NORTHERN CAPE TOURISM AUTHORITY - ANNUAL REPORT 2020/2021

ANNUAL REPORT
2020/2021

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TOURISM ANNUAL REPORT - 2020 21.indd 1 2021/09/14 11:55

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	**Northern Cape Tourism Authority**
PHYSICAL ADDRESS:	15 Villiers Street Kimberley 8301
POSTAL ADDRESS:	Private Bag X5017 Kimberley 8300
TELEPHONE NUMBER/S:	(053) 833 1434
FAX NUMBER:	(053) 831 2937
EMAIL ADDRESS:	officeofceo@experiencenortherncape.com
WEBSITE ADDRESS:	www.experiencenortherncape.com
EXTERNAL AUDITORS:	Office of the Auditor-General of South Africa
BANKERS:	First National Bank and Standard Bank
COMPANY/BOARD SECRETARY:	Northern Cape Tourism Authority

2. LIST OF ABBREVIATIONS/ACRONYMS

NCTA	Northern Cape Tourism Authority
AGSA	Auditor General of South Africa
MEC	Member of Executive Council
PFMA	Public Finance Management Act
SMME	Small Medium and Micro Enterprises
GRAP	Generally Recognised Accounting Practice
MICE	Meetings, Incentive, Conferencing and Exhibitions
HR	Human Resources
NC	Northern Cape
CEO	Chief Executive Officer
NCT	Northern Cape Tourism
SAT	South African Tourism
VSTD	Villages, Small Towns and Dorpies

3. FOREWORD BY THE CHAIRPERSON

The year under review has not been an easy one for the tourism industry provincially, nationally, and internationally. The COVID-19 Pandemic has taken its toll on the sector leaving in its wake a trail of shattered hopes and dreams. The industry has shown in the past, and will do so again, that it is resolute and tough and will bounce back given the chance. Despite the ripple effects of our economic slowdown, the Northern Cape is showing slight signs of recovery and growth. We must continue to believe that all is not doom and gloom and that somewhere on the horizon change for the better is lurking and in the months ahead the industry will show signs of recovery.

This financial year has seen our visitor numbers, national and international, plummeting dramatically with little sign of it recovering any time soon. With the plummeting tourist numbers so to have the product owners seen the impact of it on their businesses. Not only were the product owners badly affected but also those who deliver services to it and those employed in the industry. This bleak cloud that is hanging over the industry has forced many involved in this critical industry to look at re-inventing themselves and their products.

As the world was forced to go virtual many product holders realised that there was an opportunity to remain active by advertising and hopefully selling their products on this new virtual market. The hope is, and we all need to be positive, that when we see the demise of COVID-19, that this new way of advertising our province and its myriad of natural cultural products will pay dividends. Presently product owners and all role players need to re-invent themselves and seek opportunities where others might think none exist.

The Northern Cape Tourism Authority realised that we had to be proactive and embraced this new form of marketing. In this new approach we found support in our public and private sector partners. The abundant rains of 2020 proved a blessing because Namaqualand burst into a kaleidoscope of colour and so did the spectacular display viewed by thousands of visitors to the Augrabies Falls. If this was not enough the Kgalagadi Transfrontier National Park became a green wonderland. The country as a whole became aware of what the Northern Cape had to offer. Local and national tourist flocked to these sites proving that our Province has potential and through targeted marketing we can draw domestic visitors. A 'short left' became a reality.

The COVID-19 Pandemic will be with us for quite some time and it is up to all those involved in tourism not to give up but to prepare for the upswing. We need to be ready when this happens. Domestic tourism will be the first to benefit once we have seen the back of COVID-19.

This period under review has been a difficult one and has impacted on everybody involved in the industry causing depression and demoralisation but we will overcome it as we have overcome so many other trepidations. We are not alone in this struggle and it is through the support of our private and public sector colleagues, the media and our political benefactors that we survived this period.

As a Board and staff, we would like to extend our sincere gratitude to the MEC of the Department of Economic Development and Tourism, Mr Vosloo, the HOD and the tourism unit for their support.

Colin Fortune

Chairperson: Northern Cape Tourism Board

31 March 2021

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

2020 – The year when everything changed

The 19/20 financial year ended on high note for the NCTA. We achieved our highest percentage growth targets for leisure and business tourism. Work was underway on implementing a plan that was focused on continuing to grow demand from our key markets to achieve our Tourism 2020 goals, working in partnership with the tourism industry and other stakeholders. Then, the COVID-19 Pandemic brought global travel to a complete and sudden stop. The impact was immediate as we saw international visitor numbers plummet to near zero during some of the darkest months of the pandemic. Overnight we saw tourism businesses and associated industries across the country impacted as almost every aspect of travel came to a standstill. Tourism Northern Cape, like many organisations around the world, reviewed and re-evaluated all aspects of our activities, from our marketing and messaging approaches to our resourcing, work practices and priorities. While this was happening, we paused our campaigns, but we did not go dormant, we continued to engage trade and consumer through new and virtual ways – maximizing available technology to continue our messaging. We aligned to the National Tourism Recovery Plan and developed our own Recovery Plan. Our plan centered around three phases: **SURVIVAL, RECOVERY AND THRIVE** aligned to the National Risk Adjustment Strategy. We structured our activities to the restrictions imposed. This has been a continuous process as we navigated our response to COVID-19 and what it meant for Northern Cape Tourism Industry at large.

Monitoring Performance

Our Annual Report reflects our achievements against our targets and represents our public commitment to clean governance and excellence in service delivery. For the period in review the NCTA achieved a 95.45% performance on approved targets.

