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Northern Cape Economic Development
Trade and Investment Promotion Agency

Northern Cape Economic Development, Trade and Investment Promotion Agency

2020/2021 ANNUAL REPORT

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Northern Cape Economic Development
Trade and Investment Promotion Agency

PART A

GENERAL INFORMATION

1. Public Entity's General Information

Registered Name

The Northern Cape Economic Development, Trade and Investment Promotion Agency is a scheduled 3C public entity incorporated under the NCEDA Act, Acy No 4 of 2008.

Registration Number (if applicable)

Physical Address

DSC Building, First Floor,
69 Memorial Road
Kimberley

Postal Address

DSC Building, First Floor,
69 Memorial Road
Kimberley

Contact Details

Telephone Number/s: 087 086 0350
Info@nceda.co.za
www.nceda.co.za

External Auditors

Auditor General of South Africa

Bankers

Standard Bank

Company/ Board Secretary

None

2. List of Abbreviations/Acronyms

AGSA	Auditor General of South Africa
APR	Annual Performance Report
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DSBD	Department of Small Business Development
GRAP	General Recognised Accounting Practice
DEDaT	Department of Economic Development and Tourism
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
MSICC	Mittah Seperepere International Convention Centre
MEC	Member of Executive Council
SMME	Small Medium and Micro Enterprises
SOP	Standard Operating Procedure
SEZ	Special Economic Zone
SCM	Supply Chain Management
UIP	Upington Industrial Park
PMU	Project Management Unit
BMU	Business Management Unit
NCEDA	Northern Cape Development, Trade and Investment Agency
DTIC	Department of Trade Industry and Competition
KPI	Key Performance Indicator

3. Foreword by the Chairperson

Mr Hendrik Louw
Accouting Authority

Introduction

Following the resignation of the then CEO and the Board of NCEDA in March 2020, the Executive Authority appointed myself as both the Accounting Authority and the Accounting Officer of NCEDA as at 1st April 2020. During the period of 2020/21 financial year, NCEDA received a total of R 41 528 225.00 in grant funding from different sources.

2020/21 was a very challenging year, which saw almost the whole world being brought to a standstill by the pandemic, COVID-19. The pandemic had significant economic impact across the globe due to reduced productivity, loss of life, business closures, trade disruption, and decimation of the tourism industry. Other direct impacts include decline in income due to premature deaths (negative consumer spending), workplace absenteeism, and has created a negative supply shock, with manufacturing productive activity slowing down due to global supply chain disruptions and closures of factories.

According to the Tourism, 2020 report released by Statistics South Africa, foreign arrivals dropped by 71% from just over 15,8 million in 2019 to less than 5 million in 2020 which is the evidence that the COVID-19 pandemic impacted the tourism industry quite hard around the world and in South Africa, mainly due to the lockdown. Economic activity for the entire year decreased by 7,0% in 2020 compared with 2019 and this has seen Northern Cape recording the most significant decline in economic output, followed by North West. Both economies were dragged lower mainly by the poor performance of mining and agriculture.

NCEDA was affected badly by the pandemic during the year of reporting, but battled through to record some successes on project implementation and improved governance. One major challenge that the entity can highlight was limited budget, shortage of human capital which led to the entity seeking secondments from the mother department to strengthen its operations. These major challenges have not been addressed yet, although the entity did well in exploring other sources of funding such as the revamp of the bungalows in Witsand and the repairs at MSICC. These challenges saw the entity reviewing its strategic objectives for 2020/21 - 2024/25 which focuses on improved governance, financial management, revenue generation and project execution

Due to these constraints, it is with great pleasure that the entity did not discontinue any activity that was planned during 2020/21 FY. Against all odds, NCEDA has successfully recorded the following highlights:

1. Seen the NAMAKWA SEZ designation application being submitted to the DTIC,
2. Submitted the Upington Industrial Park licence application to DTIC;
3. Successfully implemented the UIF labour activation programme where 1 500 students embarked on training on different training interventions;
4. Successfully implemented the DSBD, Arts Sector COVID-19 relief fund for entrepreneurs who were disadvantaged by the pandemic.

5. Successfully hosted international conferences (AIM URASIA) to boost investor confidence in the province where Premier and MEC participated;
6. Assisted several investors to meet their desired outcomes through extensive support given;
7. Strengthened governance and improved compliance.

During the 2020/21 FY, regardless of the limitations on budget and human capital, NCEDA received other mandates from the authorities which were successfully pulled through and some are implemented in the 2021/22 FY. These include the Tsantsabane ''smart city'' project, the Northern Cape manganese smelter project and the Northern Cape ''state owned mining company''. The Northern Cape One Stop Shop, with over 80% of work being done already, is expected to be launched by the Honourable President in 2021/22 financial year.

NCEDA noted with great regret, the audit outcome of 2019/20 and has worked tirelessly to implement the recommendations on the audit plan and to improve the audit outcome of 2020/21. In the year 2020/21 NCEDA improved its audit opinion to an unqualified audit opinion in both Annual Financial Statements and Performance Information. NCEDA also strengthened its Financial Management by acquiring necessary systems (SAGE and Case Ware) in order to produce AFS in house, which is the first since the entity became operational. Policies were reviewed and new SOPs were developed to improve governance and efficiency. SCM policies and SOPs were enhanced and followed accordingly to address and prevent amongst others, repetition of 2019/20 audit queries which mainly were of SCM due to the operations of MSICC.

2021/22 looks promising, although the pandemic has not disappeared yet, but strides by the South African government to roll-out vaccine brings hope.

I would like to thank our MEC for Economic Development, Mr A. Vosloo for his guidance and leadership, the HOD of

DEDaT, Mr T Mabija for the support and the direction given in delivering the mandate of this entity, the management and staff of NCEDA for their dedication and sacrifices throughout the year under difficult and challenging conditions.

Mr Hendrik Louw

NCEDA

Date: 03 September 2021

4. Chief Executive Officer's Overview

Mr Hendrik Louw
Accouting Officer

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I would like to thank our MEC for Economic Development, Mr A. Vosloo for his guidance and leadership, the HOD of DEDaT, Mr T Mabija for the support and the direction given in delivering the mandate of this entity, the management and staff of NCEDA for their dedication and sacrifices throughout the year under difficult and challenging conditions.

Mr Hendrik Louw

NCEDA

Date: 03 September 2021

5. Statement Of Responsibility And Confirmation Of Accuracy For The Annual Report

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021

Acting Accounting Officer

Mr Hendrik Louw

Date: 03 September 2021

Acting Accounting Authority

Mr Hendrik Louw

Date: 03 September 2021

6. Strategic Overview

NCEDA is a schedule 3 C company incorporated as per the Northern Cape Economic Development, Trade and Investment promotion Agency Act 4 of 2008. NCEDA draws its strategic goals on a five (5) year strategic plan (2020/21- 2024/25). As the investment promotion agency of the Northern Cape Province, NCEDA strives to be the leading catalyst for socio economic development and transformation. NCEDA fulfils this through its vision, mission and a set of values, by providing a competitive investment location, supported by value-added business services, that ultimately enable socio-economic development in the Northern Cape (NC) and South Africa.

As stipulated in the Act, NCEDA's mandate is to:

1. Planning and assistance with business enterprise and rural development;
2. The provision of funding in respect of approved enterprise development;
3. Project management, development and management of immovable property;
4. To attract and facilitate foreign and domestic direct investment into the Northern Cape;
5. Growing exports of products and services of the Northern Cape through the development of exporter capacity, demand and market access; and
6. Marketing the Northern Cape as a competitive business destination within the national and international markets.

In 2020/21 FY, NCEDA's strategy was mirrored on revenue generation, SMME assistance, attraction of investment which can create jobs to boost the well-being of the people of the Northern Cape. To achieve these, the corporate direction was based on economic development which is more on promoting tourism with projects such as Witsand Nature Reserve and MSICC for profit maximisation. The direction was also towards Trade and Investment Promotion with the implementation of high impact projects such as Special Economic Zone and programmes to assist SMMEs such as the CSP programme.

During the year of reporting, the following represented the vision, mission, and values of the entity:

6.1. Vision

NCEDA to be the holding entity for growth and development initiatives to advance socio economic development in the Northern Cape

6.2. Mission

To contribute toward growth and sustainable development through:

1. Promoting and securing investment in the province;
2. Project management of enabling infrastructure that will serve as catalyst for investors;
3. Taking up of "management equity" in investments that will yield income;
4. Ensuring a cost-effective sustainable business enterprise (3D) and
5. Ensuring a well governed and credible NCEDA.

6.3. **Values**

1. Innovation
2. Communication
3. Accountability
4. Ubuntu and Respect
5. Responsiveness
6. Integrity

As 2019/20 FY was the last year on a 2015/16 – 2019/20 strategic plan, NCEDA undertook an exercise of drawing up a new five (5) year strategy with the revised strategic objectives including vision, mission and values. The figure below is the long-term objective of the entity:

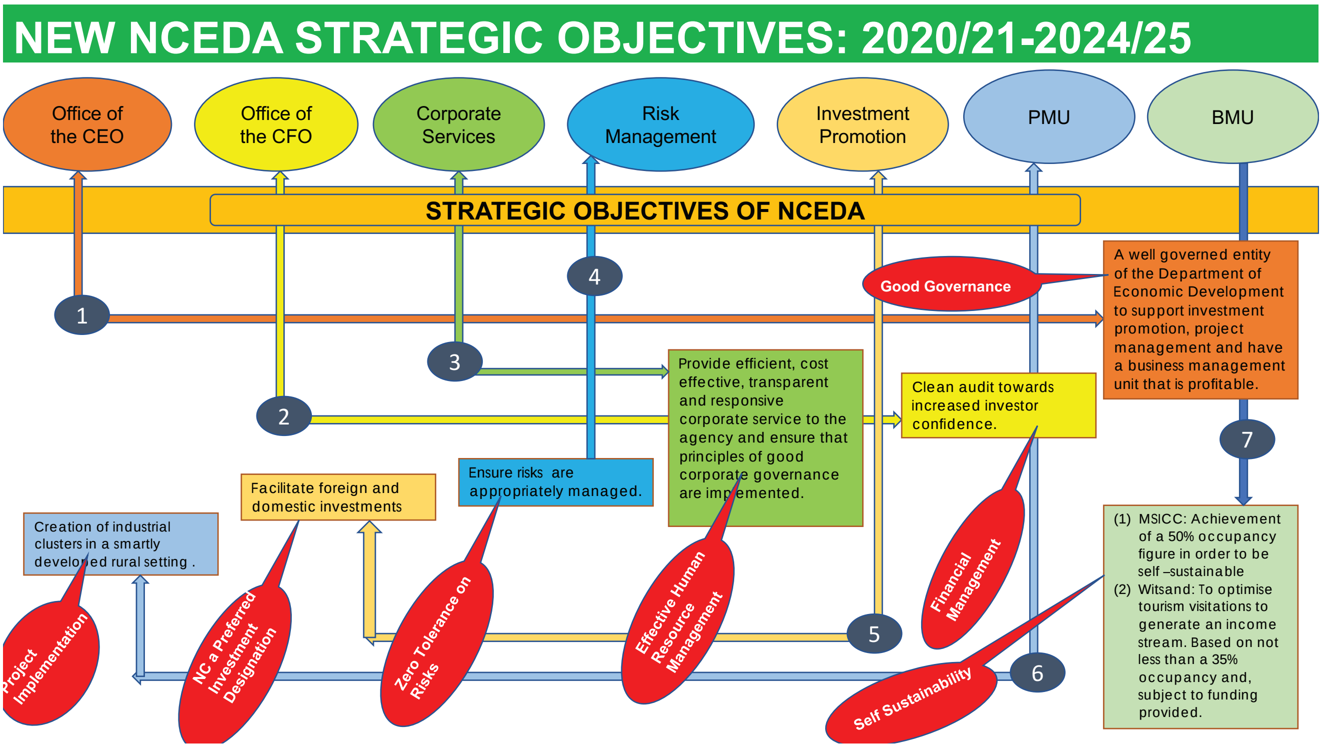


Figure 1: New NCEDA Strategic Objectives

As per the above figure, NCEDA going forward will strive to strengthen governance, improve financial management, generate revenue and successfully implement high impact projects with a revised mission, vision and values.

NCEDA
Executive Authority

Hon. A Vosloo
MEC Finance

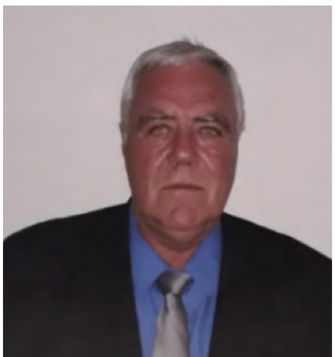
NCEDA
Accounting Authority

Mr. Hendrik Louw
Acting Accounting Officer/ Authority

NCEDA
Executive Management

Mrs. T. Mangojane
Chief Financial Officer

Mr. T. Luse
Chief Operations Officer



Mr. O. Coetzee
Head of MSICC

Mr. J. Martiens
Head of Witsand Reserve

Mr. A. Ganuganu
Head of Office of the CEO

Mr. D. Kruger
Chief Risk Officer

7. Legislative and other Mandates

Apart from the mandate defined in section 3(1)(a) of the Northern Cape Economic Development, Trade and Investment Promotion Agency, Act No 4 of 2008, NCEDA functions under policy, legislative and functional mandates which also governs its establishment and operations.

Table 1 shows various Acts having a bearing and which the entity functions under.

