**	**(9 882 227)**	**(10 844 227)**	
Loss on disposal of assets and liabilities	-	-	**-**	(488 624)	**(488 624)**	40
Deficit before taxation	**962 000**	**-**	**962 000**	**(10 370 851)**	**(11 332 851)**	
Deficit for the year from continuing operations	**962 000**	**-**	**962 000**	**(10 370 851)**	**(11 332 851)**	
Capital expenditure	(962 000)	-	**(962 000)**	-	**962 000**	40
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(10 370 851)**	**(10 370 851)**	

Reconciliation

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

The entity has been in operation from 01 June 2015 after the enactment of the North West Tourism Board Act (Act No 2 of 2015).

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

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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

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

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

Land is not depreciated.

Accounting Policies

1.1 Property, plant and equipment (continued)

All other Property, plant and equipment are depreciated on the straight line basis so as to write each asset down to its estimated residual value over their expected useful lives. Depreciation is calculated from their date of purchase to the date of disposal.

The carrying amount of property, plant and equipment shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss from derecognition shall be included in the surplus or deficit when the property, plant and equipment is derecognised.

The Board re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In reassessing the useful lives and residual values of property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used. Land, buildings and infrastructure is re-assessed when significant changes have been identified.

The gain or loss arising from the derecognition of an item of Property Plant & 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 & Equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings and infrastructure	Straight line	4 to 50 years
Furniture and fixtures	Straight line	4 to 8 years
Motor vehicles	Straight line	10 to 23 years
Office equipment	Straight line	4 to 15 years
IT equipment	Straight line	4 to 15 years
Finance lease assets	Straight line	over the lease term

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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements .

1.2 Financial instruments

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

Accounting Policies

1.2 Financial instruments (continued)

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.

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

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

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

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

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 liability is any liability that is a contractual obligation to:

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

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

Accounting Policies

1.2 Financial instruments (continued)

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.

1.3 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.

Accounting Policies

1.3 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.4 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

They consist of consumables used in the provision of hospitality services rendered by the Hotel Schools Division of the North West Tourism Board.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.5 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

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 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:
- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.6 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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.

Accounting Policies

1.6 Impairment of non-cash-generating assets (continued)

Useful life is either:
- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) 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:

1.7 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.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

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

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

Accounting Policies

1.7 Employee benefits (continued)

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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

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

The North West Tourism Board contributes to a defined contribution plan,that is, the North West Parks and Tourism Board Provident Fund registered under and governed by the Pension Funds Act,1956, as amended. These contributions are recognised as an expense in the Statement of Finanancial Performance. The amount of post-employment benefits received by an employee is therefore determined by these contributions. Actuarial and investment risk, in consequence, falls on the employee.

Accounting Policies

1.7 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.8 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 deficits.

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.

Accounting Policies

1.8 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-ocurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events and whose existence will be only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation arises from past events but is recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the obligation cannot be measured with sufficient reliability.

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

The provision for long service relates to the board's estimated liabilities arising as a result of services rendered by employees. This provision is based on rates approved in the Board's policies

1.9 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.10 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

Accounting Policies

1.10 Revenue from exchange transactions (continued)

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue arising from the hospitality and related training services is recognised on an accrual basis.

Interest and service fees

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

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

Interest is recognised, 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.

1.11 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.

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.

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

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.

1.12 Investment income

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

1.13 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.

In terms of section 32.1.1 of the Treasury Regulations Public Entity Limited may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions

1.14 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.15 Fruitless and wasteful expenditure

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

Accounting Policies

1.15 Fruitless and wasteful expenditure (continued)

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.

1.16 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 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.

1.17 Budget information

Budgets are not prepared on a comparable basis to the financial statements. Financial statements are prepared on an accrual basis and the budget on a cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per Statement of Financial Performance and budgeted surplus/(deficit) is included in the Statement of Comparison of Budget and Actual Amounts. An explanation of material differences between the budget and actual amounts in included.

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

1.18 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

Accounting Policies

1.18 Related parties (continued)

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Related party transactions will only be disclosed when those transactions occur other than in accordance with the operating parameters established in the normal course of business on terms and conditions that are no more or less favourable than those it is reasonable to expect the North West Tourism Board to have adopted if dealing with an individual entity or person in the same circumstances. Related party transactions include transactions entered into with its reporting body, i.e. the North West Province and the Department of Tourism as well as the North West Parks Board.

1.19 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.