The COVID-19 crisis produced one of the most challenging periods ever for the tourism industry. Given the impact, the Entity did not achieve the outcomes related to the percentage increase for visitor spend and arrivals for leisure tourism. Business tourism suffered the most due to event attendance restrictions. Subsequently the unit did not achieve the outcome related to the percentage growth increase in attendance for business events.

The NCTA operates within two programmes:

PROGRAMME ONE: ADMINISTRATION

Responding to the challenge of functioning in a fiscally constrained environment, whilst also recognising the need to achieve good corporate and cooperative governance **(one of our strategic outcome-oriented goals)**, demanded a business unusual approach. It required effective systems for the management of the limited public resources, ridding the system of any inefficiency and effective allocation of resources. In line with Government's Policy of Transformation, it meant enhancing and upscaling our SMME Marketing Access Framework **(one of our strategic outcome-oriented goals)**. Finally, it meant finding creative ways to do more with less.

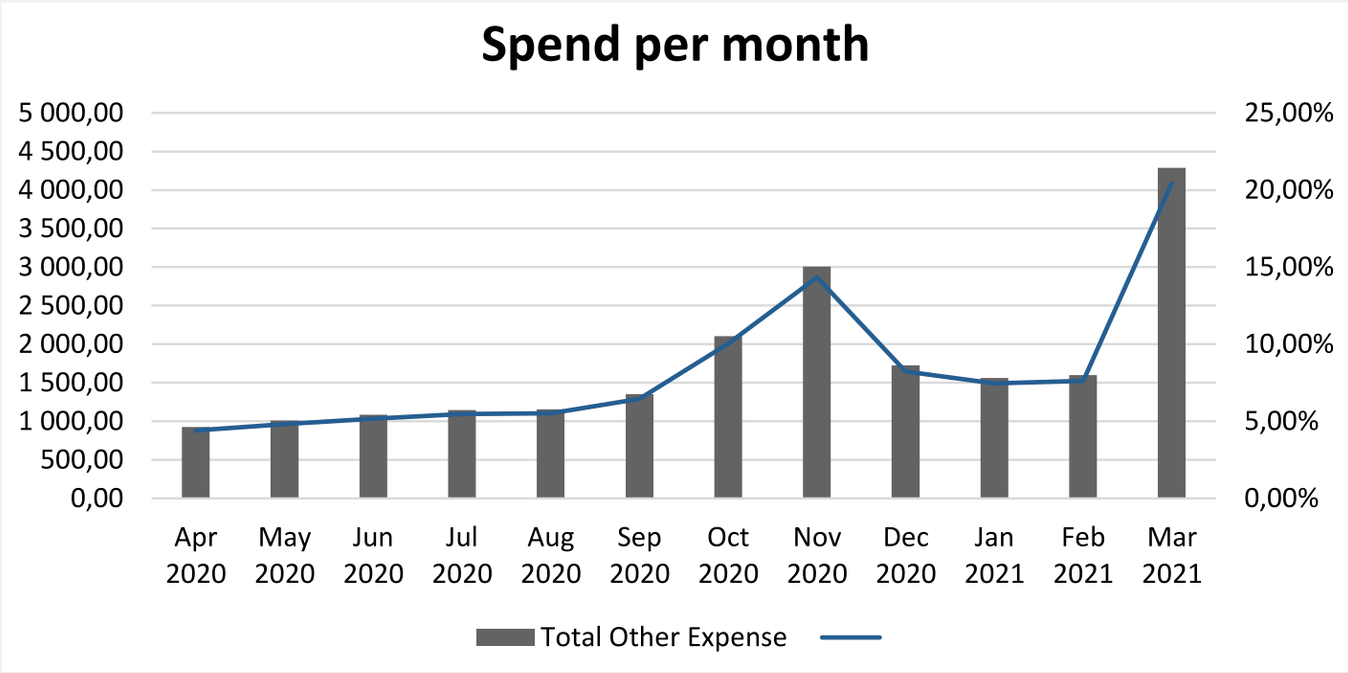
Financial Management

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

The financial statements are prepared based on the accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The NCTA is financially dependent on the Northern Cape Department of Economic Development and Tourism who has not indicated the intention to liquidate or curtail the scale of the Entity activities as yet. It should be noted a rationalisation process of all Northern Cape provincial entities is in progress.

Spending trends

Spending is in line with our strategy. The NCTA spending pattern as compared to prior years was affected by the National lockdown. At the end of September, we only spent 32% of our budget compared to the planned 47%. This was due to the National lockdown, with almost all paid marketing activities coming to a halt. The external audit was also delayed as a result of this. The second half of the year saw us spending 68% of our budget versus the planned 53%. The average spend per month was 8.3% with peaks in October (10%), November (14.3%) and March (20.4%).



There has been no underspending. The spending pattern trends for the year were consistent with our cash flow projections and performance activities throughout the year. We have not discontinued or nor do we intend to discontinue any of our activities over the new medium term expenditure framework period. We spent a total of 97.75 % of our budget including our accruals and commitments. We have submitted a request to Provincial Treasury to retain our 20/21 unspent funds of R1,987 million as they are all contractually committed.

Supply Chain Management: Corporate Social Responsibility continues to grow, and data supports the fact that ethical companies perform better in every aspect of their business. The NCTA has embraced ethics in every aspect of our work. Our supply chain processes are conducted in the most cost efficient and effective manner. Management systems remain in place, and we have complied with all policies and procedures during the period in review and within the new medium term expenditure framework.

Audit Findings

For the year in review the NCTA received an unqualified audit opinion. With the assistance of our governance structure, we managed to implement all our corrective actions related to Internal and External audit findings.