1. Acts guiding and affecting NCEDA

Public Finance Management Act, 1 of 1999	Tourism Act (Act 72 of 1993)
Treasury Regulations	Public Service Act (Act 103 of 1994)
Standard of Generally Recognised Accounting Authority	National Small Enterprise Act (Act 102 of 1996)
Internal Standard on Auditing	State Information Technology Agency Act (Act 88 of 1998)
Labour Relations Act (Act 66 of 1995)	Competition Act (Act 89 of 1998)
Constitution of South Africa (Act 108 OF 1996)	National Environmental Management Act (Act 107 of 1998)
Borrowing Powers of Provincial Government Act (Act 48 of 1996)	Construction Industry Development Board
Basic Conditions of Employment Act (Act 75 of 1997)	Public Audit Act (Act 25 of 2004)
Employment Equity Act (Act 55 of 1998)	Prevention and combating of Corrupt Activities Act (Act 2012 of2004)
Special Economic Zone Act (Act 16 of 2014)	Foreign Corrupt Practices Act (Act
Skills Development Act (Act 97 of 1998)	Intergovernmental Relations Framework Act (Act 13 of 2005)
Occupational Health and Safety Act (Act 85 of 1993)	Preferential Procurement Policy Framework Act (Act 5 of 2000)
Unemployment Insurance Fund Act (Act 63 of 2011)	Northern Cape Tourism Act (Act 5 of 1998)

NCEDA also functions under the following policy mandates:

2. National Development Plan (NDP)

The National Development Plan is a long-term plan for the country as it is a 20-year vision. The plan has a target of increasing employment by 11 million by 2030. This is proposed to be done by:

1. Realising an environment for sustainable employment and inclusive economic growth,
2. Promoting employment in labour-absorbing industries,
3. Raising exports and competitiveness,
4. Strengthening government's capacity to give leadership to economic development and
5. Mobilising all sectors of society around a national vision.

3. Medium Term Strategic Framework

Medium Term Strategic Framework (MTSF) sets out government's priority focus areas for next 5 years. The country adopted the National Development Plan (NDP) which is a 20-year development plan, the National Growth Plan (NGP), the Industrial Policy Action Plan (IPAP) and the National Infrastructure Plan (NIP) which are short to medium term plans that are aimed at implementing the NDP..

4. Provincial Growth and Development Strategy (PGDS)

At a provincial level, there are also strategies and policies that have been developed to respond to high levels of unemployment in the province and in a way providing support to the national government strategies and policies. One of these strategies is the Provincial Growth and Development Strategy (PGDS). One of the targets for this strategy was to gradually curb unemployment by creating more jobs annually. Since 1994, the South African government has implemented various policies and strategies aimed at tackling this serious challenge. However, these policies and strategies have failed to create enough jobs for young people and to dramatically reduce youth unemployment. Instead, youth unemployment has continued to increase.

8. Organisational Structure

In 2020/21 FY, NCEDA had the following organizational structure depicted in Figure 2 below which was approved by the board.

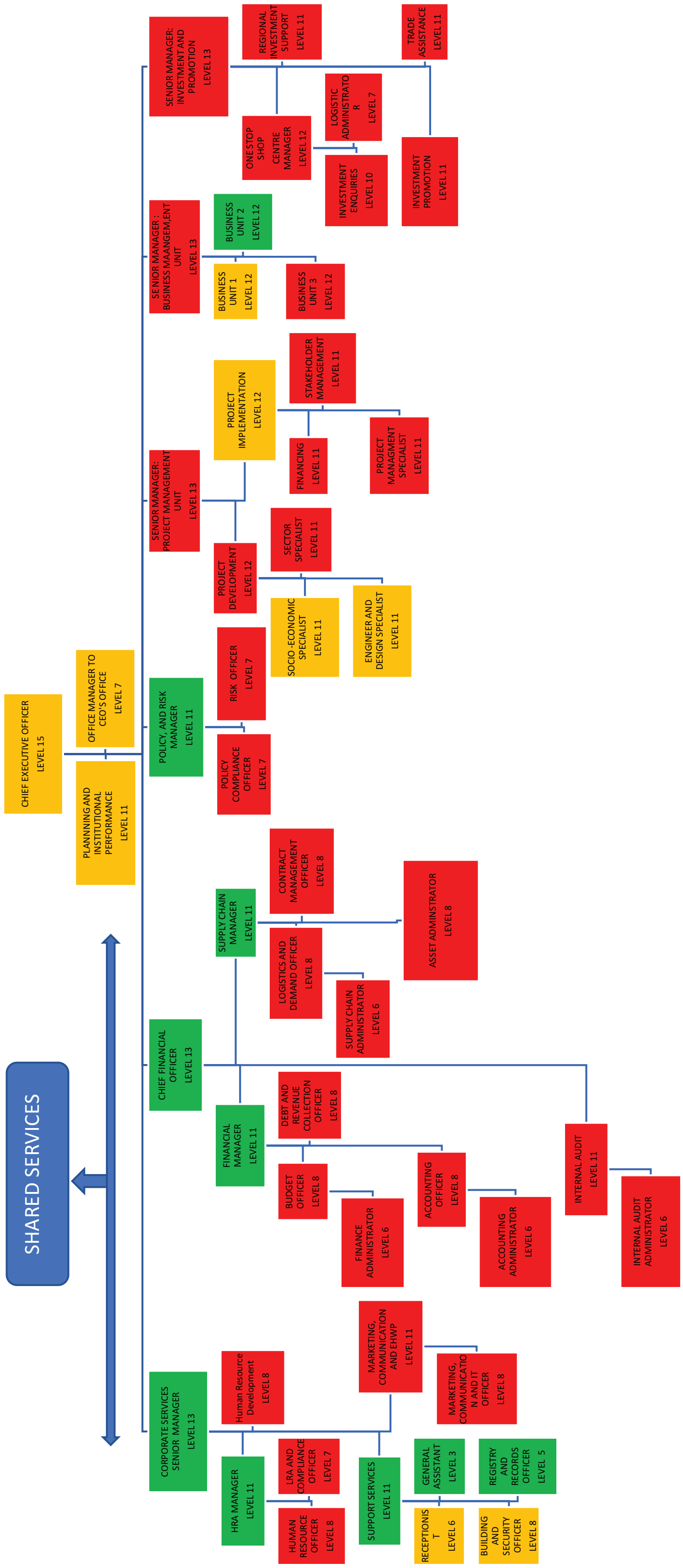
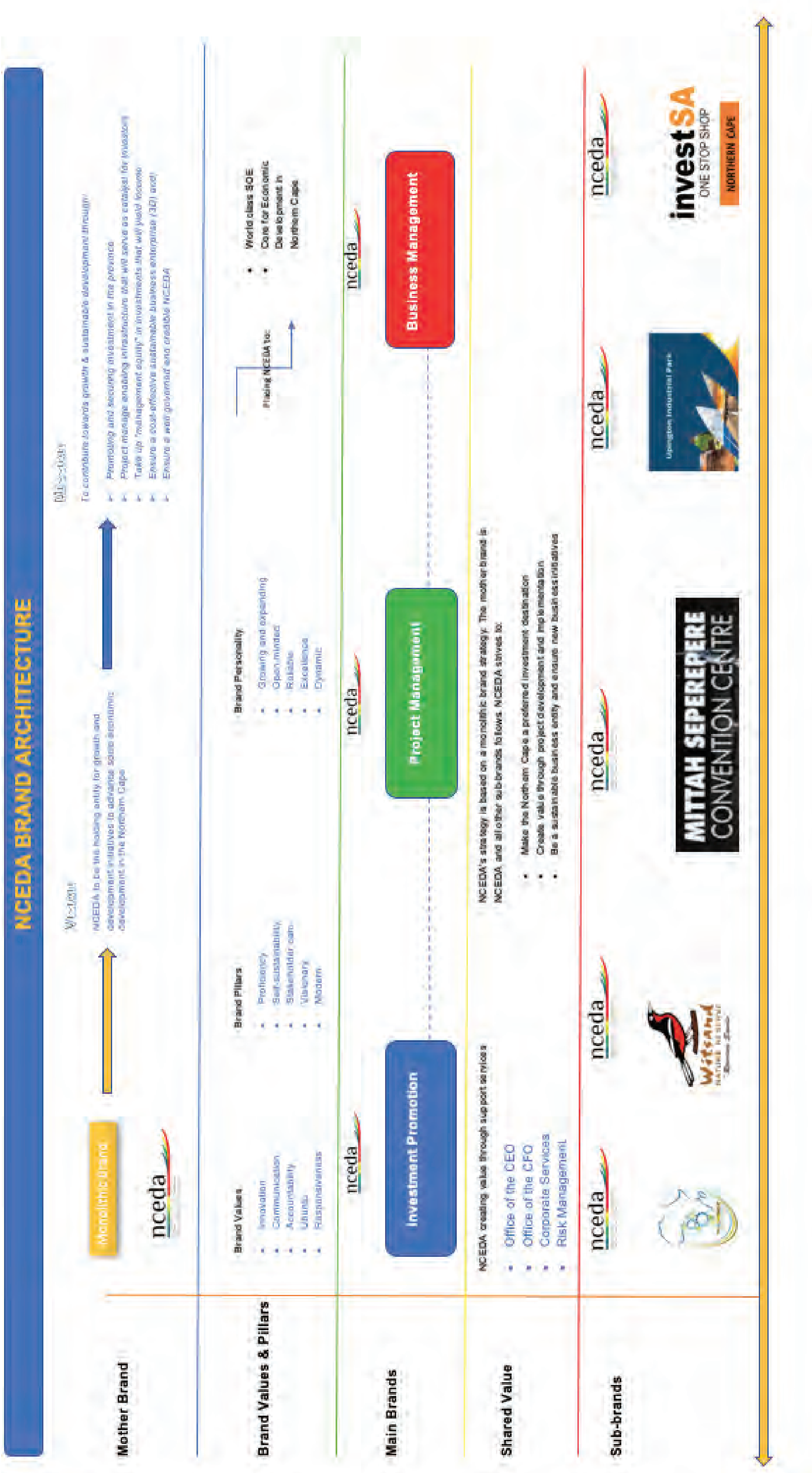


Figure 2: NCEDA Organisational structure for 2020/2

NCEDA Monolistic Brand Architecture:



DID YOU KNOW THAT NCEDA MANAGES A WORLD CLASS CONVETION CENTRE?

MITTHA SEPEREPERE INTERNATIONAL CONVENTION CENTRE








For bookings: call 060 976 7361 or email: bookings@nceda.co.za

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Trade and Investment Promotion Agency

PART B
PERFORMANCE INFORMATION

9. Auditor's Report: Predetermined Objectives

The AGSA/auditor has performed the necessary audit procedures on the performance information to provide limited assurance in the form of audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management. The audit plan been issued which focuses on the Project Management Unit.

The Auditor's Report was signed on the 3rd September 2021.

10. Situational Analysis

10.1 Service Delivery/ Organisational Environment

2020/21 was a very challenging year, which saw almost the whole world being brought to a standstill by the pandemic, COVID-19. The pandemic had significant economic impact across the globe due to reduced productivity, loss of life, business closures, trade disruption, and decimation of the tourism industry. Two major challenges that the entity can highlight were limited budget and shortage of human capital which led to the entity seeking secondments from the mother department to strengthen its operations. Amid those challenges, NCEDA managed to perform very well amongst others by Namakwa SEZ and UIP license applications submitted to dtic, 1500 learners trained on labour activation programme, implemented the DSBD, Arts Sector COVID-19 relief fund for entrepreneurs who were disadvantaged by the pandemic, successfully hosted international conferences (AIM URASIA) to boost investor confidence in the province where Premier and MEC participated, assisted several investors to meet their desired outcomes through extensive support given and additional mandates from the Executive Authorities.

10.2 Key policy developments and legislative changes

In terms of key developments and legislative changes, NCEDA is affected by the political uncertainty such as the changing of provincial cabinet which doesn't allow for continuity and other forms of legislation the entity is directly affected by.

10.3 Progress towards achievement of institutional Impacts and Outcomes

NCEDA has managed to improve its performance in 2020/21 financial year, compared to the financial year 2019/20. This was due to strengthened governance and financial management coupled with the successful implementation of projects resulting in unqualified audit opinion in the financial year 2020/21.

11. Institutional Programme Performance Information

Performance is broken down per programme and its associated sub-programmes for 2020/21 financial year.

11.1 PROGRAMME 1: SHARED SERVICES

Sub- Programme 1: Office of the Chief Executive Officer (CEO)

Purpose: Management of the NCEDA administrative programmes and governance.

Table 1: Performance by CEO's Office 2020/21

Outcome	Output	Output indicator	Audited Actual Perfor-mance in 2018/19	Audited Actual Perfor-mance in 2019/20	Planned Targets 2020/21	Actual Achieve-ment 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
A well governed entity of the Department of Economic Development to support investment promotion, project management and have a business management unit that is profitable.	Good Governance	Approved Strategic and Annual Performance Plans.	New target	New target	2	2	0	None
		Reviewed and approved policies.	New target	New target	21	21	0	None
		Approved Budget, Asset Register and Annual Financial Statement.	New target	New target	3	3	0	None
		Approval of Annual Report and Risk Register.	New target	New target	2	2	0	None
		Effective functioning of the Board.	New target	New target	4	0	-4	*NCEDA didn't have a functioning board

Comments on the achievements:

1. Overachievement is due to planning ahead and dedicated personnel
2. Strategic Plan and Annual Performance Plan delivered in Q2 of 2020/21 (Target Q3).
3. All NCEDA policies (21) were reviewed and approved in Q4 of 2020/21 as per the target
4. Budget was approved first quarter, asset register in the second quarter and the adjusted AFS in the 4th quarter.
5. EXMA meetings served as a replacement of the Board, since NCEDA doesn't have a board as the Treasury regulations.