1.20 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.22 Taxation

The North West Tourism Board is a provincial public entity which is exempt from South African normal taxation

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecogntion of Land	01 April 2019	The impact of the is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2017	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	100 000	-	100 000	100 000	-	100 000
Buildings	117 211 600	(20 321 416)	96 890 184	114 827 576	(15 986 779)	98 840 797
Furniture and fixtures	6 867 157	(2 444 444)	4 422 713	6 260 868	(1 833 020)	4 427 848
Motor vehicles	561 434	(375 024)	186 410	1 027 621	(539 269)	488 352
IT equipment	2 536 535	(1 076 996)	1 459 539	3 165 844	(1 144 963)	2 020 881
Capitalised leased Assets	103 862	(92 281)	11 581	103 862	(57 664)	46 198
Total	**127 380 588**	**(24 310 161)**	**103 070 427**	**125 485 771**	**(19 561 695)**	**105 924 076**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	100 000	-	-	-	100 000
Buildings	98 840 797	2 546 211	(78 700)	(4 418 124)	96 890 184
Furniture and fixtures	4 427 848	1 024 906	(296 740)	(733 301)	4 422 713
Motor vehicles	488 352	-	(238 736)	(63 206)	186 410
IT equipment	2 020 881	31 600	(171 187)	(421 755)	1 459 539
Capitalised leased Assets	46 198	-	-	(34 617)	11 581
	105 924 076	**3 602 717**	**(785 363)**	**(5 671 003)**	**103 070 427**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Land	100 000	-	-	-	-	-	100 000
Buildings and infrastructure	102 857 049	316 616	(31 238)	-	(4 301 630)	-	98 840 797
Furniture and fixtures	4 350 127	163 182	(136 558)	669 029	(617 932)	-	4 427 848
Motor vehicles	568 126	-	-	-	(79 774)	-	488 352
IT equipment	1 888 917	469 514	(8 528)	108 121	(414 956)	(22 187)	2 020 881
Capitalised leased Assets	80 816	-	-	-	(34 618)	-	46 198
	109 845 035	**949 312**	**(176 324)**	**777 150**	**(5 448 910)**	**(22 187)**	**105 924 076**

Included in buildings are residential accomodation facilities at the hotel schools. This is owner-occupied property held for future use as owner occupied property. Several of these facilities are being rented to third parties and generate rental incomeincidental to the primary business operations. The portion currently privately occupied is not significant in relation to the total residential accomodation property. The total rental received amounts to R1 774 607 (2019: R1 806 930)

A PABX/Switchboard system is encumbered by a finance lease as disclosed under finance lease liabilities note 8.

Split of property plant and equipment

The property, plant and equipment specifically identified as tourism related assets were transferred to NWTB in 2016. The movable assets in the custody of the employees now placed in the NWTB were also transferred to the Board

As per GRAP 105, Transfer of Functions between entities under common control, the assets transferred to NWTB at carrying value. A register of the property, plant and equipment can be provided.

The property, plant and equipment specifically identified as tourism related assets were transferred to NWTB in 2016. The movable assets in the custody of the employees now placed in the NWTB were also transferred to the Board.

As per GRAP 105, Transfer of Functions between entities under common control, the assets transferred to NWTB at carrying value. A register of the property, plant and equipment can be provided.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

4. Inventories

Consumable stores	736 046	837 399

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Receivables from exchange transactions

Trade debtors	11 571 980	10 032 372

The above receivables and prepayments are expected to be realised within the next financial year, and certain categories of accounts receivable bear interest at rates determined by the Minister of Finance. The applicable rate at year end was 8.75% (2019: 10.25%).

The members consider that the carrying amount of trade and other receivables approximates their fair value. No receivables were pledged for security for any financial liability.

Credit quality of trade and other receivables

The credit rating used to rate the credit quality in categories to determine an adequate level of impairment, is based on the debtors' nature, payment history and whether or not the debtor might be a recipient of a bursary.

This information is used to score each debtor according to the guidance issued by National Treasury with regards to the impairment of receivables.

Trade and other debtors comprise a widespread customer base and the Board performs ongoing credit evaluations of the recoverability of these debts. There is no significant credit risk attached to these debtors that has not been provided for as doubtful.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2020, R 6 581 266 (2019: R 11 019 635) were past due but not impaired.

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

	2020	2019
Category		
Mafikeng hotel school trade debtors	2 042 543	3 020 806
Taung hotel school trade debtors	1 296 375	1 506 641
Cookes lake trade debtors	154 102	4 847 959
Mafikeng hotel school students debtors	2 714 259	1 229 568
Taung hotel school students debtors	373 987	258 257
Other	-	156 404
	6 581 266	**11 019 635**

The ageing of receivables prior to impairment and disclosure re-allocations such as debtors with credit balances were as follows:

Ageing of receivables		
Current and 1-30 days	(2 364 538)	272 650
31-60 days	4 462 533	6 181 106
61 - 90 days	(532 519)	(563 542)
Over 90 days	16 441 392	13 756 868
	18 006 868	**19 647 082**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

5. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 31 March 2020, trade and other receivables of R 9 229 521 (2019: R 9 416 143) were impaired and provided for.

The amount of the provision was R (9 229 521) as of 31 March 2020 (2019: R 9 416 143).

The ageing of these loans is as follows:

Over 3 months	9 229 521	9 416 143

Reconciliation of provision for impairment of trade and other receivables

Opening balance	9 416 143	7 676 042
Provision for impairment	(186 622)	1 740 101
	9 229 521	**9 416 143**

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

The impairment for receivables is calculated identifying receivables individually. Receivables which could not be identified individually as being impaired were 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 balances in the portfolio.