PROGRAMME TWO: DESTINATION MARKETING AND PROMOTION

Remaining flexible and nimble became our modus operandi, including increased scenario planning to enable a swift response to the volatile environment, with plans informed by a dedicated insights framework. Maintaining a balanced market portfolio remained relevant for both leisure and business tourism. Crucial to our recovery strategy was ensuring that as a destination brand we maintain an appropriate presence, because brands that continue to engage with their audiences in a crisis tend to recover quicker. We ramped up our own digital capacity to respond

to a changing world to maintain relevance. **Our social media footprint grew in excess of 100% (across all platforms)**. We navigated around the continued changes in the risk adjustment levels and when an opportunity arose, we built momentum to ensure that the Northern Cape Tourism Experience remained top of mind. Despite the negative growth, Brand Northern Cape continued to excel. For the period in review there were 5 719 mentions, resulting in a potential audience reach of 3.2 billion with a media value of R1 billion **(Source: Ornico Media Monitoring Service and Meltwater Online Media Monitoring Service)**.

It should be noted that for period in review all our marketing and promotional activities for both leisure and business tourism were restricted to the survival and recovery phases.

Survival Phase: April 2020 - June 2020

Central to our activities during this phase, has been support for the Northern Cape tourism industry as we steer towards the path to recovery. Supporting industry recovery, we implemented a collaborated communications framework **(social media platforms, virtual meetings, and the implementation of surveys)** to not only understand what was happening on the ground but to also ensure industry had access to the information and support. On a continuous basis we provided updated information on marketing initiatives, opportunities, tourism news, research, and insights. One of the positive aspects of the pandemic is that it brought the industry closer. It was very encouraging to note the positive engagements and support amongst stakeholders on the various communication platforms. Tourism is an activity that involves multiple sector engagement. The sector only works if there is an integration between the various spheres of government, private sector and the community at large. A coordinated voice and an organised tourism industry within the province is critical for the growth of the industry. We will continue to deliver this program of engagement and communications through 2021//22 and beyond to support the industry's return to growth.

Recovery Phase: July 2020 – March 2021

During this phase we recalibrated our promotional activities. With much of the world in lockdown, we concentrated our efforts on inspiring 'travel dreaming' delivered through digital, video content, and programmatic media buying. Our approaches focused on initiatives that could be translated across regions and markets, ensuring best use of resources. We continued to make the most of consumer and technological trends, supporting industry by sharing their stories and connecting travellers to experiences. This has included the development of road trip campaigns, an interactive map tool and immersive video content. We developed an Experienced Northern Cape Digital Travel Guide **(APP)** to facilitate seamless provincial travel. We developed 19 short destination videos which were distributed to all partners for use on various digital platforms. One of these video's won a **Silver Award** for the best International Destination Video. With considerable uncertainty and a fragile tourism industry, we recognised the importance of maintaining Northern Cape Tourism presence internationally. We recognised there was an opportunity to continue to sensitively deliver content that provided informative and inspirational escapism about the province to inspire visitation when consumer confidence returned. During this period, we concentrated our marketing efforts on sharing content through our social and digital channels to promote 'holiday dreaming' across our leisure and business events channels.

BUSINESS TOURISM

The business events sector is a major driver of our visitor economy. The sector plays a key role in generating trade, investment and employment. The sector suffered extreme losses; conferences, meetings and incentive travel came to an absolute standstill. The projections are that this sector will take longer to recover as a result of the Disaster Management Act and ongoing international travel restrictions. However, marketing communications continued with a digitally content strategy; across print, and all our social media platforms to raise awareness and preference for the Northern Cape as a desired business events destination. We remained in constant communication with South Africa National Convention Bureau, SAACI, our trade partners and other tourism organisations to ensure that Northern Cape Business Tourism remains **"top of mind"**. We continued to bid for business events and delivered successfully on our approved target of six bids.

TRANSFORMATION: SMME MARKETING SUPPORT

The NCTA remains committed to advancing transformation **(one of our strategic outcome-oriented goals)**. Through the implementation of our SMME Market Access Framework we assist SMME products with marketing of their

products, market access, linkages and participation in the tourism value chain. We facilitated mentorship and upskilling of technological and operational best practices. For the year in review, the following direct marketing support was implemented: 331 SMME products and businesses exposed to training opportunities to improve digital marketing sales and business skills; 10 SMME products were financed to obtain SATSA memberships **(South African Tourism Services Association Memberships)** to advance their operational business skills and access to partnerships to grow their business; hosted 19 young provincial social media influencers to enhance their digital skills and to become travel ambassadors for Destination Northern Cape; hosted 10 cultural tour guides for experiential training to advance their guiding skills; 32 products and experiences were exposed on all NCTA marketing platforms to enhance the awareness of their products. The outcome resulted in 16 media articles with a potential audience reach of 9,7 million at a media value of 25,4 million rand **(Source: SABC Afrikaans News online,TV and Radio, DFA Online News, Beyond Expedition Magazine, eNCA news/eNCA nuus, Newzroom Afrika TV, DFA newspaper, and Trendz Travel SABC Channel 404).**

FUTURE OUTLOOK

We are yet to see what the future will look like for tourism. However, we know that recovery will take time and is unlikely to be smooth, instead bumpy and beset with moments of recovery and setbacks. We will exist alongside the virus for some time to come. We closely monitor the pandemic curve within the Northern Cape and South Africa. When a situation arises, we pause but do not go dormant. The component of our campaigns is of such a nature that changes can be made. The components include advertising, editorial, digital, and online platforms that allows us to shift focus from national to provincial travel. Domestic tourism will be the key driver in the near to medium term to stimulate growth and recovery of the Northern Cape Tourism industry. Greater emphasis will be placed on growing domestic demand to the Northern Cape. We will deliberate on how we market and promote domestic tourism to address geographical spread, seasonality, length of stay and transformation. We will work closely with the private sector to create a conducive environment for increased travel within and to the Northern Cape. Initiatives in this respect will range from aggressive marketing, affordable tourism product packaging and enhancing our digital footprint. It is the opportune time for our provincial tourism products and experiences to tailor their product to the domestic markets, to create affordable authentic experiences which in turn would be more appealing to the foreign market and the way tourism is evolving globally. Caravanning and camping holidays are increasingly becoming popular and in great demand as it offers not only affordability, but the social distancing tourists will be looking for. The Northern Cape is well positioned to take full advantage of this opportunity. Emphasis will also be placed on enhancing our visitor experience deliverables to support the needs of tourists which will have undoubtedly changed following the COVID-19 Pandemic. This requires providing relevant information and facilitating the training of frontline personnel at key tourism touch points to ensure that tourists feel safe and welcome in the Northern Cape.