Strategy to overcome areas of under performance

1. The Executive Authority to appoint the Board of Directors as per the Treasury Regulation.

Sub- Programme 2: Financial Management (CFO)

Purpose: The identification and implementation of interventions to assist the Agency in adapting to the renewed financial standards to achieve a clean audit opinion.

Table 2: Performance by CFO Office

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achieve-ment 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Resons for deviations
Clean audit towards increased investor confidence.	Good Financial Management	Number of days taken to process payments made to creditors from date of receipt.	New target	New target	30 days	25 days	+5 days	None
		Average turnaround time for approval of workflows from date of receipt	New target	New target	10days	2.25 days	+ 7.75 days	None
		Outcome of the external audit for the previous financial year	New target	New target	Unquali-fied	qualified	qualified	Lack of governance and financial systems in place
		NCEDA Budget submitted to Accounting Authority and DEDaT.	New target	New target	1	1	0	None
		Budget adjustment estimate for in-year submitted to Provincial Treasury.	New target	New target	1	1	0	None
		All Finance and Supply Chain Management Policies reviewed and updated.	New target	New target	1	1	0	None
		Procurement plan submitted.	New target	New target	1	1	0	None

Comments on performance:

1. On average, NCEDA paid its creditors within twenty five (25) days. This means in five (5) days before its targeted date.
2. The average time it took NCEDA to approve workflow from date of receipt is 2.25 days. This means NCEDA were on time by just above seven (7) days.
3. The entity received a qualified audit opinion as a results of mainly not favorable financial issues raised.
4. The budget was submitted to the Accounting Authority and DEDaT on time whereas the adjusted estimate for in-year was submitted as part of the salvage strategy and presented to Provincial Treasury.
5. Procurement Plan reflecting estimates on expenditure was submitted on time to Treasury.

Strategy to overcome areas of underperformance:

1. The turnaround strategy by the new CEO to strengthened issues of Financial Management and Governance to improve the audit outcome. This includes the recently acquiring of financial management systems (SAGE) to improve accuracy of Annual Financial Statements.

Sub-Programme 3: Corporate Services (CS)

Provide efficient, cost effective, transparent and responsive corporate service to the agency including Human Resources Management (HRM), Legal Services Labour Relations, Information Technology, Records Management, Building Maintenance, Security Systems and Marketing and Communication and ensure that principles of good corporate governance are implemented.

Table 3: Performance from Corporate Services

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Resons for deviations
Provide efficient, cost effective, transparent and responsive corporate service to the agency and ensure that principles of good corporate governance are implemented.	Effective Human Resource Management	Number Employment equity, HR Plan and Works Skills Plan reports.	New target	New target	4	4	0	None
		%Number of Legal Services and Labour Relations resolved.	New target	New target	100%	47.5%	-53.5%	Legal cases being managed by DEDaT
		%IT System uptime and availability	New target	New target	90%	77.5%	-12.5%	Office relocations
		IT help-desk turnaround time.	New target	New target	0	0	0	None
		Marketing and communication Strategy implemented.	New target	New target	75%	75%	0	None
		Facility Management: Number of Buildings Maintained.	New target	New target	4	4	0	None
		% Records Management Policy implemented.	New target	New target	50%	50%	0	None
		Number of sites security ensured.	New target	New target	3	3	0	None

Comments on performance:

1. The cases of Public Protector re the company secretary, Nugen, Public Protector vs NCEDA appointment and the number of irregular promotions were not resolved in the first and second quarter hence 47.5% in performance for indicator two (2). These cases are still on investigation stage, so disciplinary action has taken place yet.
2. Due to movement of offices, NCEDA IT system was disturbed, which saw the entity recording 40% uptime in Q2.
3. All other targets were achieved.
4. During Q3 IT systems were functioning at full potential;
5. NCEDA entered in to an agreement with ADT for the installation of alarm systems and other features.

Strategy to overcome areas of underperformance:

1. Regular follow-up with the mother department to conclude on cases as NCEDA has budget limitations to outsource legal services.
2. IT system uptime at 100% functioning with the service provider contract extended.

Sub-Programme 4: Risk Management/ policies/Assets/Strategic & Annual Performance Plan

Purpose: Ensure that the risks, assets, policies, strategic and annual performance plans of the NCEDA are appropriately managed. This gives stakeholder's confidence to deal with or invest in the NCEDA

Table 4: Performance by Risk Management

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achievement 2020/21	Devition from planned target to Actual Achievement for 2020/21	Resons for deviations
Ensure risks are appropriately managed	Zero Tolerance on Risks	Updating Risk Register	New target	New target	1	1	0	None
		Balance assets in Annual Financial Statements.	New target	New target	1	1	0	None
		Annual policy review	New target	New target	1	1	0	None
		Draft Strategic Plan	New target	New target	1	1	0	None
		Draft Annual Performance Plan	New target	New target	1	1	0	None

Comments on achievements:

1. Risk register was approved in quarter 2 as planned and has been maintained since then.
2. Balancing of assets to the AFS was done in Q4.
3. All NCEDA policies were reviewed and approved by the Accounting Authority.
4. New Strategic Plan and Annual Performance Plan were completed by June 2020.

Strategy to overcome areas of under performance

1. None, since all targets were achieved on time.

11.2 PROGRAMME 2: INVESTMENT PROMOTION (IP)

Purpose: The purpose of the programme is to facilitate foreign and domestic investment.

Table 5: Performance by Investment Promotion

Outcome	Output	Output Indicator	Audited Actual Perfor-mance in 2018/19	Audited Actual Perfor-mance in 2019/20	Planned Targets 2020/21	Actual Achieve-ment 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Facilitate foreign and domestic investments	NC a Preferred Investment Destination	Number of investments promotions initiatives supported.	New target	New target	4	4	0	None
		Number of investors assisted.	New target	New target	4	5	+1	None
		Number of trade promotion initiatives assisted.	New target	New target	4	4	0	None

Comments on performance:

1. NCEDA participated in the Global Africa Network where Zinc Smelter was publicized including the Upington Industrial Park in Q1, Upington Industrial Park Steering Committee to assist investors, KEW assisted to package their investment potential to expand value chain and participation to the UERASIA Annual Investment Meeting (AIM) for KPI 1.1.1. Feedback being received on number of investors on different sectors.
2. Together with DTIC, NCEDA assisted investor on vehicle testing in Q1 (KPI 1.1.2) and further three (3) from Q3 to Q4;
3. Research on Rhino Horn domestic trade was conducted in Q1 for KPI 1.1.1 and further four (4) between Q3 and Q4 of 2020/21.

Strategy to overcome areas of under performance

1. No underperformance, but maintaining consistency and appoint personnel as the function is being done by the CEO.

11.3 PROGRAMME 3: PROJECT MANAGEMENT UNIT (PMU)

Purpose: addressing the market failure of cost of doing business in a rural setting through the provision of an enabling infrastructure and an investor friendly business environment.

Table 6: Performance by Project Management

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Creation of industrial clusters in a smartly developed rural setting.	Successful project implementation	Number of licences for SEZ or Industrial Parks approved.	New target	New target	1	0	-1	Regulatory constraints
		Number of investors added to the investment pipeline.	New target	New target	1	1	0	None
		Infrastructure plans conducted in supporting investment projects.	New target	New target	1	3	+2	Due to additional funding from DEDaT and Fastracking of UIP application

Comment on achievement:

1. A virtual meeting took place on the 22nd of July 2020 to discuss the SEZ studies which needed to be completed.
2. Upington Industrial Park designation application submitted;
3. Industrial Park added an investor in the pipeline called Mic Zod Project (MZP) with the intention of setting up a Manganese Smelter.
4. Infrastructure Plans for bungalows, Upington Industrial Parks and Kathu Industrial Parks were developed due to additional funding received from DEDaT and UIP application fastracking.

Strategy to overcome areas of under performance

1. Conclude all the studies required to realise success on the SEZ project.

11.4 PROGRAMME 4: BUSINESS MANAGEMENT

Purpose: addressing the market failure of cost of doing business in a rural setting through the provision of an enabling infrastructure and an investor friendly business environment.

Sub-Programme 1: MITTAH SEPEREPERE CONVENTION CENTRE

Table 7: Performance by Mittah Seperepere International Convention Centre

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Resons for deviations
Achievement of a 50% occupancy figure in order to be self –sustainable	Self-Sustainability	Maintenance, capital and OPEX plan and budget.	New target	New target	1	13	+12	None
		Relevant grading and membership in associations.	New target	New target	5	2	-3	Covid-19 impact
		Promotional activities to market business units.	New target	New target	4	2	-2	Covid-19 impact
		Management plan based on best practice including MOUs with relevant Departments.	New target	New target	1	1	0	None
		Number of events per annum.	New target	New target	42	3	-39	Covid-19 impact

Comments on performance:

1. Some of the targets not met due to COVID-19;
2. MSICC was promoted in the Northern Cape investment Booklet in Q2 of 2020/21 and NCEDA website.
3. Two grading certificates via MOU with NCTA;
4. Business Model and MOU signed;
5. Couldn't achieve the number of events due to COVID-19.

Strategy to overcome areas of under performance

1. Improve all areas once the pandemic is over and source alternative funding for repairs.

Sub- Programme 2: Witsand Nature Reserve

Table 8: Performance by Witsand

Outcome	Output	Output Indicator	Audited Actual Performance in 2018/19	Audited Actual Performance in 2019/20	Planned Targets 2020/21	Actual Achievement 2020/21	Devition from planned target to Actual Achievement for 2020/21	Reasons for deviations
To optimize tourism visitations to generate an income stream. Based on not less than a 35% occupancy and, subject to funding provided.	Self-Sustainability	Number of day visitors to enter Witsand (mostly if not exclusively by vehicle).		New Target	70	816	+746	None
		Number of Overnight Visitors.		New Target	150	1 730	+1 580	None
		Relevant grading and membership in associations.		New Target	5	3	-2	Covi-19
		Promotional activities to market business units.		New Target	4	4	0	None
		Maintenance, capital and OPEX plan and budget.		New Target	1	1	0	None
		Management plan based on best practice including MOUs with relevant Departments.		New Target	1	1	0	None

Comments on performance:

1. After the restrictions were lifted, Witsand occupancy started to rise;
2. Incentives: Witsand introduced discounted tariffs and promoted the 4x4 route;
3. Witsand as a member in good standing of SATSA;
4. MOU was signed with Department of Nature Conservation
5. More promotional activities in the magazines and weekly publications.

Strategy to overcome areas of under performance

1. Because of lockdown, tourists froze their leisure spend. Source funds outside NCEDA for marketing and capital for maintenance.

Reporting on the Institutional Response to the COVID-19 Pandemic

NCEDA had few COVID-19 cases during the 2020/21 FY which all recorded 100% recoveries. The table below shows budget

Table 9: Progress on Institutional Response to the COVID-19 Pandemic

Programme	Intervention	Province	No. of beneficiaries	Total budget allocation	Budget spent per intervention	Contribution the output (APP)	Immediate outcomes
NCEDA	Building Fumigation	Northern Cape	33	Departmental cost	N/A	Health & safety	Health & safety
	Masks 7 sanitizers			R 30 000	R 6 000	Health & safety	Health & safety
	Awareness sessions					Health & safety	Health & safety
	Screening					Health & safety	Health & safety

Linking performance with budgets

The table describes how expenditure contributed to the achievements of outputs during the period under review.

Table 10: Linking Performance with Budget

	2020/21			2019/20		
Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
NCEDA &SEZ	30 227 722,00	(30 227 722,00)	-	18 304 000,00	(18 304 000,00)	-
CRAFTS	391 510,00	(20 187,00)	371 323,00	300 000,00	(300 000,00)	-
WITSAND	3 000 000,00	(2 536 665,00)	463 335,00	3 200 000,00	(2 768 020,00)	431 980,00
MSICC	1 027 000,00	(1 130 315,00)	103 315,00	6 000 000,00	(7 197 633,00)	(1 197 633,00)
OSS	4 691 858,00	(736 973,00)	3 954 885,00	8 000 000,00	(137 759,00)	3 954 885,00
UIF	9 124 725,00	(9 001 598,00)	123 127,00	-	-	-
Covid Relief Fund	2 175 778,00	(553 385,00)	1 622 393,00	-	-	-
Total	**50 638 593,00**	**(44 206 845,00)**	**6 431 748,00**	**35 804 000,00**	**(28 707 412,00)**	**7 096 588,00**

OSS – commitments of R2.7 Million will be realised in 2021/22 financial year

12. Revenue Collection

The following table shows revenue collection which can be over/under collection.

Table 11: Revenue Collection

		2020/21				2019/20	
Sources of revenue	**Estimate**	**Actual Amount**	**(Over)/Under collection**	**Sources of revenue**	**Estimate**	**Actual Amount**	**(Over)/ Under collection**
WITSAND	2,500,000	4,095,653	(1,595,653)	**Witsand**	2,600,000	1 954 091	645 909
MSICC	3,500,000	3 964 211	(464 211)	**MSICC**	6,000,000	7 016 947	(1 016 947)
UIF	9, 001 598	9, 001 598	-	**UIF**	-	-	
CSP	20, 187	20, 328	(141)	**CSP**	538 226	544 984	(6 757)
OSS	5, 141 326	5, 149 661	(8 335)	**OSS**	3, 308 142	3, 317 438	(9 296)
COVID RELIEF FUND	553 385	553 385	-	**COVID RE-LIEF FUND**	-	-	
NCEDA	19, 724 348	20, 329 105	(604 757)	**NCEDA**	18, 570 737	18, 595 055	(24 318)
SEZ	3, 364 763	3, 364 791	(28)	**SEZ**	203 542	227 994	(24 452)
Total	**43 805 607**	**46 478 732**	**2 673 125**	**-**	**31 220 647**	**31 656 509**	**1 727 679**

The reason for under collection was at MSICC was because of COVID 19.