6. Receivables from non-exchange transactions

Staff and sundry debtors	39 398	93 433
Creditors with debit balances	-	2 261
	39 398	**95 694**

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2020, R 16 656 (2019: R 95 694) were past due but not impaired.

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

Ageing of receivables past due but not impaired	2020	2019
1 month past due	-	70 877
2 months past due	(10 204)	(29 327)
3 months past due	26 860	54 144
	16 656	**95 694**

Receivables from non-exchange transactions impaired

The entity does not impair or charge interest on staff debtors.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

7. Cash and cash equivalents (continued)

Cash on hand	9 650	9 650
Bank balances	161 680	390 346
Short-term deposits	16 212 306	24 989 281
	16 383 636	**25 389 277**

Bank balances and cash comprise short-term highly liquid investments that are held with registered banking institutions with maturities of six months or less and that are subject to insignificant interest rate risk. The carrying amounts of these assets approximate their fair value.

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 counterparty default rates:

Credit rating		
First Rand Bank Limited (S&P stable outlook BB rating)	16 383 636	25 389 277

The NWTB had the following bank accounts	**Bank statement balance 2020**	**Bank statement balance 2019**	**Cash book balances 2020**	**Cash book balances 2019**
FNB Hotel account	133 143	198 193	133 143	200 503
FNB Main account	26 804	186 997	26 804	186 997
FNB Salary account	1 733	2 846	1 733	2 846
FNB Main call account	15 839 342	24 969 135	15 839 342	24 969 135
FNB NTCE call account	367 731	15 067	367 731	15 067
FNB Tourism safety call account	5 232	5 078	5 232	5 078
	16 373 985	**25 377 316**	**16 373 985**	**25 379 626**

Cash and cash equivalents pledged as collateral

There were no financial assets pledged as collateral

8. Finance lease obligation

Minimum lease payments due		
- within one year	13 257	40 432
Present value of minimum lease payments due		
- within one year	13 257	50 244
Non-current liabilities	-	13 257
Current liabilities	13 257	36 987
	13 257	**50 244**

The finance lease is secured by equipment with a carrying value of R11 581(2019: R46 198).

The lease commenced on 1 August 2017 and is repayable in intsallments of R3 369.29

Interest rates are fixed at the contract date at 10.25%. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
2010 Tourism promotion project grant	3 888	3 888
Hotel schools repairs and maintenance fund	1 046	1 046
Taung hotel school upgrading fund	1 533 884	1 533 884
Hotel school infrastructure, equipment and security projects	4 948 918	5 331 668
Mafikeng hotel school library fund	2 537 882	2 537 882
	9 025 618	**9 408 368**

Movement during the year

Balance at the beginning of the year	9 408 368	10 011 537
Income recognition during the year	(382 750)	(603 169)
	9 025 618	**9 408 368**

These amounts are invested in a ring-fenced investment until utilised.

10.3. 2010 Tourism project fund

Balance unspent at the beginning and end of the year	3 888	3 888

This grant was received for the marketing of the soccer world cup in 2010.

10.2. Hotel schools repairs and maintenance grant

Balance unspent at the beginnning and end of the year	1 046	1 046

The grant remains unpsent and will be utilised for repairs and maintenance at Mafikeng hotel school

10.3. Taung hotel school upgrading fund

Balance unspent at the beginning and end of the year	1 533 884	1 533 884

This grant was to be utelised for the upgrading and renovation of the Taung hotel school into a training facility

10.4. Hotel school infrastructure, equipment and security projects

Balance unspent at beginning of the year	5 331 669	5 934 838
Conditions met transferred to revenue		
- Security services	(382 750)	(366 072)
- Equipment maintenance	-	(237 097)
	4 948 919	**5 331 669**

The grant is for infrastructure development at Taung hotel school as well as for infrastructure and related costs at the Mafikeng hotel school and the payment of security services for the Orkney hotel school.

10.5. Mafikeng hotel school library fund

Balance unspent at the beginning of the year	2 537 883	2 537 883

This grant was received from the National lottery fund for the construction of a library facility at Mafikeng hotel school

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

10. Employee benefit obligation

Reconciliation of employee benefit obligation - 2020

	Opening Balance	Change in actuarial estimate	Total
Long service awards	1 144 520	121 800	1 266 320

Reconciliation of employee benefit obligation - 2019

	Opening Balance	Additions	Total
Long services awards	891 834	252 686	1 144 520

	2020	2019
Non-current liabilities	1 124 623	993 306
Current liabilities	141 697	151 214
	1 266 320	**1 144 520**

The provision for long service relates to the Board's estimated liabilities arising as a result of services rendered by employees. This provision is based on rates approved in the Board's policies.

The employee benefit obligation includes an interest cost of R94 920 [2019: R96 921] and actuarial (gains) and losses of R48 021 [2019: (R239 083)].

The actuarial valuation was performed by One Pangaea Expertise and Solutions, Registered Actuaries as at 31 March 2020.

Summary of Assumptions.

The long service bonus awards are payable to employees who have completed uninterrupted milestone service with the NWTB. The once of payments are subject to annual inflationary adjustments via the Consumer Price Inflation (CPI). Below we detail the determination of the economic assumptions applied to the valuation data.