It remains difficult to predict international travel resumption as the international markets continue to be in constant flux due to the evolvement of the virus, pandemic trajectories changes and as vaccine rollout advances. In this uncertain environment, the only certainty is the need for a consistent presence **(passive marketing)** in our prioritised markets during “the year of the vaccine.” The competitive environment for travel post-COVID-19 will be heated. Post COVID, travel will be about authentic and experiential travel. International visitors will avoid busy city centres and head to more remote locations. No longer will it be about a tick list but rather a “bucket” list. They would want to experience the truly unique and authentic experiences available within destinations, the culture, the lifestyle and in short, have life-changing experiences. The Northern Cape is well placed to offer travellers these experiences.

To maintain and grow share in desired markets we will build momentum throughout the pandemic rather than jostling into action as travel re-emerges. Crucial to our recovery strategy is ensuring that as a destination brand, we maintain an appropriate presence, because brands that continue to engage with their audiences in a crisis tend to recover faster. Northern Cape Tourism is kept alive through collaborations with South African Tourism and trade partners. Critically, like SA Tourism, we will continue to tactically engage through reactive and dynamic digital channels as opportune milestones and environments arise throughout the coming year. We will collaborate with South African Tourism on regional programmes and initiatives, especially those related to Namibia and Botswana.

To mitigate the impact on events, we have shifted our immediate and medium-term focus from music and lifestyle events to sporting events. These included individuals focused such as mountain biking, extreme biking events, wildruns, kayaking and marathons as well as sporting events such as cricket and rugby. The Northern Cape’s landscape offers immense opportunity for the afore mentioned events to be hosted within the destination with opportunity for extended pre or post event family visitation. We will implement the business tourism marketing and

sales campaign to solicit business meetings and events from national associations, government, and corporate meetings. We will implement the SAT VSTD campaign to bring business meeting events to smaller towns and dorpies of the Northern Cape. We will encourage the event organisers to diversify and consider new demand for events.

The stagnant and declining levels of economic growth exacerbated by the additional shocks from COVID-19 severely affected the sustainability and growth of SMMEs in the province. The ability to sustain SMMEs will depend on the coordinated and integrated response and the extent and pace to which amelioration measures reach businesses. Connecting with all layers of the tourism industry is critical for building beneficial cooperative relationships. This means there is a need for integration and working collaboratively with partners to accelerate transformation, and thereby enhance SMME growth and development. Amidst these challenges we will continue with the implementation of our SMME Market Access Framework initiatives which directs the marketing and promotion of our SMMEs, their access to tourism trade channels and their inclusion in the tourism value chain. Through our networks we will encourage and support upskilling to create sustainable tourism enterprises. We will work closely with the various tourism product owners and SMMEs as we rebuild our tourism industry.

Every year travel trends come and go. However, 2021 is set to be one of tourism's most significant years to date. On a positive note, we know our sector is incredibly resilient, strong, passionate and will undoubtedly rebuild to be different in a good way. Hope is on the horizon - the travel industry is on the road to recovery and people are eager to start travelling again. We are seeing positive shifts, especially as vaccines roll out more broadly and signs that that traveller optimism is on the rise. We know that the experience of travel is something that people will continue to desire now and into the future.

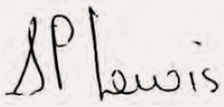
While we do not yet truly know what travel will look like in the future, we are beginning to see some trends emerge in terms of consumer priorities and sentiment. Physical distancing and hygiene will certainly be key issues for the travel industry to navigate, with a desire among travellers to seek out less crowded attractions and nature-based experiences. Fortunately, our outdoor lifestyle, spectacular nature, clean air, wide open spaces, and reputation for safety will stand us in good stead as the world starts to travel again.

ACKNOWLEDGEMENT/APPRECIATION

I would like to take this opportunity to extend my deepest gratitude and best wishes to our industry partners, operators and every member of our tourism industry. The impact of the COVID-19 crisis has been exceptionally challenging and, for many, nothing short of devastating. Our industry has proven itself resilient in the face of crisis. I am hopeful that the new strategies and foundations that we are putting in place now, will ensure that in time we emerge as a strong sector again.

Successful organisations are governed by Boards with an unwavering commitment to the values of excellence and good governance. I wish to thank every NCT Board Member for their leadership and guidance and for always expecting nothing but the best from our team. It should be noted that the term of office of the Board expired on 31 March 2021.