DID YOU KNOW THAT NCEDA MANAGES A WORLD CLASS NATURE RESERVE?

WITSAND NATURE RESERVE








For bookings: visit Witsand Nature Reserve:
www.witsandkalahari.co.za or call 083 656 2117

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PART C
GOVERNANCE

13. Introduction

NCEDA as a scheduled 3C entity is subjected to all the governance regulations which the entity needs to fulfil. These range from the company appointing board of directors, auditors and is further subjected to the Standing Committee on Public Accounts (SCOPA) and many other enforcements.

14. Portfolio Committees (If Applicable)

NCEDA presented its APP and the budget for 2020/21 to the SCOPA on 24 March 2021. SCOPA's recommendations included, amongst others, the following:

1. Challenges the entity was faced with in the past and the current state of the entity;
2. Turnaround strategy with specific targets and progress in the implementation of that strategy;
3. The appointment of the Board
4. Plans to forge good relationship between the board and the board once appointed;
5. DEDaT and NCEDA to present a detailed report with set targets and timeframes on mega projects planned in the province.

15. Executive Authority

Mr Abraham Vosloo who is the Member of the Executive Council is the executive authority to the agency.

16. The Accounting Authority / Board

The Accounting Authority

Mr Henrik Louw is the accounting authority of the entity.

Board Composition

Mr Henrik Louw is the Executive Authority of the entity.

Sub-Committee Meeting

In 20/21, NCEDA didn't have any board sub-committee meeting

Remuneration

This refers to remuneration of the board members. During the time of reporting, NCEDA didn't have the functioning board.

17. Risk Management

1. Management developed and the Accounting Authority approved a Risk Management Policy and Strategy. The policy and strategy are reviewed annually.
2. Management conducted annual risk assessments and determined the effectiveness of its risk management strategy and identified new and emerging risks. A Risk Register for 2021 financial year was developed and approved by the risk management committee. There were 43 risks identified that required mitigation by management.
3. There is a risk management committee in place that advised management on the overall system of risk management, especially the mitigation of unacceptable level of risk. There were 4 committee meetings held for the year. All 43 risks have been successfully mitigated by management.
4. The Shared Service Audit Committee advised management and the Accounting Authority on the risk management and independently monitors the effectiveness of the system of risk management. There were 4 committee meetings held for the year.
5. Management and the Accounting Authority did see progress in the management of the risks and it transmitted into the improvements in the entity's performance.

18. Internal Control Unit

NCEDA did not have internal control unit for the period under review.

19. Internal Audit and Audit Committees

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

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

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

The Internal Audit reviews performed for the financial year under review, were all in line with the approved annual Internal Audit plan and are detailed in the Audit Committee's annual report. Internal Audit findings were communicated timely to management and measures to mitigate the risks were implemented/ in progress. Significant matters identified during the year were reported to the Audit Committee.

Audit Committee members and attendance

Throughout the year under review, the Audit Committee operated in terms of an approved Audit Committee Charter, which was the committee's approved terms of reference. The Audit Committee comprised of three external members and two internal members, all of whom are not employed by the entity. The Audit Committee term ended on 30 November 2020 and a new 3-year term membership started on 1 December 2020.

The Audit Committee has, as part of its oversight responsibility on a quarterly basis, followed up on audit findings to ensure that issues raised were addressed timely. Further information relating to the Audit Committee, as required by the PFMA and the Treasury Regulations is included in the Audit Committee's report, which is incorporated in the annual report of the entity.

The Audit Committee comprises of five members in total. Four meetings were convened during the financial year under review.

The following Audit Committee members attended 3 meetings as their term ended 30 November 2020.

Name	Qualifications	Internal or external	If internal, position in the entity	Date appointed	Date Resigned	No. of Meetings attended
Ms M Mbonambi	- Bachelor of Accountancy - B.Com Honours – (CTA) - Certificate in Risk Management and Certificate in Board Governance	External	n/a	01 December 2017	n/a	03
Ms A Mafuleka	- CA (SA) - B Com – Honours	External	n/a	01 December 2017	n/a	03
Mr V Makaleni	- Master in Public Management - Bachelor of Commerce (Accounting); - Postgraduate Diploma in Corporate Governance; - Management Advancement Programme; - Advanced Management Development Programme; - Certificate in Risk Management	External	n/a	01 December 2014	n/a	03
Ms S Vallabh	- Bachelor of Arts - Post Graduate Diploma in Library and Information Science - Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2017	n/a	02

Mr M Mdunge	- BA Degree - Post graduate diploma governance and political transformation - Masters in governance and political transformation	Internal	Director: Frances Baard Head COGHSTA	01 April 2019	n/a	00

The following Audit Committee members only attended 1 meeting as their term started 01 December 2020.

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Ms A Mafuleka	- CA (SA) - B Com – Honours	External	n/a	01 December 2020	n/a	01
Ms J Gunther	- Certified Internal Auditor - CRMA - Associate General Accountant - Masters in Cost Accounting - BCompt - Various accounting and auditing certificates	External	n/a	01 December 2020	n/a	01
Mr F Docrat	- Master of Business Administration - Chartered Director (SA) - Certified Information Security Manager - Certified Information Systems Auditor - Certified in the Governance of Enterprise Information Technology - Certified Risk Management Practitioner - Management Advancement Program - Total Quality Management - Computer Operations Proficiency Examination	External	n/a	01 December 2020	n/a	01
Ms Vallabh	- Bachelor of Arts - Post Graduate Diploma in Library and Information Science - Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2020	n/a	
Mr M Mdunge	- BA Degree - Post graduate diploma governance and political transformation - Masters in governance and political transformation	Internal	Director: Frances Baard Head COGHSTA	01 April 2020	n/a	01

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

Audit Committee report

- We are pleased to present the Audit Committee report of the Northern Cape Economic Development, Trade and Investment Promotion Agency for the financial year ended 31 March 2021.

Audit Committee responsibility

- The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein. The Audit Committee term ended on 30 November 2020 and a new 3-year term membership started on 1 December 2020.

The Effectiveness of Internal Control

- Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the entity revealed certain weaknesses, which were raised with the entity. The following Internal Audit work was completed during the year under review:
    - Annual Financial Statements (AFS) and Annual Performance Report (APR) reviews
    - Asset Management
    - Risk Management
    - Procure to Pay
    - Performance Information
    - Follow-up on previous audit findings

The following were areas of concern:

- The board was non-functional, and was not established for the period under review.
- An official was seconded from the Department of Economic Development and Tourism to act as a CEO for the entity. This official also served as the Accounting Authority.
- The Witsand Nature Reserve project needed improvement of control processes.
- Management not giving final management comments to Internal Audit which then delayed finalisation of audits.
- Performance indicators not reported contritely.
    - The possible merging of entities under the Department of Economic Development and Tourism resulting in implications in terms of the risks relating to the rationalization of a combined budget, human resources, annual performance plan and strategic plan. The timeframes for the merger project plan were not specific.
- The Audit Committee commended the entity on the following:
    - Progress made on the implementation of the audit action plans.
    - Progress made in terms of risk management.

- In addition, management developed an audit action plan to address the findings raised by both the AGSA and Internal Audit. The Audit Committee monitored the implementation of the audit action plan during the year under review and the implementation of the Audit Committee's recommendation by management still requires improvement.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of AFS and APR

AFS

- The AFS submitted by the entity were approximately 60-70% complete and the Audit Committee could not recommend them for submission to the AGSA. The Audit Committee recommended that the entity must consider findings and recommendations raised by Internal Audit during the review of their AFS. The annual financial statements were not recommended and a follow-up meeting was held on 29 May 2021.
- The Audit Committee noted that the AFS were +-90% complete at the follow-up meeting. The Audit Committee highlighted grammatical errors which needed to be corrected. The AFS were recommended for submission pending confirmation by Internal Audit that all recommendations had been implemented.

APR

- The APR submitted did not comply with the new annual report guidelines, as issued by the Department of Monitoring and Evaluation through the Office of the Premier. The entity was allowed time to consult with the Office of the Premier and rectify the APR deficiencies. A follow-up meeting was held on 29 May 2021 with the entity to evaluate compliance with the new guidelines. It was noted that the APR was not submitted to Internal Audit for review. The APR was recommended on the basis that Internal Audit reviews the report and provides confirmation to the Audit Committee that the entity' APR recommendations had been implemented. The entity achieved 97% of their set targets.

Auditor General's Report

- The AGSA's report was reviewed by the Audit Committee and noted that the entity obtained an unqualified audit opinion for 2020/2021 financial year. The AGSA reports were finalised after the legislative deadline of 31 July 2021 due to COVID-19 cases affecting both the AGSA and the entity staff. The reports were then finalised and signed off after 31 August 2021.
- The Audit Committee concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

Ms A Mafuleka CA(SA)
Northern Cape Economic Development, Trade and Investment Promotion Agency
Chairperson of the Audit Committee
Date: 09 September 2021

20. Compliance With Laws And Regulations

NCEDA strives to comply with all relevant legislation and policies applicable to the entity as a 3C scheduled company. However, during the period of reporting, the Auditor General reported a number of material findings on compliance with specific subject matters in key legislation.

21. Fraud and Corruption

The policy on fraud and corruption was adopted by the board. The policy is being implemented and monitored.

22. Minimising Conflict of Interest

Employees are prohibited from engaging in any business activities that are actually or adversely or detrimental to the best interest, mission and objectives of NCEDA. The policy on managing conflict of interest was adopted by NCEDA board. The board declares a conflict of interest in every board meeting.

23. Code of Conduct

The code of conduct acts as a guideline to all NCEDA employees as to what is expected of them. Employees signed the code of conduct and human resource unit monitors the implementation of same.

24. Health Safety and Environmental Issues

NCEDA adhere to all health and safety protocols in the work place as defined in the ISO standards

25. Company /Board Secretary (If Applicable)

NCEDA didn't have dedicated personnel for the company secretary during the year of reporting.

26. Social Responsibility

During 2020/21 financial year, NCEDA didn't partake in any CSI programs due to COVID-19.

27. Audit Committee Report

The Audit Committee Report was signed on the 09 September 2021 for the financial year ended 31 March 2021.

28. B-BBEE Compliance Performance Information

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		
Developing and implementing a preferential procurement policy?		
Determining qualification criteria for the sale of state-owned enterprises?		
Developing criteria for entering into partnerships with the private sector?		
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?		

NCEDA performed no activities listed under this practice code during the year of reporting.

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Northern Cape Economic Development
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PART **D**
HUMAN RESOURCE MANAGEMENT

29. Human Resource Information

NCEDA has a dedicated unit to handle all the human resource issues and legal matters.

Personnel Cost by programme/activity/objective

The table below shows the personnel costs by business unit/programme

Table12: Personnel Costs by programme

Programme	Total Expenditure	Personnel Expenditure	Personal Exp As A % Of Total Expenditure	No of Employees	Average Personnel Cost Per Employee
NCEDA	15,421,772	10,150,553	66%	13	77,735
SEZ	6,680,158	3,807,686	57%	5	761,537
WITSAND	2,536,665	1,750,238	69%	10	175,024
MSICC	1,130,315	620,676	67%	3	206,892
DSBD	777,226	21,345	3%	2	10,673
CSP	27,835	27,170	98%	1*	27,170
TOTAL	**36,613,207**	**16,377,668**	**45%**	***33**	**1,259,031**

Personnel cost by salary band

Table13: Personnel Costs by programme (depend on the above table)

Level	Personal Expenditure	% Of Personnel Exp To Total Personnel Cost	No of Employees	Average Personnel Cost Per Employee
Top Management	1,400,269	9%	2	700,135
Senior Management	5,541,010	34%	5	1,108,202
Professional qualified	7,311,254	45%	10	731,125
Skilled	791,895	5%	3	263,965
Semi-skilled	487,027	3%	6	81,171
Unskilled	846,213	5%	7	120,888
TOTALS	**16,377,668**	**100**	**33.00**	**3,005,486**

Vacancies at NCEDA

Table14: Vacancies at NCEDA

Programme	2019/20 FY Number of Employees	2020/21 Approved Posts	2020/21 Number of employees	2020/21 Vacancies	% of vacancies
NCEDA	33	90	33	57	63%

Level	2019/20 FY Number of Employees	2020/21 Approved Posts	2020/21 Number of employees	2020/21 Vacancies	% of vacancies
Top Management	1	1	1	0	0%
Senior Management	5	8	5	3	30%
Professional qualified	7	27	10	17	63%
Skilled	8	20	3	17	85%
Semi-skilled	2	24	7	17	71%
Unskilled	10	10	7	3	30%
			33	57	

Employment changes

Table15: Employment Changes

Salary Band	Employment at the beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	5	0	0	5
Professionalqual-ified	5	2	0	7
Skilled	3	0	0	8
Semi-skilled	7	0	0	2
Unskilled	10	0	2	8
Total	**31**	**2**	**2**	**31**

Reasons for leaving

Table16: Reasons for leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	0	0%
Dismissal	0	0%
Retirement	1	3.2%
Ill Health	0	0%
Expiry of contract	0	0%
Other	1	3.2%

Labour Relations

Table17: Labour Relations

Nature of disciplinary action	Number
No disciplinary actions have been taken yet, pending the investigation of the cases.	None

Equity Target and Employment Equity Status

Table18: Equity Targets and Employment Equity Status (Male)