Accounting Standard GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

Due to guidance received from the auditing profession, the methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 31 March 2019 the duration of liabilities was 6.62 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 March 2020 is 10.56% per annum. The assumed discount rate used at the previous valuation, 31 March 2019, was 8.88% per annum.

As mentioned in the paragraph above, the duration of liabilities was estimated to be 6.62 years at the previous valuation date of 31 March 2019. At 31 March 2020 the yield on inflation-linked bonds of a similar term was about 4.75% per annum. This implies an underlying expectation of inflation of 5.55% per annum ([1 + 10.56%] / [1 + 4.75%] - 1).

However, it is the relative levels of the discount rate and CPI, to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.75% per annum ([1 + 10.56%] / [1 + 5.55%] - 1).

The key assumptions used in the valuation, with the prior years’ assumptions shown for comparison, are summarised below:

Actuarial assumptions	**31 March 2020**	**31 March 2019**
Discount rate (%)	10.56%	8.88%
CPI	5.55%	5.46%
Net Discount rate (CPI)	4.75%	3.24%

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

11. Payables from exchange transactions

Trade payables	3 632 717	4 573 239
Payments received in advance	48 260	5 850
Retentions	34 444	-
Accrued expense	34 560	134 578
13th cheque and leave pay provision	6 978 218	6 256 994
Salary control	7 680	-
Debtors with credit balances	2 034 194	1 487 665
NTCE Liability	367 443	-
	13 137 516	**12 458 326**

The above payables are expected to be settled within the next financial year, and do not bear any interest. The carrying amount of trade and other payables approximate their fair values.

Trade payables age analysis

Current (0 -30 day)	1 868 757	2 641 757
31 - 60 days	527 046	385 116
61 - 90 days	143 474	65 785
90 + days	1 093 439	730 659
	3 632 716	**3 823 317**

12. Payables from non-exchange transactions

Training deposits	1 017 254	924 653
Bursary sponsorships and learnerships	1 697 225	2 105 975
Sundry creditors	491 859	663 447
	3 206 338	**3 694 075**

The above payables are expected to be settled within the next financial year, and do not bear interest. The carrying amounts of payables from non-exchange transactions approximate their fair value

13. Revenue

Application fees	27 360	25 960
Academic training	1 555 893	11 460 098
Hotel income	12 118 168	13 436 865
Rental and other income	3 177 221	2 767 669
Interest received - investment	1 754 584	1 290 843
Government grants & subsidies	100 264 600	106 993 000
Public contributions and donations	-	27 669
Conditional grants income	382 750	603 169
	119 280 576	**136 605 273**

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

Application fees	27 360	25 960
Academic training	1 555 893	11 460 098
Hotel income	12 118 168	13 436 865
Rental and other income	3 177 221	2 767 669
Interest received - investment	1 754 584	1 290 843
	18 633 226	**28 981 435**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

13. Revenue (continued)

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

Transfer revenue		
Government grants & subsidies	100 264 600	106 993 000
Public contributions and donations	-	27 669
Conditional grants income	382 750	603 169
	100 647 350	**107 623 838**

Changes in level of government grants

Significant budget cuts have been effected for the 2020/2021 financial year. Due to the current uncertainty regarding the impact of COVID-19, changes in the level of government grant funding expected over the forthcoming 3 financial years cannot be confirmed.

14. Other revenue

Rental and other income	3 177 221	2 767 669

15. Other income

Rental income	1 774 607	1 807 411
Sundry income	1 169 159	179 954
Insurance settlements	233 455	2 385
Depreciation recovery from change in estimate	-	777 919
	3 177 221	**2 767 669**

16. Investment revenue

Interest revenue		
Bank	1 029 613	868 059
Interest charged on trade and other receivables	724 971	422 784
	1 754 584	**1 290 843**

17. Government grants and subsidies

Operating grants		
Equitable share	99 643 000	106 993 000
CATHSSETA grants	621 600	-
	100 264 600	**106 993 000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

18. Public contributions and donations

Donations received	-	27 669

Conditions still to be met - remain liabilities (see note 9)

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

19. Employee related costs

Basic	46 712 624	43 637 240
Medical aid - company contributions	-	25 785
UIF	328 021	309 686
SDL	555 245	521 538
Other short term costs	5 524 581	3 662 241
Long-service awards	262 799	1 251 059
13th Cheques	2 996 149	2 553 998
Acting allowances	784 850	589 011
Car allowance	431 100	542 712
Provident fund	9 770 870	8 486 959
Funeral cover contribution	56 559	49 725
Cellphone allowance	156 900	196 800
Shift allowance	33 550	35 500
	67 613 248	**61 862 254**

Details of remuneration of executives are disclosed in the Related party note 29

20. Impairment of assets

Impairments		
Property, plant and equipment	-	22 187

21. Finance costs

Trade and other payables	2 785	6 446
Finance leases	3 445	7 033
	6 230	**13 479**