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



Ms S Lewis

Chief Executive Officer: Northern Cape Tourism Authority

31 March 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 free from any omissions.

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

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

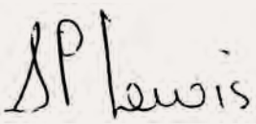
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

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

Yours faithfully



Ms S Lewis

Chief Executive Officer: Northern Cape Tourism Authority

31 May 2021

6. STRATEGIC OVERVIEW

6.1. Vision

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

6.2. Mission

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

6.3. Values

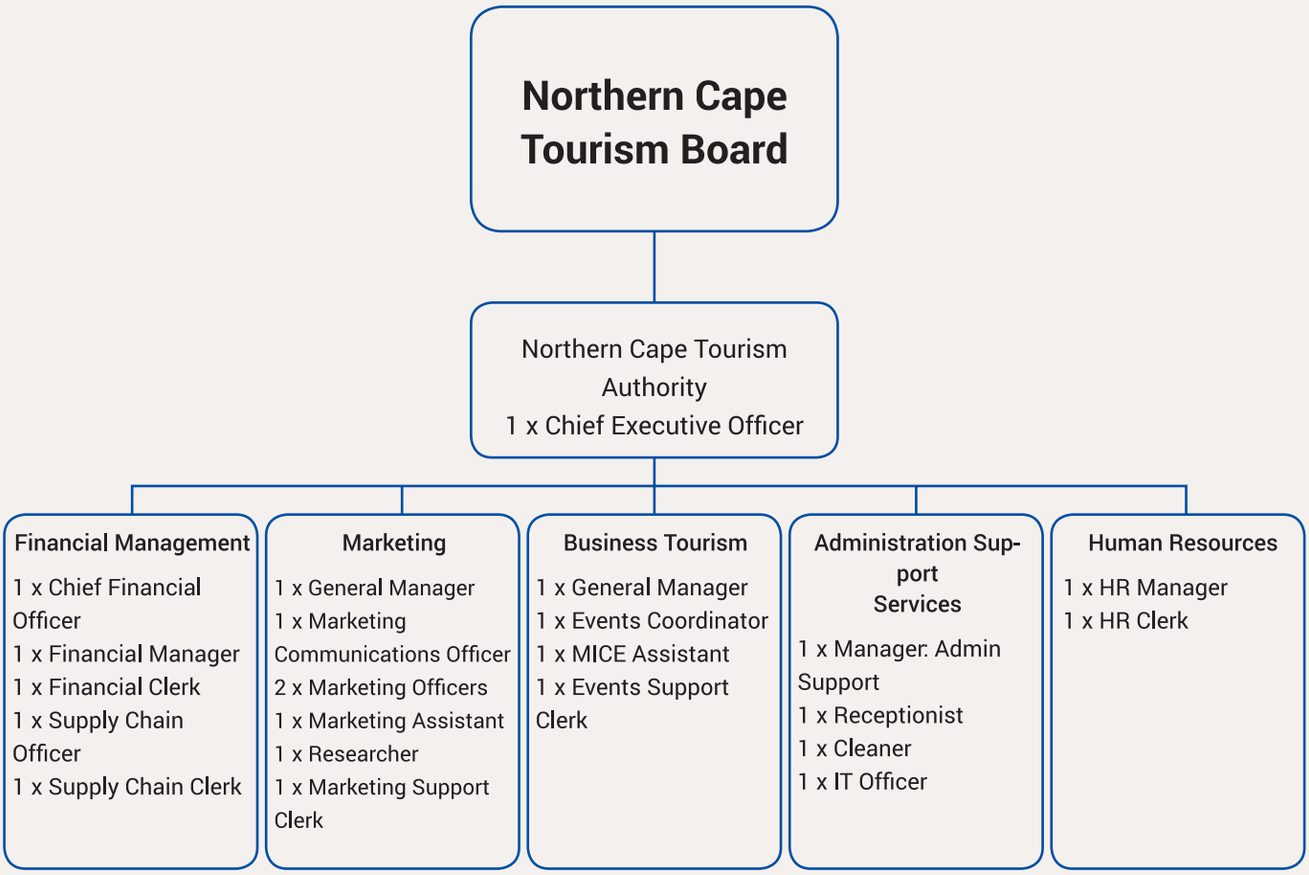
Our values are:

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

7. LEGISLATIVE AND OTHER MANDATES

- Constitution of the Republic of South Africa, Act 108 of 1996
- State Information Technology Agency Act (No. 88 of 1998), as amended
- Intergovernmental Relations Framework Act (No. 13 of 2005), as amended
- Occupational Health and Safety Act (no. 85 of 1993), as amended
- Prevention and Combating of Corrupt Activities Act (No. 12 of 2004), as amended
- Promotion of Access to Information Act (No. 2 of 2000), as amended
- Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended
- Preferential Procurement Policy Framework Act (No. 5 of 2000), as amended
- Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000), as amended
- Promotion of Administrative Justice Act (No. 3 of 2000), as amended
- Public Finance Management Act, Act 1 of 1999, as amended
- Protected Disclosures Act (No. 26 of 2000), as amended
- Tourism Sector Recovery Plan
- Marketing and investment framework
- Northern Cape Tourism Entity Act,2008 (Act No.5 of 2008)
- Labour Relations Act (No. 66 of 1995), as amended
- Basic Condition of Employment Act (No. 75 of 1997), as amended
- Employment Equity Act (No. 55 of 1998), as amended
- Skills Development Act (No.97 of 1998), as amended
- Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), as amended
- Medium Term Strategic Framework 2019 - 2024
- National Tourism Sector Strategy (2016 – 2026)
- White Paper on the Development and Promotion of Tourism in South Africa
- National Development Plan, Vision 2030

8. ORGANISATIONAL STRUCTURE



PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 38 of the Report of the External Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

It should be noted that tourism is an activity that involves multiple sector engagement. The sector only works if there is an integration between the various spheres of government and between public and private sector. The NCTA plays a leading role in marketing the province and in driving consumer demand. The success and growth of our tourism sector is a result of collaboration of all the role players in the sector. This is the reason why we work tirelessly with our stakeholders to raise awareness and to enhance tourism education on all pertinent issues. Industry transformation remains a challenge, severely aggravated by the COVID-19 pandemic. The demand for tourism products and services came to a virtual standstill for six months of the period in review.