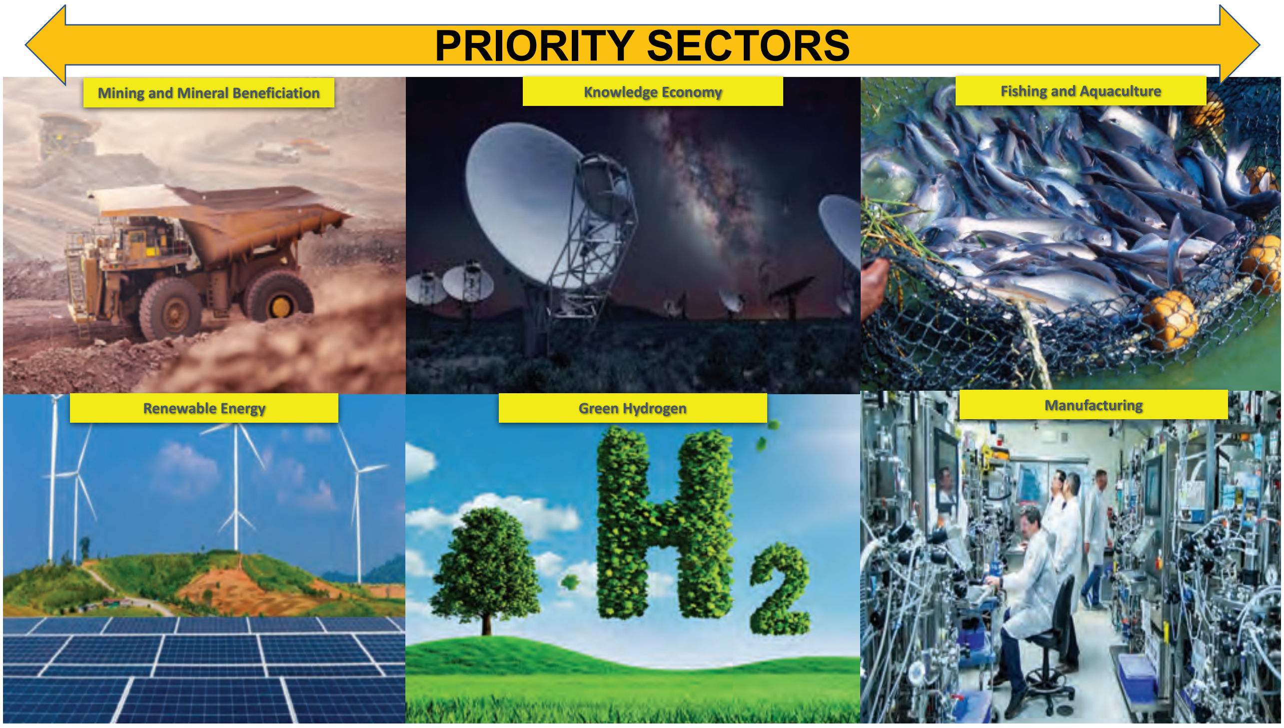
Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	1	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	3	0	1	0	0	0	1	0
Skilled	1	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	2	0	2	0	0	0	0	0

Table19: Equity Targets and Employment Equity Status (Female)

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	3	0	0	0	0	0	0	0
Professional qualified	4	0	1	0	0	0	0	0
Skilled	3	0	1	0	0	0	0	0
Semi-skilled	0	0	2	0	0	0	0	0
Unskilled	1	0	5	0	0	0	0	0

Table 20: Equity Targets and Employment Equity Status (Disability)

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



Did You Know Mining?

- Mining contributes 23.4% to the Northern Cape economy;
- Makes up nearly 7% of SA's total mining value;
- Significant deposits are iron ore, manganese, zinc, copper, lead, titanium, pig iron, zircon and gypsum;
- Sishen the country's most important iron-ore mine, where operations include extraction and four beneficiation plants.

Did You Know Agro-processing ?

- Wine, grapes and raisins, animal hides and abattoirs are among the processing operations along the Orange River;
- Produced along the Orange River in the ZF Mgcawu District Municipality;
- Other main towns are Groblershoop, Kakamas and Upington where:
  - dates, olives, citrus and rooibos tea providing excellent growth potential.

Did You Know Fishing and Aquaculture?

- The best Kelp in the world is found in the Northern Cape;
- Growth in the abalone, fishing and lobster industries;
- Encouraged by the national Oceans Economy program with Port Nolloth, Boegoebaai and Hondeklip Bay harbours targeted for development;
- The province has been allocated an increased quota for landing fish (primarily hake);
- This makes Port Nolloth attractive for investment in fish processing and abalone ranching.

Did You Know Energy?

- More than R200bn committed by the (REIPPPP);
- Energy projects across South Africa (target: 13 225MW to the national grid by 2025);
- The province has focused its priorities (in alignment with the National Development Plan Vision 2030);
- Northern Cape looking at components manufacturers.

Did You Know Logistics & Infrastructure?

- De Aar Logistics Hub: Project entails construction of an inland intermodal system;
- Inclusive of Container Terminal, Vehicle parking Terminal, Warehouse/Cold room Terminal;
- These projects are identified priorities to enhance the quality of life of the community;
- This industry is expected to grow in the near future.

Did You Know Logistics & Infrastructure?

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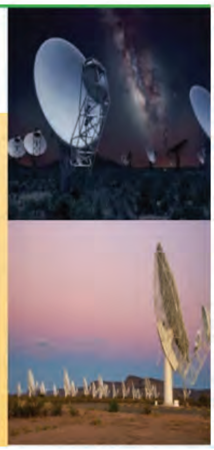
- Inclusive of Container Terminal, Vehicle parking Terminal, Warehouse/Cold room Terminal;
- These projects are identified priorities to enhance the quality of life of the community;
- This industry is expected to grow in the near future.

Did You Know Green Hydrogen?

- New industry being developed in the Northern Cape;
- Produced by the electrolysis of water (using an electric current to break water into its component elements of hydrogen and oxygen, with no other by-products);
- Rich endowment of ideal weather conditions for solar and wind power generation,
- technological capabilities around the Fischer-Tropsch (FT) process, and access to platinum resources;
- These place the country at an advantage for developing the hydrogen value chain and being a key supplier into the global hydrogen market;

Did You Know Knowledge Economy?



- The SKA corridor has been divided in 3 astronomy advantage areas in the Karoo central area;
- They are KCAAA1, KCAAA2 and KCAAA3;
- These include Namakwa, Siyanda and Pixley Ka Seme Districts.

nceda

Northern Cape Economic Development
Trade and Investment Promotion Agency

PART E
FINANCIAL INFORMATION

30. Report of the External Auditor

Report of the auditor-general to the Northern Cape Provincial Legislature on Northern Cape Economic Development, Trade and Investment Promotion Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Economic Development, Trade and Investment Promotion Agency set out on pages 56 to 111, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Economic Development, Trade and Investment Promotion Agency as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the public entity for the year ended, 31 March 2021.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the section 55(1) 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 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 objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
14. 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 objective presented in the entity's annual performance report for the year ended 31 March 2021:

1. **Objective**	2. **Pages in the annual performance report**
Programme 3 – Project Management Unit	28

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective:
    - Project Management Unit

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 19 to 31 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1) (b) of the PFMA. Material misstatement of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R114 165 as disclosed in note 30 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. Some goods and services with the transaction value below R500 000 were procured without obtaining the required price quotations.

Revenue management

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

Procurement and contract management

25. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007/08.

Consequence management

26. 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 51(1)(e)(iii) of the PFMA. This was because investigations into irregular and fruitless and wasteful expenditure were not performed.

Other information

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
28. 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 on it.
29. 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the compliance with legislation included in this report.
32. Accounting authority did not in all instance effectively exercise its oversight responsibility regarding financial and compliance and related internal controls.
33. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.
34. Management did not review and monitor compliance with applicable laws and regulations.

Auditor General

Kimberley

03 September 2021

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 objective and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
   - conclude on the appropriateness of the 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 relating to events or conditions that may cast significant doubt on the ability of the Northern Cape Economic Development, Trade and Investment Promotion Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

31. Annual Financial Statements

Annual Financial Statements are shown below:

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Public entity established in terms of Northern Cape Economic Development, Trade and investment Promotion Agency Act, Act 4 of 2008. The entity is a non - profit entity and is focused on service delivery in the Northern Cape Province. The entity is listed in the PFMA as a Schedule 3C - Public Entity.
Registered office	69 Memorial Road DSC Office Building Monument Heights Kimberley 8301
Auditors	Office of the Auditor General South Africa Registered Auditors
Chief executive officer	H Louw
Chief financial officer	T Mangojane
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Public Finance Management Act No. 1 of 1999
Published	31 May 2021
Legislation	Northern Cape Economic Development, Trade and investment Promotion Agency Act, Act 4 of 2008 Public Finance Management Act No. 1 of 1999 Basic Conditions of Employment Act, No. 75 of 1997 Skills Development Levies Act, No. 9 of 1999 Employment Equity Act, No. 30 of 1999 Income Tax Act, No. 58 of 1962
Executive authority	MEC of the Northern Cape Department of Economic Development and Tourism

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Index

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

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COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
PFMA	Public Finance Management Act
NCEDA	Northern Cape Economic Development, Trade and Investment Promotion Agency
SEZ	Special Economic Zone
MSICC	Mittah Seperepere International Convention Centre
DTIC	Department of Trade, Industry and Competition
IDC	Industrial Development Corporation
AGSA	Auditor General of South-Africa
UNIDO	United Nations Industrial Development Organisation
DEDAT	Northern Cape Department of Economic Development and Tourism
CSP Crafts	Customised Sector Plan - Crafts
DSBD	Department of Small Business Development
DOL	Department of Labor

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Board's Responsibilities and Approval

The board 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 board 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 board 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 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 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 board 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 board have reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continue to secure funding for the ongoing operations for the entity in order for the entity to meet its mandate. The entity receives funding from the Northern Cape Department of Economic Development and Tourism and there is no indication that the department are going to withdraw funding from the entity.

The entity will also generate additional funding / cash inflows from business activities conducted at the MSICC, through business plans and aggresive marketing will result in positive inflows to the entity.

The annual financial statements set out on pages 56 to 111, which have been prepared on the going concern basis, were approved by the board on 31 May 2021 and were signed on its behalf by:

H Louw
Acting Accounting Officer/Accounting Authority

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Board's Report

The board submit their report for the year ended 31 March 2021.

1. Review of activities

Main business and operations

The entity is a public entity established in terms of Northern Cape Economic Development, Trade and Investment Promotion Agency Act, Act 4 of 2008. The entity is a non - profit entity and is focused on service delivery in the Northern Cape Province, the entity is listed in the PFMA as a Schedule 3C - public entity.

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

Net surplus of the entity was R 9,865,529 (2020: deficit R 1,663,266).

2. Going concern

We draw attention to the fact that at 31 March 2021, the entity had accumulated net surplus of R 8,453,951 and that the entity's total assets exceed it's liabilitiesby R 8,453,951.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continue to secure funding for the ongoing operations for the entity in order for the entity to meet its mandate. The entity receives funding from the Northern Cape Department of Economic Development and Tourism and there is no indication that the department are going to withdraw funding from the entity.

The entity has the support of the department and oversight bodies in order to ensure that the entity remains sustainable and to enhance the financial position of the entity, through monitoring of project plans and budgets.

3. Subsequent events

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

4. Members' interest in contracts

None of the executives involved in the entity had an interest in any contractual agreements.

5. Board

The entity did not have a board constituted for the financial year under review, although the accounting officer has been appointed in terms of chapter 6, part 2 of the PFMA s.2 (b).

6. Executive authority

The entity's executive authority is MEC of the Northern Cape Department of Economic Development and Tourism .

7. Auditors

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

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	5	8,983	15,006
Receivables from exchange transactions	6	526,174	1,001,609
Cash and cash equivalents	7	12,684,847	2,191,807
		13,220,004	**3,208,422**
Non-Current Assets			
Property, plant and equipment	2	6,594,289	4,458,811
Intangible assets	3	190,626	145,728
Receivables from exchange transactions	6	383,939	383,939
		7,168,854	**4,988,478**
Total Assets		**20,388,858**	**8,196,900**
Liabilities			
Current Liabilities			
Finance lease obligation	8	106,087	110,242
Payables from exchange transactions	10	6,343,415	4,040,319
Unspent conditional grants and receipts	9	4,700,308	5,116,301
Bank overdraft	7	-	8,735
		11,149,810	**9,275,597**
Non-Current Liabilities			
Finance lease obligation	8	65,024	143,991
Operating lease liability	4	720,075	188,891
		785,099	**332,882**
Total Liabilities		**11,934,909**	**9,608,479**
Net Assets		**8,453,951**	**(1,411,579)**
Accumulated surplus		8,453,951	(1,411,579)

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods		71,230	31,765
Rendering of services		1,704,257	8,861,929
Interest received		49,407	81,960
Administration and management fees received		565,275	-
Other income		28,235	-
Total revenue from exchange transactions		**2,418,404**	**8,975,654**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	41,944,218	22,150,368
Debt relief received	11	-	268,259
Services received in kind	32	2,116,111	262,228
Total revenue from non-exchange transactions		**44,060,329**	**22,680,855**
Total revenue	11	**46,478,733**	**31,656,509**
Expenditure			
Employee related costs	14	(16,377,666)	(15,368,802)
Remuneration of board members	25	-	(124,351)
Consulting and professional fees	15	(4,607,273)	(1,574,309)
Depreciation and amortisation		(1,711,056)	(932,401)
Impairment loss/ Reversal of impairments		-	122,035
Finance costs	16	(23,255)	(66,177)
Lease rentals on operating lease	4	(2,266,297)	(1,603,963)
Repairs and maintenance		(81,796)	(324,188)
Cost of sale / inventory		(112,874)	(59,128)
General Expenses	17	(11,432,987)	(13,388,491)
Total expenditure		**(36,613,204)**	**(33,319,775)**
Operating surplus (deficit)		**9,865,529**	**(1,663,266)**
Surplus (deficit) for the year		**9,865,529**	**(1,663,266)**

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	390,648	390,648
Adjustments		
Correction of errors	(138,961)	(138,961)
Balance at 01 April 2019 as restated*	**251,687**	**251,687**
Changes in net assets		
Deficit for the year - restated	(1,663,266)	(1,663,266)
Total changes	(1,663,266)	(1,663,266)
Restated* Balance at 01 April 2020	**(1,411,578)**	**(1,411,578)**
Changes in net assets		
Surplus for the year	9,865,529	9,865,529
Total changes	9,865,529	9,865,529
Balance at 31 March 2021	**8,453,951**	**8,453,951**

Note(s)

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Government grants and subsidies		41,528,225	26,604,000
Sale of goods and services		2,473,073	7,898,839
Interest income		49,407	81,960
Administration fees received		565,275	-
		44,615,980	34,584,799
Payments			
Employee costs		(14,298,895)	(15,272,739)
Suppliers		(15,817,500)	(14,916,881)
Finance costs		(452)	(1,578)
Remuneration board members		-	(124,352)
		(30,116,847)	(30,315,550)
Net cash flows from operating activities	19	**14,499,133**	**4,269,249**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3,723,114)	(3,047,610)
Purchase of other intangible assets	3	(119,544)	(114,715)
Net cash flows from investing activities		**(3,842,658)**	**(3,162,325)**
Cash flows from financing activities			
Finance lease payments		(154,700)	(155,844)
Net increase/(decrease) in cash and cash equivalents		**10,501,775**	**951,080**
Cash and cash equivalents at the beginning of the year		2,183,072	1,231,992
Cash and cash equivalents at the end of the year	7	**12,684,847**	**2,183,072**

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

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.