22. Debt impairment

Debt impairment	(186 622)	1 740 101

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

23. General expenses

Advertising	370 943	289 076
Auditors remuneration	3 404 428	2 301 499
Bank charges	153 752	175 099
Cleaning	1 389 316	1 481 884
Consulting and professional fees	1 101 432	13 250
Consumables	472 700	377 390
Delivery expenses	299 174	4 382
Salaries - temporary workers	110 450	194 210
Guest supplies	184 973	175 891
Insurance	430 892	393 724
Kitchen fuel	215 786	268 456
Board expenses	689 632	1 551 083
Beverage expenses	1 560 107	1 423 579
Marketing - show and exhibitions	5 039 070	5 560 138
Marketing promotions	5 250 939	7 336 937
Levies	336 955	318 494
Motor vehicle expenses	128 382	313 349
Rates and taxes	852 012	852 012
Pest control	145 005	98 602
Printing and stationery	644 331	609 763
Product and development costs	821 470	1 430 204
Employment equity and employee relations	4 950	51 550
Security	5 750 400	5 867 315
Software expenses	70 673	53 250
Staff welfare	343 840	342 721
Subsistence	1 611 393	2 028 740
Telephone and fax	683 823	876 614
Training	1 891 491	3 402 199
Travel - local	2 194 162	2 317 459
Travel - overseas	-	308 579
Loose tools	323 110	95 173
Water and electricity	4 267 239	3 605 140
Uniforms	743 835	542 531
Food costs	5 511 944	6 805 452
Recruitment costs	-	117 241
License and membership fees	359 039	335 364
Laundry	712 628	276 040
Learnership	311 094	-
Covid -19 related expenses	38 500	-
Refunds	82 547	135 181
Graduation ceremony	173 019	111 900
Staff meetings	64 688	138 198
Special projects	162 216	612 270
	48 902 340	**53 191 939**

24. Auditors' remuneration

Fees	3 404 428	2 301 499

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

25. Cash (used in) generated from operations

(Deficit) surplus	(10 370 851)	8 873 892
Adjustments for:		
Depreciation and amortisation	5 671 003	5 449 679
Gain on sale of assets and liabilities	488 624	176 323
Finance costs - Finance leases	3 445	7 033
Impairment deficit	-	22 187
Debt impairment	(186 622)	1 740 101
Movements in provisions	121 800	252 686
Other non-cash items	4	(777 917)
Changes in working capital:		
Inventories	101 353	(411 445)
Receivables from exchange transactions	(1 539 608)	(3 896 850)
Consumer debtors	186 622	(1 740 101)
Other receivables from non-exchange transactions	56 296	(44 673)
Payables from exchange transactions	679 190	1 655 776
Payables from non - exchange transactions	(487 737)	1 610 548
Unspent conditional grants and receipts	(382 750)	(603 169)
	(5 659 231)	**12 314 070**

26. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	11 571 980	11 571 980
Other receivables from non-exchange transactions	39 398	39 398
Cash and cash equivalents	16 383 636	16 383 636
	27 995 014	**27 995 014**

Financial liabilities

	At amortised cost	Total
Unspent conditional grants	9 025 618	9 025 618
Trade and other payables from exchange transactions	13 137 516	13 137 516
Payables from non-exchange transactions	3 206 338	3 206 338
Finance lease obligation	13 257	13 257
	25 382 729	**25 382 729**

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	10 032 372	10 032 372
Other receivables from non-exchange transactions	95 694	95 694
Cash and cash equivalents	25 389 277	25 389 277
	35 517 343	**35 517 343**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

26. Financial instruments disclosure (continued)

	At amortised cost	Total
Unspent conditional grants and receipts	9 408 367	9 408 367
Trade and other payables from exchange transactions	12 458 326	12 458 326
Trade and other payables from non-exchange transactions	3 694 075	3 694 075
Finance leases	50 244	50 244
	25 611 012	**25 611 012**

27. Commitments

Authorised capital expenditure

	2020	2019
Already contracted for and provided for		
• Authorised capital expenditure Mafikeng hotel school guardhouse	34 444	378 882
Total capital commitments		
Already contracted for and provided for	34 444	378 882

A capital commitment has been made during March 2019 for the construction of a guard house at the mafikeng Hotel School entrance gate (Montoza Engineering Projects 10CC). The project commenced with construction during April 2019 and has been completed. The value thereof has been disclosed above.

A retention of 10% has been withheld for the current year and is disclosed under current liabities note .11

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

28. Contingent liabilities

NITELITE PROMOTIONS (PTY) LTD

NiteLite Promotions has issued a summons against NWTB. The service provider is claiming for services alleged to be have been procured by NWTB. The service provider was requested to submit a quote for sound services to be rendered during the Botswana Marketing Campaign held in August 2016. After the completion of the supply chain process a different service provider was appointed.

NiteLite Promotions was however requested telephonically to render services by a former NWTB official, M Kakula

The NWTB does not have internal legal services and therefore referred this matter to the Department of Tourism's legal unit for assistance. The DOT legal unit has referred the matter to the State Attorney's Office and a meeting was held on 22/05/2017 to deal with the matter and advise on a way forward.

The Board was contesting the matter with the assistance of the State Attorneys Office. As the outcome cannot presently be determined, a contingent liability is estimated at the amount of R115 000.