In meeting the new tourism demands as a result of the COVID-19 Pandemic, our central focus will be to ensure collaboration with all sectors of the tourism value chain. The Northern Cape is fortunate to have a collaborative spirit. We work well together as a team which has been the case since lockdown. We stayed in constant communication with our stakeholders through various communication platforms/channels, and this is how we intend to overcome the current situation and rebuild the new tourism landscape.

2.2. Organisational Environment

Considering the environment in which we found ourselves, a key objective of the Northern Cape Tourism Authority was to sustain the operational stability of the organisation. A major source of inspiration was that the NCT Board and CEO through their critical engagement and continuous assessment of the environment, ensured that business continuity was high on the agenda.

The NCTA has prioritised the successful response to the unprecedented stop - start way of operating through building a great degree of resilience and good corporate governance. This situation has forced us to review our traditional ways of forecasting, restructuring, and partnering. The NCTA has undertaken unprecedented levels of proactive engagement with the industry and stakeholders by increasing engagement efforts, dedicating our limited resources to governance and core issues to navigate under extremely difficult circumstances. The rationalisation of public entities has negated any efforts the entity intended to pursue in terms of our organisational development, recruitment, and forward planning initiatives.

Despite the many challenges faced, the NCTA has enjoyed relative success in terms of its continued focus on:

- Restoring traveller confidence in our province.
- Supporting tourism businesses to adapt and survive.
- Promoting domestic tourism and supporting safe return of international tourism.
- Providing clear information to travelers, businesses, and limiting uncertainty where possible.
- Developing measures to maintain capacity in the sector and address gaps.
- Strengthening interprovincial and international co-operation where possible.
- Building a more resilient tourism industry and enhancing sustainable tourism marketing and promotion.

2.3. Key policy developments and legislative changes

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

2.4. Progress towards achievement of institutional Impacts and Outcomes

The Northern Cape Tourism Authority identified four Outcomes to direct its effort in achieving the goals set out below:

Outcome	Outcome indicator	Progress 2020/21	Five-year target	Comments
A well governed leader of the tourism industry within South Africa	External Audit Income	Unqualified Audit Maintained	Unqualified Audit Maintained	
	Effective training and development in support of the entity's strategic objectives	Four staff members trained	50 % of staff trained by 2025.	
	Stakeholder Engagement	Four stakeholder meetings held	Four stakeholder meetings	
Broadened participation in the tourism value chain	Number of sustainable SMME businesses grown across the Northern Cape	47 SMMEs supported	68 SMMEs	
Increased volume of tourists and the value they add to the economy	% Growth in international arrivals annually	No figures available	150 000 - 9%	The restrictions on travel and related tourism activities have resulted in the NCTA not being able to achieve our targeted growth.
	% Growth in domestic trips undertaken annually	No figures available	9% growth in spend	The restrictions on travel and related tourism activities have resulted in the NCTA not being able to achieve our targeted growth.
	% Growth in rand value of domestic direct spend	No figures available	72 000 (10%)	The restrictions on travel and related tourism activities have resulted in the NCTA not being able to achieve our targeted growth.
	% Growth in rand value of domestic direct spend	No figures available	10% growth in spend	The restrictions on travel and related tourism activities have resulted in the NCTA not being able to achieve our targeted growth.
Increased number of business events and increased visitor attendance at leisure events hosted in the Northern Cape	Annual increase in number of business events hosted within the Northern Cape	Six	Nine	
	% Annual increase in business events spend	No figures available	10 % growth in spend	
	% Visitor increase in attendance at Leisure events hosted in the Northern Cape	4,211	10% growth in event attendance	Not achieved – No events held in SA from March 2020 until November under the COVID-19 Disaster Management situation

3. PROGRAMME PERFORMANCE INFORMATION

3.1. PROGRAMME 1 – ADMINISTRATION

Purpose: To provide overall strategic management and leadership to the Entity through the provision of support services such as Board support, Financial Management, Human Resource Management and Compliance monitoring. In addition to this, Programme 1 oversees Strategic Planning, Performance monitoring and reporting in terms of the PFMA.

Programme Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

In contributing towards the NCTA`s desired impact of increased tourism contribution to inclusive economic growth, the **Administration** Programme delivers against:

Outcome 1: A well governed leader of the tourism industry within South Africa

Outcome 2: Broadened participation in the tourism value chain

Outcome 1: A well governed leader of the tourism industry within South Africa

Performance Indicators, planned targets and actual achievements

Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation (reasons)
Output: Number of unqualified audit opinions with no matters of emphases for the strategic planning period					
AFS submitted by 31 May annually	1	1	1	1	None
Annual Performance Report submitted by 31 August annually	1	1	1	1	None
Entity plans submitted by 30 September annually	1	1	1	1	None
Output: Effective training and development in support of the Entity's strategic objectives					
Conduct a Skills Audit of all staff	New Indicator		1	1	None
Develop a Workplace Skills Plan	New Indicator		1	1	None
Output: Number of unqualified audit opinions with no matters of emphases for the strategic planning period					
AFS submitted by 31 May annually	1	1	1	1	None
Annual Performance Report submitted by 31 August annually	1	1	1	1	None
Entity plans submitted by 30 September annually	1	1	1	1	None
Number of staff trained in key areas of development	New Indicator		3	4	Exceeded - The following staff members trained: 2 permanent 1 contract worker 1 intern
Output: Develop an ethical and compliant workforce					
Number of Financial Disclosure Forms submitted	7	7	7	7	None
Number of HR Sessions held (Labour Relations, Wellness, General Policy)	7	4	6	6	None
Output: Stakeholder Engagement					
Convene and attend Provincial Stakeholder Engagements	New Indicator		4	4	None

Strategic Goal Achievement

We have achieved 100% of the approved targets for the year in review.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

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

Changes to planned targets

There has been no changes made to the approved targets.