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

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 Presentation currency

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

1.2 Going concern assumption

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

1.3 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Northern Cape Economic Development, Trade and Investment Promotion Agency

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5-6 years
Office equipment	Straight line	6 years
IT equipment	Straight line	5 years
Leasehold equipment	Straight line	2-5 years
Rental improvements	Straight line	10 years

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

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

The depreciation method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the 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 (see note).

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

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Accounting Policies

1.4 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

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Accounting Policies

1.5 Financial instruments

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

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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1.5 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- 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.

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Accounting Policies

1.5 Financial instruments (continued)

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables, exchange transations	Financial asset measured at amortised cost
Receivables, non - exchange	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables, exchange	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

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Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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Accounting Policies

1.5 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

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Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

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

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

Financial liabilities

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

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

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Accounting Policies

1.5 Financial instruments (continued)

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

Presentation

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

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

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

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

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

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

1.6 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.

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Accounting Policies

1.6 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.

1.7 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.

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.

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.

1.8 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).

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.

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Accounting Policies

1.8 Impairment of cash-generating assets (continued)

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.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

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.

1.9 Equity

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

1.10 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

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Accounting Policies

1.10 Employee benefits (continued)
- 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.

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

1.11 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.

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Accounting Policies

1.11 Provisions and contingencies (continued)

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.

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

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 22.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

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Accounting Policies

1.11 Provisions and contingencies (continued)
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 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.

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.

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Accounting Policies

1.13 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

Interest

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.

1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

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

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

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

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

Recognition

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

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

Measurement

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

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

Transfers

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

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Gifts and donations, including goods in-kind

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

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Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.16 Borrowing costs

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

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

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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

1.19 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.

Northern Cape Economic Development, Trade and Investment Promotion Agency

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Accounting Policies

1.19 Irregular expenditure (continued)

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.

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.21 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.

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.

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Accounting Policies

1.21 Related parties (continued)

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

1.22 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.

1.23 Changes in accounting policies, estimates and errors

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

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

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

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. Property, plant and equipment

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	996,594	(6,061)	990,533	-	-	-
Furniture and fixtures	3,258,527	(1,553,901)	1,704,626	1,629,253	(1,169,348)	459,905
Motor vehicles	622,507	(619,388)	3,119	622,507	(540,753)	81,754
Office equipment	3,803,883	(1,675,311)	2,128,572	3,573,390	(1,148,121)	2,425,269
IT equipment	1,146,396	(703,520)	442,876	742,920	(534,922)	207,998
Rental improvement	1,496,913	(183,451)	1,313,462	984,861	(52,311)	932,550
Other equipment	2,361,317	(2,350,216)	11,101	2,361,317	(2,009,982)	351,335
Total	**13,686,137**	**(7,091,848)**	**6,594,289**	**9,914,248**	**(5,455,437)**	**4,458,811**

Reconciliation of property, plant and equipment - 2021

	Opening balance	**Additions**	**Depreciation**	**Total**
Buildings	-	996,594	(6,061)	990,533
Furniture and fixtures	459,905	1,629,274	(384,553)	1,704,626
Motor vehicles	81,754	-	(78,635)	3,119
Office equipment	2,425,269	230,326	(527,023)	2,128,572
IT equipment	207,998	403,476	(168,598)	442,876
Rental improvements	932,550	512,052	(131,140)	1,313,462
Other equipment	351,335	-	(340,234)	11,101
	4,458,811	**3,771,722**	**(1,636,244)**	**6,594,289**

Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	633,925	-	(174,020)	459,905
Motor vehicles	160,389	-	(78,635)	81,754
Office equipment	266,942	2,342,883	(184,556)	2,425,269
IT equipment	284,243	-	(76,245)	207,998
Rental improvements	11,195	952,107	(30,752)	932,550
Other equipment	687,371	7,125	(343,161)	351,335
	2,044,065	**3,302,115**	**(887,369)**	**4,458,811**

Pledged as security

No of assets were pledged as security:

Buildings - Bungalows Witsand Nature Reserve	996,594	-

Assets subject to finance lease (Net carrying amount)

Office equipment	171,334	237,864

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses	81,796	324,188

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

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020

3. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	475,377	(284,751)	190,626	355,834	(210,106)	145,728

Reconciliation of intangible assets - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	145,728	119,544	(74,646)	190,626

Reconciliation of intangible assets - 2020

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	75,948	114,715	(44,935)	145,728

Pledged as security

No intangible assets were pledged as security:

4. Operating lease asset (accrual)

Non-current liabilities	(720,075)	(188,891)

The operatling lease liability is as a result of the entity entering into a lease agreement for office space.
The initial lease period is for 10 years of which 16 (2019/20: 4) months have passed.

The operating lease expenses for the year amounts to	2 266 297	1 603 963
The future lease payments to be made in one year is:	1 782 182	1 637 410
The future lease payments to be made in year 2 to 5 is:	8 364 922	7 854 387
The future lease payment to be made later than 5 years is:	9 495 744	11 788 461

5. Inventories

Merchandise	8,983	15,006

6. Receivables from exchange transactions

Trade debtors	362,751	921,826
Deposits	383,939	383,939
Staff leave balances - receivable	154,255	115,515
Receivables, UIF stipends	44,900	-
Staff advances and other loans	55,439	55,439
Other debtors - exchange	57,876	57,876
Impairment of receivable balances	(149,047)	(149,047)
	910,113	**1,385,548**

Northern Cape Economic Development, Trade and Investment Promotion Agency

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020

6. Receivables from exchange transactions (continued)

Non-current assets	383,939	383,939
Current assets	526,174	1,001,609
	910,113	**1,385,548**

None of the trade and other receivables were pledged as security.

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 2021, R910 113 (2020: R 1,385,548) were past due but not impaired.

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

3 months past due	910,113	1,385,548

Trade debtors impaired

As of 31 March 2021, trade and other receivables of R 149,047 (2020: R 149,047) were impaired and provided for.

The amount of the provision was R 149,047 as of 31 March 2021 (2020: R 149,047).

The ageing of these receivables is as follows:

Over 6 months	149,047	149,047

Receivables ageing

The ageing of othe debtors are as follows:

Current	163,573	918,877
60 days	-	35,750
120 + days	746,540	430,921
	910,113	**1,385,548**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	12,343,229	2,190,244
Short-term deposits	341,018	820
Other cash and cash equivalents	600	743
Bank overdraft	-	(8,735)
	12,684,847	**2,183,072**

Current assets	12,684,847	2,191,807
Current liabilities	-	(8,735)
	12,684,847	**2,183,072**

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Cash and cash equivalents (continued)

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

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

	2021	2020
Credit rating		
AA	12,684,247	2,182,329

8. Finance lease obligation

	2021	2020
Minimum lease payments due		
- within one year	119,319	144,262
- in second to fifth year inclusive	67,502	157,308
	186,821	301,570
less: future finance charges	(15,710)	(47,337)
Present value of minimum lease payments	**171,111**	**254,233**

	2021	2020
Present value of minimum lease payments due		
- within one year	106,087	110,242
- in second to fifth year inclusive	65,024	143,991
	171,111	**254,233**

	2021	2020
Non-current liabilities	65,024	143,991
Current liabilities	106,087	110,242
	171,111	**254,233**

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

The average lease term was 3 - 5 years and the average effective borrowing rate was 7% (2020: 7%).

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

Defaults and breaches

There have been no defaults and breaches on finances leases.

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2021	2020
Unspent conditional grants and receipts		
Industrial Development Corporation	371,323	391,510
National Lotteries	24,833	24,833
Unido Regional Office	8,100	8,100
Department Trade and Industry	2,550,532	4,691,858
Department of Labour	123,127	-
Department of Small Business Development	1,622,393	-
	4,700,308	**5,116,301**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Northern Cape Economic Development, Trade and Investment Promotion Agency

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9. Unspent conditional grants and receipts (continued)

See note for reconciliation of grants from National/Provincial Government.

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

10. Payables from exchange transactions

Trade payables	4,875,651	2,882,290
Employee benefits - provision for leave	845,539	726,492
Employee benefits - provision for bonus	148,468	151,697
Receivables with credit balance - deposits received in advance	468,366	274,449
Other Creditors	5,391	5,391
	6,343,415	**4,040,319**

Ageing of trade and other payable balances

The ageing of trade payables are as follows

Current	3,162,282	1,695,751
30 days	19,271	273,169
60 days	136,275	(4,966)
90 days	21,689	79,421
120 + days	3,003,898	1,996,944
	6,343,415	**4,040,319**

Trade and other payables have been written off in 2019/20 amounting to R268 259. This benefit received from service providers have been recognised as non - exchange revenue, Debt Relief amounting to R268 259.

11. Revenue

Sale of goods	71,230	31,765
Rendering of services	1,704,257	8,861,929
Interest received	49,407	81,960
Administration and management fees received	565,275	-
Other income	28,235	-
Government grants & subsidies	41,944,218	22,150,368
Debt relief benefit received	-	268,259
Services in kind received	2,116,111	262,228
	46,478,733	**31,656,509**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	71,230	31,765
Rendering of services	1,704,257	8,861,929
Interest received	49,407	81,960
Administration and management fees received	565,275	-
Other income	28,235	-
	2,418,404	**8,975,654**

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11. Revenue (continued)

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

Transfer revenue		
Government grants & subsidies	41,944,218	22,150,368
Debt relief benefit received	-	268,259
Services in kind - received	2,116,111	262,228
	44,060,329	**22,680,855**

12. Other revenue

Administration and management fees received - third party	565,275	-
Other income	28,235	-
	593,510	**-**

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13. Government grants and subsidies

Operating grants

Government grant (operating) - Department Economic Development	29,227,722	18,304,000
Government grant (operating) - Industrial Development Corporation	20,187	538,226
Government grant (operating) - Department Trade and Industry	2,141,326	3,308,142
Government grant (operating) - Department of Small Business Development	553,385	-
Government grant (operating) - Department of Labour	9,001,598	-
	40,944,218	**22,150,368**

Capital grants

Government grant (capital) - Department Economic Development	1,000,000	-
	41,944,218	**22,150,368**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	12,716,496	3,846,368
Unconditional grants received	29,227,722	18,304,000
	41,944,218	**22,150,368**

Grant - Industrial Development Corporation

Balance unspent at beginning of year	391,510	629,736
Current-year receipts	-	300,000
Conditions met - transferred to revenue	(20,187)	(538,226)
	371,323	**391,510**

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

This is a conditional grant received from the Industrial Development Corporation, to fund the operating activities of the project, CSP Crafters.

Grant - National Lotteries

Balance unspent at beginning of year	24,833	24,833

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

The entity had received funding from the National Lottery Board, to rejouvinate the Wildebeest Rock Art Centre. The conditions were met.

Grant - UNIDO Regional Office

Balance unspent at beginning of year	8,100	8,100

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

The entity received funding to do benchmarking for UNIDO, the project conditions were met.Provide explanations of conditions still to be met and other relevant information.

Grant - Department of Trade and Industry

Balance unspent at beginning of year	4,691,858	-

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13. Government grants and subsidies (continued)		
Current-year receipts	-	8,000,000
Conditions met - transferred to revenue	(2,141,326)	(3,308,142)
	2,550,532	**4,691,858**

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

This grant have been received to meet the obligations in terms of operational activities of the Special Economic Zone - Upington and the establishment and operation of the One stop shop

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Figures in Rand	2021	2020

13. Government grants and subsidies (continued)

Grant - Department of Labour

Current-year receipts	9,124,725	-
Conditions met - transferred to revenue	(9,001,598)	-
	123,127	**-**

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

The entity received funding from the Department of Labour (from their Labour Activation Program). The funding was used to reskill 70% of unemployed people who were employed in the past, and empower them with new skills that can make them economically active again.dditional text

Department of Small Business Development

Current-year receipts	2,175,778	-
Conditions met - transferred to revenue	(553,385)	-
	1,622,393	**-**

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

The entity received funding for the assistance of struggling artists in the Province, the funds were to help artists not working due to covid, the funds were disbursed as requsted by the Department of Small Business Development.