There have been no other legal steps taken by the service provider during the 2019/2020 financial year nor has the NWTB received any further notifications or correspondence in this regard from the service provider.

BUXTON AIRFIELD VISION INVESTMENTS (PTY) LTD

A purchase order was issued in June 2018 to Buxton Airfield Vision Investments (Pty) Ltd for the supply and delivery of marketing collateral material as part of a sponsorship made by NWTB toward the South African Theatre Practitioners in Advancement, for an amount of R184 280. The NWTB does not have confirmation on whether or not the marketing material was supplied and delivered to the sponsor and as a result could not establish whether a liability exists. No payments have been made in this regard. The matter remains uncertain.

TAUNG HOTEL SCHOOL AND CONFERENCE CENTRE LAND

The former North West Park and Tourism Board (NWPTB) acquired the Taung Hotel School and Conference Centre in February 2014. As this is a tourism asset it was transferred to the North West Tourism Board at the time of the NWTB's establishment on 01 June 2015.

The Taung Hotel School and Conference Centre is situated on tribal land administered by the relevant tribal authority. The former NWPTB did not enter into any agreements with the relevant tribal authority with regard to the use of the land and as a result no committment was transferred to the NWTB in this regard.

It is expected that the NWTB will be liable for payment for the use of the land since the acquisition of the related infrastructure and improvements thereon, that is, February 2014.

Due to the uncertainty of the matter the outcome cannot presently be determined and no provision that might result has been made in the financial statements.

THITO ENTERPRISES (PTY) LTD

Thito Enterprises (Pty) Ltd were allegedly appointed to render cleaning and fumigations services in May/June 2019. The required supply chain management processes were not followed in this regard. The service provider claimed services rendered at exorbitant amounts; the NWTB is contesting the value of the alleged services rendered. The matter is currently following a legal dispute process and the outcome thereof cannot be presently determined, a contingent liability is estimated at the amount of R857 419.

LABOUR DISPUTES

Several employees have lodged claims with the CCMA for cases relating to unfair labour practices and other labour disputes including constructive dismissal. These matters are still pending and their outcomes cannot presently be determined, no provision has been made in the financial statements. The total estimated costs of these claims are R3 985 592.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

29. Related parties

Relationships

Accounting officers	Refer to members' report note 30
Related Parties	National Department of Tourism North West Department of Tourism North West Parks Board North West Department of Public Works CATHSSETA North West DEDECT
Members of key management	Refer to note 29

Related party balances

	2020	2019
Amounts included in Trade receivable regarding related parties		
CATHSSETA	380 304	277 316
North West DEDECT	1 326 959	1 278 338
North West Provincial Department of Public Works	43 179	48 699
North West Parks Board	1	37 576
Amounts included in Trade Payables regarding related parties		
North West Parks Board	(172 737)	(23 952)

Related party transactions

	2020	2019
Transfer Revenue received from related parties		
CATHSSETA National Tourism Career Expo (NTCE) funding	2 303 029	2 093 663
CATHSSETA learnership funding	621 600	781 411
National Department of Tourism funding	5 314 683	4 248 000
North West DEDECT funding	104 474 530	113 773 509
Purchases from (sales to) related parties		
North West Department of Public Works	(24 101)	(5 520)
Noth West Parks Board	(402 000)	(100 208)
North West Parks Board	463 908	683 263
North West DEDECT	(48 621)	(92 028)
National Department of Tourism	-	(89 198)

All entities and departments in the North West Province are related parties.

Remuneration of management

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

29. Related parties (continued)

Executive management

2020

Name	Basic salary	Car allowance	Contributions to UIF, medical and pension funds	Reimbursments	Total
Motshegoa MJ - Acting chief marketing officer	787 601	36 300	151 773	197 529	1 173 203
Hendricks F - Acting chief finance office	895 986	12 000	152 428	8 302	1 068 716
Molema M - Acting rector	572 274	-	132 390	91 344	796 008
Samson LE - Acting chief corporate services officer	776 502	-	234 463	5 864	1 016 829
Matakanya K - Acting corporate governance services officer	554 143	-	144 439	61 207	759 789
	3 586 506	**48 300**	**815 493**	**364 246**	**4 814 545**

2019

Name	Basic salary	Car allowance	Contributions to UIF, medical and pension funds	Reimbursements	Total
Segwe LN - Acting chief executive office	883 434	63 000	250 878	86 326	1 283 638
Mabunda JN - Acting chief executive officer	269 758	8 800	47 244	57 468	383 270
Hendricks F - Acting chief finance office	838 629	12 000	144 951	17 868	1 013 448
Seane BG - Chief marketing officer	1 070 605	50 000	152 829	134 867	1 408 301
Motshegoa MJ - Acting chief marketing officer	107 610	6 050	21 841	10 050	145 551
Molema M - Acting rector	527 322	-	121 223	123 719	772 264
Jacobs C - Acting chief corporate services officer	277 864	-	32 446	47 145	357 455
Samson LE - Acting chief corporate services officer	105 846	-	26 858	1 599	134 303
	4 081 068	**139 850**	**798 270**	**479 042**	**5 498 230**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