Linking performance with budgets

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

	2019/2020			2020/2021		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Financial Management	R'000	R'000	R'000	R'000	R'000	R'000
Personnel	R11 750	R11 970	(R220)	R12 521	R11 960	R561
Goods & Services	R3 403	R3 244	R160	R2 761	R3 004	(R243)
Capital	R265	R487	(222)	R165	R331	(R166)
Total	**R15 418**	**R15 701**	**(282)**	**R15 447**	**R15 295**	**R152**

Outcome 2: Broadened participation in the tourism value chain

Performance Indicators, planned targets and actual achievements

Output: Number of sustainable SMME businesses grown across the Northern Cape					
Output Indicator	**Actual Achievement 2018/19**	**Actual Achievement 2019/20**	**Planned Target 2020/21**	**Actual Achievement 2020/21**	**Deviation (reasons)**
Number of SMMEs supported	New Indicator			47	None

Strategic Goal Achievement

We have supported 47 SMMEs.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

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

Response to the COVID-19 Pandemic

We aligned to the National Recovery Plan and developed our own Recovery Plan. Our plan centered around three phases, **SURVIVAL, RECOVERY and THRIVE** which are aligned to the National Risk Adjustment Strategy. Within these three phases, there was specific focus on providing SMMEs with market access support. To have a direct service delivery impact, the NCTA has developed a SMME Market Access Framework. The framework identifies the following special focus areas:

- Market exposure on all NCTA marketing platforms
- Unlock market access opportunities within the tourism value chain
- Create business linkages with tourism partners to enhance competitiveness of SMMEs
- Encourage and support upskilling to enhance sustainable SMME products

Changes to planned targets

There has been no changes made to the approved targets.

Linking performance with budgets

The sub programme has spent 99 % of its budget.

	2019/2020			2020/2021		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Office of the CEO	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Services	R534	R421	R163	R571	R566	R5
Total	**R534**	**R421**	**R163**	**R571**	**R566**	**R5**

3.2. PROGRAMME 2 – DESTINATION MARKETING & PROMOTION

Purpose: The Destination and Marketing Programme is responsible for destination tourism marketing targeting both international and domestic markets.

Programme Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

In contributing towards the NCTA's desired impact of 'increased tourism contribution for inclusive economic growth, the Leisure Tourism Marketing Programme delivers against the following outcomes reflected in our Strategic Plan:

Outcome 3: Increased volume of tourists and the value they add to the economy

Outcome 4: Increased number of Business Events and increased visitor attendance at leisure

Outcome 3: Increased volume of tourists and the value they add to the economy

Performance Indicators, planned targets and actual achievements

Output: % Growth in international arrivals annually and % growth in rand value of foreign tourist direct spend					
Output Indicator	**Actual Achievement 2018/19**	**Actual Achievement 2019/20**	**Planned Target 2020/21**	**Actual Achievement 2020/21**	**Deviation (reasons)**
Number of Marketing Campaigns to promote the destination in identified international markets targeting consumers	3	3	2	2	None
Number of Marketing Campaigns to promote the destination in identified international markets targeting trade	4	4	2	2	None
Output: % Growth in domestic trips undertaken annually and % growth in rand value of domestic direct spend					
Number of Marketing Campaigns to promote the destination in identified domestic markets targeting consumers	4	4	2	2	None
Number of Marketing Campaigns to promote the destination in identified domestic markets targeting trade	4	4	2	2	None

Output: % Growth in international arrivals annually and % growth in rand value of foreign tourist direct spend

The restrictions on travel and related tourism activities resulted in the NCTA not being able to achieve our performance growth target.

Changes to planned targets

There has been no changes made to the approved targets.

Deviations

The restrictions on travel and related tourism activities resulted in the NCTA not being able to achieve our performance growth target.

Strategy to overcome areas of under performance

During the pandemic, the NCTA, like many destination marketing organizations around the world, we re-evaluated all aspects of our activities, but we did not go dormant. We successfully implemented our international marketing campaigns for both trade and consumer. We continued to engage trade and consumers mainly through digital and virtual, maximizing all available technology to keep Destination Northern Cape top of mind.

In this uncertain environment, the only certainty is the need for a consistent presence, (passive marketing) in our prioritized markets during “the year of vaccine” to ensure that the Northern Cape remains embedded as a “top of mind” destination. The competitive environment for post-COVID-19 will be heated. In order to maintain and grow market share in our desired markets, we will build momentum throughout the pandemic rather than jostling into action as travel re-emerges. Critically, Northern Cape Tourism Authority will continue to tactically engage through reactive and dynamic digital channels as opportunities arise through the coming year.

Response to the COVID-19 Pandemic

We aligned to the National Recovery Plan and developed our own Recovery Plan. Our plan centered around three phases, **SURVIVAL, RECOVERY and THRIVE** which is aligned to the National Risk Adjustment Strategy. We structured our activities to the restrictions imposed. This has been a continuous process as we navigated our response to COVID-19 and what it meant for the Northern Cape Tourism Industry at large. Our focus in the international markets remained strategic and was mainly focused on digital platforms to ensure we maintain "top of mind destination" awareness. We remained in constant communication with South Africa Tourism, their international tourism offices, our trade partners, and other international tourism organizations on how to navigate through the pandemic to ensure that Northern Cape Brand stays alive.

Challenges

- The unorganised and uncooperative Northern Cape Tourism industry environment
- The continued unpredictability of the COVID-19 virus and the vaccine roll-out
- Limited digital marketing ability/capacity of the Northern Cape Tourism industry
- Lack of compliance impacts negatively on the Visitor Experience (COVID-19 protocols)

Output: % Growth in domestic trips undertaken annually and % growth in rand value of domestic direct spend

The restrictions on travel and related tourism activities resulted in the NCTA not being able to achieve our performance growth target.