Grant (capital) - Northern Cape Department of Economic Development and Tourism

Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,000,000)	-
	-	**-**

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

The entity received funds for the building of two bungalows and Witsand, the bungalows have been built and taken into use and the revenue recognised accordingly .

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14. Employee related costs

Basic	8,102,169	7,192,098
Bonus	245,510	311,315
Medical aid - entity contributions	68,524	46,644
UIF	39,130	35,699
Leave / bonus pay provision charge	77,079	(32,209)
Pension contributions - entity contributions	846,415	464,835
Car allowance	-	180,000
Leave encashment	27,228	-
	9,406,055	**8,198,382**

Included in the Basic Remuneration is an amount of R 864 762.93, which is the annual remuneration of two seconded employees paid by the Department of Economic Development and Tourism, the benefit to the entity is recognised as service in-kind.

Remuneration of Acting Chief Executive Office (H Louw)

Annual Remuneration	1,098,190	-
Acting allowance	60,087	-
Contributions to UIF, Medical and Pension Funds	519	-
	1,158,796	**-**

The acting CEO of the entity has been seconded by the Department of Economic Development and Tourism. The annual remuneration of the acting CEO is paid by the Department and the benefit to the entity is recognised as services in-kind.

Remuneration of Chief Financial Officer (T Mangojane)

Annual Remuneration	975,993	975,993
Bonuses	81,333	81,333
Contributions to UIF, Medical and Pension Funds	31,064	30,582
	1,088,390	**1,087,908**

Remuneration of Chief Executive Officer (T Dikeni)

Annual Remuneration	111,799	1,341,591
Allowance	15,000	180,000
Contributions to UIF, Medical and Pension Funds	8,465	41,280
Leave encashment	106,209	-
	241,473	**1,562,871**

The CEO resigned in April 2021.

Executive Human Resources (TL Luse)

Annual Remuneration	856,203	855,993
Allowance	120,000	120,000
Bonuses	81,333	81,333
Contributions to UIF, Medical and Pension Funds	27,464	26,982
	1,085,000	**1,084,308**

Project Executive - Special Economic Zone (MG Ramorena)

Annual Remuneration	1,251,183	1,251,183
Contributions to UIF, Medical and Pension Funds	1,785	1,785

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14. Employee related costs (continued)

	1,252,968	**1,252,968**

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Figures in Rand	2021	2020

14. Employee related costs (continued)

Executive Manager - Witsand Nature Reserve (J Martiens)

Annual Remuneration	738,213	738,213
Contributions to UIF, Medical and Pension Funds	8,065	45,446
	746,278	**783,659**

Executive Manager - MSICC (O Coetzee)

Annual Remuneration	461,744	461,742
Contributions to UIF, Medical and Pension Funds	1,785	1,787
	463,529	**463,529**

Organisational Risk Manager (DF Kruger)

Annual Remuneration	826,011	826,011
Contributions to UIF, Medical and Pension Funds	109,166	109,166
	935,177	**935,177**

15. Consulting and professional fees

Consulting fees, general	4,406,003	1,137,611
Consulting fees, legal	201,270	436,698
	4,607,273	**1,574,309**

16. Finance costs

Finance leases	22,803	64,599
Bank	288	1,578
Other interest paid	164	-
	23,255	**66,177**

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17. General expenses

Accounting fees	55,050	128,890
Advertising	53,862	782,026
Auditors remuneration	1,209,232	1,143,896
Bank charges	54,186	92,558
Cleaning	84,672	896,758
Computer expenses	249,026	10,070
Consumables	22,186	21,289
Donations	-	2,307
Catering and events	35,981	2,412,467
Reallocation cost	57,810	66,226
Insurance	191,857	240,928
IT expenses	10,522	31,292
Motor vehicle expenses	41,923	89,930
Postage and courier	1,374	17,379
Printing and stationery	136,169	207,125
Security	1,605	963,611
Staff welfare	3,764	300
Subscriptions and membership fees	3,877	118,201
Telephone and fax	591,459	386,340
Training and development	6,910,583	-
Travel - local	100,579	2,666,767
Travel - overseas	-	64,906
Electricity and water	168,507	262,758
Laundry expenses	59,627	101,545
Venue hire and other rentals	-	2,077,111
Penalty and interest charges	-	108,828
Business development and support	740,381	-
Application and registration fees	588,915	-
Other rental charges	59,840	494,983
	11,432,987	**13,388,491**

18. Auditors' remuneration

External audit	1,056,074	881,668
Internal audit	153,158	262,228
	1,209,232	**1,143,896**

19. Cash generated from operations

Surplus (deficit)	9,865,529	(1,663,266)
Adjustments for:		
Depreciation and amortisation	1,711,056	932,401
Finance costs - Finance leases	22,803	64,599
Impairment reversals	-	(122,035)
Movements in operating lease assets and accruals	531,184	194,070
Movements in provisions	-	(530)
Other non-cash items: Services in kind received	(2,116,111)	(262,228)
Other non-cash items: Services in kind - internal audit	2,116,111	262,228
Other non-cash items: Supplier debt relief received	-	(268,259)
Changes in working capital:		
Inventories	6,023	16,028
Receivables from exchange transactions	475,435	(564,040)
Payables from exchange transactions	2,303,096	1,226,649
Unspent conditional grants and receipts	(415,993)	4,453,632
	14,499,133	**4,269,249**

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Figures in Rand	2021	2020

20. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	910,113	910,113
Cash and cash equivalents	12,684,847	12,684,847
	13,594,960	**13,594,960**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(6,343,415)	(6,343,415)
Finance lease obligation	(171,111)	(171,111)
Unspent grants and receipts	(4,700,308)	(4,700,308)
	(11,214,834)	**(11,214,834)**

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,385,548	1,385,548
Cash and cash equivalents	2,191,807	2,191,807
	3,577,355	**3,577,355**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(4,040,318)	(4,040,318)
Finance lease obligations	(254,233)	(254,233)
Unspent grants and receipts	(5,116,301)	(5,116,301)
Cash and cash equivalents - overdraft	(8,735)	(8,735)
	(9,419,587)	**(9,419,587)**

21. Commitments

Authorised capital expenditure

	2021	2020
Already contracted for but not provided for		
• Property, plant and equipment	-	2,060,434
Total capital commitments		
Already contracted for but not provided for	-	2,060,434

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Figures in Rand	2021	2020

22. Contingencies

Case number C63-2015, the entity is currently involved in litigation due to a dispute in terms of the payment of legal fees. The estimated value of the litigation is R195 027.02.

A settlement agreement have been issued to the entity in terms of damages to lease equipment amounting to R165 000. The entity currently disputed the proposed settlement amount and to date there have been no agreement reached on the settlement.

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23. Related parties

Relationships

Board Members	H Louw (Acting Accounting Authority & Accounting Office)
Controlling department	MEC of the Northern Cape Department of Economic Development and Tourism
Entities under common control	Northern Cape Tourism Authority Northern Cape Liquor Board Northern Cape Gambling Board
Funders with significant influence	Department of Trade, Industry and Competition Industrial Development Corporation Department of Small Business Development Department of Labour
Departments under common control	Northern Cape Provincial Treasury
Members of key management	H Louw (aCEO) T Mangojane (CFO) TL Luse (HR Manager) T Dikeni (Former CEO 2019/20) O Coetzee - Manager MSICC MG Ramoerena - Project Executive J Martiens - Manager Witsand DF Kruger (Risk Manager)

Refer to note 15, for remuneration of key management personnel.

Related party balances

	2021	2020
Unspent conditional grants and receipts regarding related parties		
Department of Trade and Industry	(2,550,532)	(4,691,858)
Industrial Development Corporation	(371,323)	(391,510)
Department of Small Business Development	(1,622,393)	-
Department of Labour	(123,127)	-
Leave and bonus receivables (payables) regarding related parties		
DF Kruger	15,821	(14,155)
TL Luse	36,357	22,550
T Mangojane	(199,947)	(203,883)
J Martiens	(133,543)	(98,073)
MG Ramoerena	(133,694)	(88,288)
OF Coetzee	(58,947)	(19,848)
Receivable / (payables) balances regarding related parties		
Northern Cape Department of Economic Development and Tourism	-	473,000
Northern Cape Tourism Authority	31,475	31,475

Related party transactions

	2021	2020
Grants paid to or (received) from related parties		
Department of Economic Development and Tourism	(30,227,722)	(18,304,000)
Department of Trade, Industry and Tourism	(2,141,326)	(3,308,142)
Industrial Development Corporation	(20,187)	(538,226)
Department of Small Business Development	(553,385)	-
Department of Labour	(9,001,598)	-
Subsistance payments paid to related parties		
T Dikeni	-	71,455
TL Luse	-	79,358

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23. Related parties (continued)		
T Mangojane	-	569
J Martiens	-	28,667
MG Ramoerena	-	37,687
DF Kruger	1,080	-
O Coetzee	6,771	-
H Louw	15,190	-
Debt relief received from related parties		
Northern Cape Tourism Authority	-	(54,248)
Sales / Services rendered to related parties		
Northern Cape Department of Economic Development and Tourism	-	(473,000)
Project management / administration fees received from related parties		
Department of Labour	(265,275)	-
Department of Small Business Development	(300,000)	-
Services received in - kind (from) related parties		
Department of Economic Development and Tourism	(1,962,953)	-

24. Remuneration of board members

No emoluments were paid to the board members during the year. The Acting Accounting Officer was appointed with powers of the board as stipulated in the PFMA, Chapter 6 s. 49 sub-s 2 (b)

Executive

2020

	Board fees	Total
L Bomela	24,486	24,486
T Makweya	27,240	27,240
M Kies	16,250	16,250
N Kgantsi	28,125	28,125
F Witbooi	28,250	28,250
	124,351	**124,351**

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25. Prior period errors

Alphabetic references have been added in order to cross reference that nature of the error to the financial impact presented.

Property, plant and equipment and intangible assets have not been depreciated / amortised in the 2019/20 financial year and classified in accordance with GRAP 17 and GRAP 31, these charges were recalculated and classifications retrospectively adjusted. Resulting in a decrease in property, plant and equipment and an increase in intangible assets and an increase in depreciation and amortisation charges previously recognised. (A)

Finance lease obligations and interest charges have not been recorded accurately in terms of GRAP 13, the leases have been recalculated and retrospectively adjusted. Resulting in a decrease in the finance lease obligation and increased finance charges. (B)

Trade and other payables and receivables have not been reconciled in the prior year, adjustments have been made to the supplier and receivable balances, with a consequential effect on general expenditure, repairs and maintenance, consulting and other professional fees, operating leases - buildings, sale of goods / inventory and revenue and rendering of services. The effect of the retrospective adjustment resulted in a decrease in receivables, service revenue, repairs and maintenance, operating leases - buildings, consulting and professional fees, sale of goods / inventory and an increase of trade and other payables and general expenditure. (C)

Trade and other receivable accounts received in the prior year have been subject to impairment, the impairment recognised have been reversed, based on the impairment requirements of GRAP 104. (E)

Leave and bonus provisions were not accurately calculated in the prior year in terms of GRAP 25, these obligations have been recalculated and retrospectively adjusted. The adjustment resulted in a increase of employee related cost and trade and other payables. (F)

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25. Prior period errors (continued)

Retrospective adjustments affecting the accumulated surplus opening balance as at 01 April 2019 have been recorded due to a reconciliation difference between the fixed asset register and the financial statements and errors in some trade and other payable balances. The adjustments resulted in a decrease in the accumulated surplus balance as at 01 April 2019 and property, plant and equipment and an increase in some trade and other payable balances. (G)

Cash and cash equivalent balances decrease due to a prior year classification error and the bank overdraft liability increase. (H)

The inventory balance previously presented have been restated, due to an error in the recording of the closing stock. The adjustment have been made retrospectivly, decreasing inventory on hand and increasing sale of goods / inventory. (I)

Revenue from non - exchange - debt relief revenue have been recognised and trade and other payables decreased. The supplier balances due to suppliers are older than 3 years and the suppliers not in business, these balances due have been derecognised retrospectively and the benefit recorded in terms of GRAP 23. (J)

Revenue from non - exchange, government grants and subsidies have decreased and the unspent grant liability increased, due to revenue recognition principal in terms of GRAP 23 not being followed in the prior year. (K)

In some instances, disclosure notes have been restated due to errors identified in the accuracy and completeness of these disclosures. The following disclosure related notes have been adjusted based on errors -

Key management disclosure note 14, have been increased with additional key management remuneration of R803 430.

Commitments disclosed in note 21, have been increased with capital commitments not previously disclosed of R2 060 434.

Fruitless and wasteful expenditure disclosed in note 29, have deacreased with R2 255 due to overstatement in actual penalties and interest.

Irregular expenditure disclosed in note 30, have increased with R9 874 113 due to additional irregular expenditure identified.