30. Members' emoluments

Non-executive

2020

	Members' fees	Other payments	Total
Lefenya KO	21 340	5 307	26 647
Reetsang WI	10 670	3 340	14 010
Modiselle IR	105 982	28 280	134 262
Mosaka RP	36 855	14 494	51 349
Gaobepe M	48 985	6 423	55 408
Lekhu SM	38 522	33 380	71 902
Mabebe KE	46 048	40 649	86 697
Monare BI	61 052	34 888	95 940
Sello LM	53 098	35 100	88 198
Mogami SZ	48 390	20 870	69 260
Losaba F	52 134	44 885	97 019
Adv. Kgomo OB (Deputy Chairperson)	44 538	20 369	64 907
Phusoane V (Chairperson)	62 718	71 288	134 006
Khukhele BS	75 009	53 428	128 437
	705 341	**412 701**	**1 118 042**

2019

	Members' fees	Other payments	Total
Lefenya KO	270 721	44 572	315 293
Nkagisang MG	84 450	28 879	113 329
Reetsang WI	175 558	48 657	224 215
Modiselle IR	107 865	45 599	153 464
Mosaka RP	166 343	72 995	239 338
Dliso J	329 917	321 976	651 893
Keeme-Gaobepe G	298 273	31 585	329 858
Khukhele BS	161 940	120 602	282 542
	1 595 067	**714 865**	**2 309 932**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

31. Prior period errors

Property, plant and equipment was restated in prior year. The restatement arose from correction of duplicated assets, recognition of property plant and equipment that had been previously expensed in error and the correction of accumulated depreciation arising from errors in accounting for residual values. The amount of the correction was R2 900 977.

Receivables from exchange transactions were adjusted in the prior year correcting an error. The correction related to tools recorded as income and a receivable in error and a billing in error to own NWTB account, the agregate amount of the correction was R198 545.

Employee benefit obligation was corrected retrospectively as a result of an actuarial valuation conducted to determine the value of the Long service award benefit. The amount of the correction was R827 372.

Total expenditure was corrected in the prior year, The corrections related to Board member's fees that were not recorded in the period that they related to and recognition of actuarial gains and losses as a result of long service awards valuation. and correction of depreciation in the prior year. The total amount of the correction was R855 728.

Training revenue overstated as a result of inclusion of tools and equipment issued to students incorrectly recognised as revenue. The amount of the correction was R192 716.

Hotel revenue in the prior year was overstated as a result of the NWTB using hotel facilities and erroneously raising invoice to itself. The amount of the correction was R5 829.

Amounts relating to correction of Statement of financial performance were corrected in the Accumulated surplus The amount of the correction in the accumulated surplus was R2 674 078 relating to corrections of property plant and equipment, revenue, expenditure and employee benefit obligation.

The correction of the error(s) results in adjustments as shown in note 32

32. Prior year adjustments

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

Statement of financial position

2019

	Note	As previously reported	Correction of error	Restated
Property plant and equipment	31	103 023 100	2 900 977	105 924 077
Accumulated surplus	31	(112 849 210)	(2 674 078)	(115 523 288)
Receivables from exchange transactions	31	10 230 917	(198 545)	10 032 372
Payables from exchange transaction	31	(11 708 407)	(749 918)	(12 458 325)
Payables form non exchange transactions	31	(3 588 266)	(105 808)	(3 694 074)
Employee benefit obligations	31	(1 971 892)	827 372	(1 144 520)
		(16 863 758)	**-**	**(16 863 758)**

Statement of finanical performance

2019

	Note	As previously reported	Correction of error	Restated
Academic training	31	(11 658 643)	198 545	(11 460 098)
Employee costs	31	62 689 627	(827 373)	61 862 254
General expenditure	31	59 564 487	854 961	60 419 448
Surplus for the year		**110 595 471**	**226 133**	**110 821 604**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

33. Comparative figures

Certain comparative figures have been reclassified due to correction of prior period errors as reported in note 31.

34. Risk management

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.

Credit risk

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

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

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

Financial instrument	2020	2019
First National Bank Limited	16 373 986	25 379 627

Market risk

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.

The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

35. Going concern

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

36. Fruitless and wasteful expenditure

Opening balance	258 007	250 335
Fruitless and wasteful expenditure -current year	2 785	7 672
	260 792	**258 007**

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

This includes interest on late payments overdue accounts by ACSA, ESKOM, NWK and Mahikeng Local Municipality.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

37. Irregular expenditure

Opening balance	26 311 814	9 596 261
Add: Irregular Expenditure - current year	11 991 498	9 290 553
Add: Irregular expenditure prior period adjustment	-	7 425 000
	38 303 312	**26 311 814**

The above irregular expenditure has been identified as a result of challenges arising from the consistent application of the supply chain management process as prescribed applicable legislation.