Related party balances disclosed in note 23 have been adjusted as follows -
Payable balances due to key management increased with R75 223, as leave and bonus liabilities of key management have been recalculated and adjusted. Unspent grant and receipt balances increased with R1 711 361, as revenue recognition on grant income was previously incorrect. Receivable balances due from related parties have increased with R504 475, as no related party receivable balances were previously presented.`

Related party transactions disclosed in note 23 have been adjusted as follows -
Subsistenceand travel related payments to key management increased with R70 722, as the disclosure of key management expenditure in the prior year was not complete. Grant income increased with R22 150 368, as grant income received from related parties in the prior was not complete. Debt relief and service revenue with related parties increased with R527 428, as related party transactions have not been complete.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Property, plant and equipment (A &G)	-	(98,940)
Intangible assets (A)	-	92,885
Inventory (I)	-	(9,641)
Receivables from exchange transactions (C)	-	(556,878)
Cash and cash equivalents (H)	-	(1,658)
Finance lease obligations (B)	-	14,573
Trade and other payables - exchange (C, F, G & J)	-	(165,300)
Unspent grants and receipts (K)	-	(1,711,363)
Opening Accumulated Surplus or Deficit - Opening balance 01/04/2019 (G)	-	138,961
Opening Accumulated Surplus or Deficit - Restatement of suplus / deficit 2019/20	-	2,158,399

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25. Prior period errors (continued)

Statement of financial performance		
Revenue from exchange transactions - rendering of services (C)	-	292,831
Revenue from non-exchange transactions - debt relief (J)	-	(268,259)
Revenue from non-exchange transactions - government grants and subsidies (K)	-	1,711,360
Employee related cost (F)	-	540,315
Depreciation and amortisation (A)	-	(34,647)
Impairment - reversal (E)	-	(122,035)
Finance cost (B)	-	6,453
Operating leases - buildings (C)	-	(208,135)
Repairs and maintenance (C)	-	(79,654)
Consulting and other professional fees (C)	-	(257,173)
Sale of goods/Inventory (C)	-	(25,790)
General expenditure (C)	-	742,101

Cash flow statement

Cash flow from operating activities		
As previously presented	-	4,250,862
Error adjustment in terms of revenue recognition in grants	-	18,387
	-	**4,269,249**
Cash flow from investing activities		
As previously presented	-	(3,381,893)
Error adjustment - increase additions to property, plant and equipment and intangible assets	-	219,568
	-	**(3,162,325)**
Cash flow from financing activities		
As previously presented	-	83,768
Error adjustment - finance lease asset additions includes as part of investing activities	-	(239,612)
	-	**(155,844)**

26. Risk management

Financial risk management

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

The entity's overall risk management program focuses on the unpredictability of the economy and seeks to minimise potential adverse effects on the entity's financial performance. The entity is dependent on grant funding and economic support from the parent department. Risk management is carried out by the finance department under policies approved by the board.. The board. provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk, excess liquidity are kept in current account with registered financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate business plan and support from our parent department and other funders. Due to the dynamic nature of the entity the finance department, together with the office of the CEO, continuesly seek new investment oppertunities to ensure that sufficient cash flow is available to service commitments of the entity.

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, available funding and budget monitoring.

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26. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents 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. Customers are urged to pay for services rendered in advance and therefore mitigating the credit risk involved in the transactions of the entity. The entity does not make use of independent credit ratings of customers due to the nature of the credit provided. The utilisation of credit limits is regularly monitored and customer debt are actively collected through the debt collection poliyc of the entity.

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

Financial instrument	2021	2020
Cash and cash equivalents	12,684,847	2,183,072
Trade and other receivables - exchange	910,113	1,385,548

Market risk

Interest rate risk

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - exchange	- %	526,174	-	-	-	383,939
Cash in current banking institutions	- %	12,684,847	-	-	-	-
Unspent conditional grants	- %	(4,700,308)	-	-	-	-
Trade and other payables - exchange	- %	(6,343,415)	-	-	-	-
Finance lease obligations	10.00 %	(106,087)	(65,024)	-	-	-

Price risk

The entity is not exposed to price risk as investments in securties or other relevant commodities are not held.

27. Going concern

We draw attention to the fact that at 31 March 2021, the entity had accumulated surplus of R 8,453,951 and that the entity's total assets exceed its liabilities by R 8,453,951.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the board continue to procure funding for the ongoing operations for the entity and that the executive authority keep on funding the ongoing operations of the entity.

28. Events after the reporting date

There are no events that would require disclosure and / or adjustment of the financial statements.

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29. Fruitless and wasteful expenditure

Opening balance	636,089	527,261
Current year - identified	204,434	108,828
	840,523	**636,089**

Current year, Fruitless and wasteful expenditure consist of legal fees paid R201 270, office rental R3 000 and interest charges due to late payment of suppliers, R164.

30. Irregular expenditure

Opening balance	27,909,944	17,736,765
Add: Irregular Expenditure - current year	-	299,066
Add: Irregular Expenditure - identified during audit	114,165	9,874,113
	28,024,109	**27,909,944**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
SCM processes not followed	Awaiting outcome of investigations.	27,909,944
SCM processes not followed	Awaiting outcome of investigation	114,165
		28,024,109

31. In-kind donations and assistance

The Northern Cape Department of Treasury provides internal audit services to the entity on an annual basis, free of charge, R153 158 (2019/20 R262 228).

The Northern Cape Department of Economic Development pay for the salaries of seconded staff to the entity, the benefit of seconded staff is received by the entity free of charge amounting to R1 962 953.

32. Segment information

General information

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32. Segment information (continued)

Identification of segments

The entity is organised and reports to management on the basis of four major functional areas: Northern Cape Economic Development, Trade and Investment Promotion Kimberley office, Special Economic Zone Upington, Witsand Nature Reserve, CSP Crafts and MSICC and One Stop Shop (OSS).

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Segment NCEDA, consist out of the Office of the CEO, Office of the CFO, Corporated Services and Risk Management. The segment receives funding from the parent department in order to administrate the various other segments within the entity.

Segment Special Economic Zone (SEZ), This segement aims to promote economic growth and job creation, by setting up enabling enviroments for developing targeted industrial activities and attracting both domestic and foreign direct investment in manufacturing and tradable services. The SEZ segment has been introduced by the Department of Trade and Industry to contribute to the acceleration of "high impact" industrialization of South Africa and to address the challenges such as unemployment, poverty, special inequality and underdevelopment.

Segment Witsand, is part of the business management function of the entity. The Witsand Nature Reserve is situated in the Southern Kalahari district and is a tourism destination and established to conserve the unique white dune system surrounded by the red dunes of the Kalahari. The segment generates service revenue from accommodation and other tourist related activifties.

Segment Customised Sector Plan (CSP), this segement supports the local crafts sector within the province in order to create employment and to attrack investment to the province. The segment is funded by the parent department and ad - hoc sales revenue is generated from crafts marketing initiatives.

Segment Mittah Seperepere Interntational Convention Centre (MSICC), this segement is part of the business management function of the entity. The convention centre have world class facilities and provide a sort after platform for various events. The centre generates own income from events.

Segment One Stop Shop (OSS), this segment provides for a facility for existing and potential investors. The facility aim to assist with VISA applications, investment related questions and assistance. The segment does not generate revenue and it's activities are funded from the NCEDA segment.

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32. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	NCEDA	SEZ	Witsand	CSP	MSICC	OSS	UIF	Covid Relief Fund	Total
Revenue									
Revenue from non-exchange transactions	19,724,348	3,364,763	2,500,000	20,187	3,754,722	5,141,326	9,001,598	553,385	44,060,329
Revenue from exchange transactions	565,275	-	1,595,274	-	208,448	-	-	-	2,368,997
Interest revenue	39,482	28	379	141	1,041	8,335	1	-	49,407
Total segment revenue	**20,329,105**	**3,364,791**	**4,095,653**	**20,328**	**3,964,211**	**5,149,661**	**9,001,599**	**553,385**	**46,478,733**
Entity's revenue									**46,478,733**
Expenditure									
Employee related cost	10,150,553	3,807,686	1,750,238	27,170	620,676	-	-	21,345	16,377,668
Consulting and professional fees	201,270	2,006,532	-	-	7,650	-	2,391,821	-	4,607,273
Depreciation and amortisation	237,266	120,107	228,788	-	390,896	733,998	-	-	1,711,055
Finance cost	2,508	19,509	1,155	-	84	-	-	-	23,256
Lease rentals, operating	2,204,594	61,703	-	-	-	-	-	-	2,266,297
Repairs and maintenance	1,009	199	68,827	-	11,761	-	-	-	81,796
Cost of sale / inventory	-	-	112,874	-	-	-	-	-	112,874
General expenses	2,624,572	664,422	374,783	665	99,248	2,975	6,910,442	755,881	11,432,988
Total segment expenditure	**15,421,772**	**6,680,158**	**2,536,665**	**27,835**	**1,130,315**	**736,973**	**9,302,263**	**777,226**	**36,613,207**
Total segmental surplus/(deficit)									**9,865,526**

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32. Segment information (continued)

	NCEDA	SEZ	Witsand	CSP	MSICC	OSS	UIF	Covid Relief Fund	Total
Assets									
Property, plant and equipment	103,608	208,147	151,422	-	88,946	2,270,278	-	-	2,822,401
Property, plant and equipment - Additions	516,748	-	996,594	-	-	2,258,547	-	-	3,771,889
Intangible assets	113,921	9,701	1,007	-	-	65,997	-	-	190,626
Receivables, non - exchange	383,939	-	-	-	-	-	-	-	383,939
Receivables, exchange	526,174	-	-	-	-	-	-	-	526,174
Inventory	-	-	8,983	-	-	-	-	-	8,983
Cash and cash equivalents	844,942	1,574,206	854,680	-	4,239,227	2,868,585	890,477	1,412,962	12,685,079
Total segment assets	**2,489,332**	**1,792,054**	**2,012,686**	**-**	**4,328,173**	**7,463,407**	**890,477**	**1,412,962**	**20,389,091**
Total assets as per Statement of financial Position									**20,389,091**
Liabilities									
Finance lease obligation	(116,087)	(55,024)	-	-	-	-	-	-	(171,111)
Operating lease liability	(720,075)	-	-	-	-	-	-	-	(720,075)
Unspent grants and receipts	(32,933)	-	-	(371,323)	-	(2,550,532)	(123,127)	(1,622,393)	(4,700,308)
Payables, exchange	(1,307,320)	(2,767,121)	(345,211)	(876,544)	(971,987)	(75,232)	-	-	(6,343,415)
Accumulated surplus	(312,917)	1,030,092	(1,667,475)	1,247,867	(3,356,186)	(4,837,643)	(767,350)	209,431	(8,454,181)
Total segment liabilities	**(2,489,332)**	**(1,792,053)**	**(2,012,686)**	**-**	**(4,328,173)**	**(7,463,407)**	**(890,477)**	**(1,412,962)**	**(20,389,090)**
Total liabilities as per Statement of financial Position									**(20,389,090)**

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32. Segment information (continued)

2020

	NCEDA	SEZ	WITSAND	CSP	MSICC	OSS	Total
Revenue							
Revenue from non-exchange transactions	18,570,737	203,542	60,208	538,226	-	3,308,142	22,680,855
Revenue from exchange transactions	-	-	1,890,823	-	7,002,871	-	8,893,694
Interest revenue	24,318	24,452	3,060	6,758	14,076	9,296	81,960
Total segment revenue	**18,595,055**	**227,994**	**1,954,091**	**544,984**	**7,016,947**	**3,317,438**	**31,656,509**
Entity's revenue							**31,656,509**
Expenditure							
Employee related cost	7,926,798	4,779,216	1,839,673	157,920	665,195	-	15,368,802
Remuneration board	124,351	-	-	-	-	-	124,351
Finance charges	66,177	-	-	-	-	-	66,177
Depreciation and amortisation	166,129	169,293	174,366	-	393,658	28,955	932,401
Impairment - reversal	(122,035)	-	-	-	-	-	(122,035)
Lease rentals - buildings	1,224,522	379,441	-	-	-	-	1,603,963
Consutling and other professional fees	229,762	1,253,938	-	-	77,039	13,570	1,574,309
Repairs and maintenance	9,187	-	54,773	-	260,228	-	324,188
Cost of sale / inventory	-	-	59,128	-	-	-	59,128
General expenditure	4,692,452	1,585,987	640,080	573,225	5,801,513	95,234	13,388,491
Total segment expenditure	**14,317,343**	**8,167,875**	**2,768,020**	**731,145**	**7,197,633**	**137,759**	**33,319,775**
Total segmental surplus/(deficit)							**(1,663,266)**

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32. Segment information (continued)

	NCEDA	SEZ	WITSAND	CSP	MSICC	OSS	Total
Assets							
Inventory	-	-	15,006	-	-	-	15,006
Receivables - exchange	329,782	133,939	-	-	921,826	-	1,385,547
Cash and cash equivalents	1,162	3,824	744	9,008	4,186	2,172,883	2,191,807
Property plant and equipment	156,630	228,477	327,421	-	473,121	(28,954)	1,156,695
Property, plant and equipment - additions (cost)	2,213,331	127,253	2,300	-	7,125	952,107	3,302,116
Intangible assets	112,008	30,903	2,818	-	-	-	145,729
Total segment assets	**2,812,913**	**524,396**	**348,289**	**9,008**	**1,406,258**	**3,096,036**	**8,196,900**
Total assets as per Statement of financial Position							**8,196,900**
Liabilities							
Finance lease obligation	(145,240)	(108,993)	-	-	-	-	(254,233)
Operating lease liability	(188,891)	-	-	-	-	-	(188,891)
Bank overdraft	(5,545)	-	(3,191)	-	-	-	(8,736)
Unpsent conditional grants and receipts	(32,933)	-	-	(391,509)	-	(4,691,859)	(5,116,301)
Payables - exchange	(1,226,098)	(2,028,914)	(284,996)	(25,349)	(411,574)	(63,387)	(4,040,318)
Accumulated balances	(1,214,206)	1,613,511	(60,103)	407,850	(994,684)	1,659,211	1,411,579
Total segment liabilities	**(2,812,913)**	**(524,396)**	**(348,290)**	**(9,008)**	**(1,406,258)**	**(3,096,035)**	**(8,196,900)**
Total liabilities as per Statement of financial Position							**(8,196,900)**

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Northern Cape Economic Development
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