38. Principal and agency agreements

Transactions with principals		
Expenditure incurred on behalf of principal	(12 081 799)	(13 705 702)
Revenue received from principal	12 449 242	13 705 702
	367 443	**-**

This grant is received from the National Department of Tourism, CATHSSETA and DEDECT to create an interactive platform for learners at high school level, students at tertiary institutions, unemployed graduates, parents, education and training providers, government, employer organisations, employers and the general public in the public tourism sector under a project called the National Toursim Careers Expo (NTCE).

In terms of the contract, the NWTB is entitled to a 5% fee on transactions with third parties. However the cost of the event exceeded the available budget, resulting in NWTB forfeiting their fee to enable the project to be completed.

The unspent amount is included in current liabilities.

Amounts received different sources are detailed below		
National Department of Tourism	5 314 683	4 831 530
CATHSSETA	2 303 029	2 093 663
DEDECT	4 831 530	6 780 509
	12 449 242	**13 705 702**

39. Retirement Benefit

The Board continues to contribute to the North West Parks and Tourism Board Provident Fund, being a defined contribution plan. The funds are registered under and governed by the Pension Funds Act 1956, as amended. All employees who are eligible through qualifying service are members of the respective funds. The Board does not currently bear and is in no way contractually liable for the cost of funding post retirement medical aid benefits. The contribution to the Medical Aid Funds, should an employee choose to continue membership of the scheme on retirement, is payable by the retired employee.

The total cost charged to income of R9 770 870 (2019: R8 486 959) represents contributions payable to the scheme by the North West Tourism Board according to the rates specified in the rules of the scheme. This cost is recognised as retirement benefit expense and is included under employee related cost.

The number of staff employed by the Board as at the end of the financial year was 184 permanent employees and 9 temporary employees (2019: 159 permanent employees and 31 temporary employees).

40. Budget differences

Material differences between budget and actual amounts

Explanatory notes

Note 1: Application fees

The variance is due to a higher number of potential students purchasing applications forms than anticipated. The budget was also set at a prudent estimate.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

40. Budget differences (continued)

Note 2: Academic training

Due to the change in training programmes offered by the Hotel Schools it was difficult to estimate the expected revenue to be generated from school fees as it was unknown as to how this would impact on student enrolments. The budget was therefore set at a modest amount. School fee tariffs were also increased for the 2020 academic year, however the desired enrollment numbers was not achieved including the expectation for residential students.

Note 3: Hotel income

The deterioration of hotel infrastructure and lack of resources to ensure facilities are maintained have resulted facilities not operating at full capacity and therefore hotel occupancy rates have decreased. In addition, hotel rates were not increased for the 2020 financial year. As a result of the state of teh infrastructure the budget was set at a prudent amount.

Note 4: Other income

Rental income is generated primarily from Taung Hotel School as the school currently does not accommodate residential students. This income is incidental to hotel operations and it is anticipated that the facilities will be occupied by academic staff once the facility becomes fully functional. This rental income was set at a prudent estimate which was surpassed by actual income generated as tariffs were increased during the 2019 financial year impacting 2020 outcomes.

Note 5: Interest received

Interest expected to be generated from investments did not materialise as no excess funds were available for investment due to limited financial resources being available. In addition transfer payments are not received timeously, resulting in potential interest being forfeited as a result of reduced investment periods.

Note 6: Government grants and subsidies

All budgeted transfer payments were received as expected.

Note 7: Conditional grants revenue and expenses

Conditional grants revenue and expenses were not budgeted for. Conditional grants were received for the prior years. Revenue and expenses were recognised where conditions specified were met during the current year.

Note 8: Employee costs

Critical vacant positions budgeted for were not filled during the financial year. Several employees including senior employees terminated employment during the current and prior year without being replaced.

Note 9: Finance costs

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

40. Budget differences (continued)

The variance is due to interest on late payments charged on overdue accounts not budgeted for.

Note 10: Depreciation

Depreciation is a non cash transaction not included in the cash budget.

Note 11: Lease rentals on operating leases

This includes equipment hired by the hotel schools commercial operations unit as part of banqueting service offered. Budget was exceeded as a result of increases in hiring costs.

Note 12: Debt Impairment

The debt impairment was not budgeted for this is a non cash transaction.

Note 13: Repairs and maintenance

Funding for these expenses were received late in the 2018/2019 financial year as part of the adjustment budget. The related expenditure was incurred during the 2019/2020 financial year resulting in the actual expenses exceeding the budget.

Note 14: Loss on disposal of assets and liabilities

The loss incurred on the derecognition of property, plant and equipment was not budgeted for as this is a non cash transaction.

Note 15: Audit fees

Audit fees incurred due to increased audit tariffs and the deployment of an expanded audit team. In addition, the inclusion of an audit m,anager on the team was originally not budgeted for and additional costs incurred for audit team travelling and subsistence.

Note 16: General expenses

Expenses relating to the day-to-day services rendered by the Tourism Training Programme also increased due to inflation, i.e. food costs. In additional security services previously carried by the NW Department of Tourism have been ceded to the NWTB and the actual costs incurred are in excess of the resources available. Funding received late as part of the adjustment budget for 2019 with expenditure only incurred in 2020

Note17: Capital expenditure

Cost containment measures were also implemented as far as possible. Capital items were restricted to items urgently required for operations.

North West Tourism Board

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