Changes to planned targets

There has been no changes made to the approved targets.

Deviations

The restrictions on travel and related tourism activities resulted in the NCTA not being able to achieve our performance growth target..

Strategy to overcome areas of under performance

During the pandemic the NCTA, like many destination marketing organisations around the world, we re-evaluated all aspects of our activities, but we did not go dormant. We successfully implemented our domestic marketing campaigns for both trade and consumer. We continue to engage trade and consumers through new and virtual ways, maximizing all available technology to keep Destination Northern Cape top of mind.

The success of our campaigns was in part due to the extensive research and consumer insights that informed its timing and tone, and this will play an important role in guiding our strategy as we market and promote in this new tourism future world. Whilst we do not yet truly know what travel will look like in the future, we have seen trends emerge in consumer travel needs. Domestic travel continues whilst restriction on international travel prevails. Our initiatives will include enhancing our digital footprint, affordable tourism product packaging, and hyper locality and adventure activities.

Response to the COVID-19 Pandemic

We aligned to the National Recovery Plan and developed our own recovery plan. Our plan centered around three phases, **SURVIVAL, RECOVERY and THRIVE** which are aligned to the National Risk Adjustment Strategy. We structured our activities to the restrictions imposed. This has been a continuous process as we navigated our response to COVID-19 and what it meant for the Northern Cape Tourism Industry at large. It must be noted that the

recovery phase continued until the end of the year under review and will continue into 2022. Our focus was to get the Northern Cape people to explore their own province and South Africans to enhance local travel within the Northern Cape. We navigated around the continued changes in the risk adjustment levels and when an opportunity arose, we build momentum to ensure that the Northern Cape Tourism Experiences remains top of mind. Our impressive flower season, the 20th anniversary of the Kgalagadi Transfrontier Park and summer within the Northern Cape all presented opportunities to push the destination and attract domestic travelers to the Northern Cape.

Challenges

- The absence of a holistic "whole" Government approach to tourism within the Northern Cape
- The unorganised and uncooperative Northern Cape Tourism industry environment
- The continued unpredictability of the COVID-19 virus and the vaccine roll-out
- Limited digital marketing ability of the Northern Cape Tourism industry
- Lack of compliance impacts negatively on the Visitor Experience (COVID-19 protocols)

Linking performance with budgets

The restrictions on travel and related tourism activities, especially the Disaster Management Act rules applicable to gatherings, have resulted in the postponement and cancellation of many events scheduled to take place in the Northern Cape. This has resulted in the NCTA having to postpone and curtail the extent of some of its events support. The unspent funds were committed at year-end.

	2019/2020			2020/2021		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Leisure	R'000	R'000	R'000	R'000	R'000	R'000
Goods & Service	R6 850	R6 217	R633	R4 449	R3 850	R599
Total	**R6 850**	**R6 217**	**R633**	**R4 449**	**R3 850**	**R599**

Outcome 4: Increased number of business events and increased visitor attendance at leisure events hosted in the province

Performance Indicators, planned targets and actual achievements

Output: Annual increase in number of business events and increased visitor attendance at leisure events hosted in the Northern Cape					
Output Indicator	**Actual**	**Actual**	**Planned Target 2020/21**	**Actual**	**Deviation (reasons)**
Number of Marketing Campaigns to promote the destination as a competitive business events destination	New Indicator		2	2	None
Number of Bids Supported	8	4	8	8	None
Number of Business Events Supported	5	7	6	6	None
Output: % Annual increase in Business Event spend					
Increase delegate attendance at business events	New Indicator		258	480	Exceeded – we were able to exceed our target as a result of the limited number of people attending gatherings being increased.
Output: % Visitor increase in attendance at Leisure Events hosted in the Northern Cape					
Increase visitor attendance at provincial events	288 632	319 495	349 245	4 211 visitors	Not achieved – No events held in SA from March 2020 until November under the COVID-19 Disaster Management situation.

Output: % Annual increase in Business Event spend

Changes to planned targets

There has been no changes to the approved targets. This is a new indicator and the numbers of attendees achieved at the end of this review period, will be used as a baseline for future growth achievements.

Deviations

Over achievement - due to COVID-19, a conservative figure was agreed upon for the attendance of business events. As COVID-19 restrictions (levels) were relaxed, the number of attendees at events increased, hence the over achievement in the number of delegates attending business events.

Strategy to overcome areas of under performance

During the pandemic the NCTA, like many destination marketing organisations around the world, we re-evaluated all aspects of our activities, but we did not go dormant. The business events sector is a major driver of our visitor economy. The Business Tourism sector has suffered extreme losses. Conferences, meetings, and incentive travel has come to an absolute standstill. The projections are that this sector will take longer to recover as a result of the Disaster Management Act and ongoing international travel restrictions imposed.

Our focus in going forward will be on our domestic markets as well as African land and air markets. The focus will be on industry associations in the key industries within the Northern Cape namely, agriculture, mining, technology, and alternative energy. Through our partnership with Sol Plaatje University we will focus on education and higher learning meetings and conferences. We will implement the National Associations Bidding Framework and capacity building for Villages, Towns and Small Dorpies (VTSD's).

Strategic Goal Achievement

We have achieved 80% performance for approved targets. This is directly linked to The Disaster Management Act rules applicable to Gatherings. Event Organisers within both the Business Events and Leisure Event sectors were directly impacted upon by the limited numbers allowed for gatherings during the year in review.

Response to the COVID-19 Pandemic

We aligned to the National Recovery Plan and developed our own Recovery Plan. Our plan centered around three phases, **SURVIVAL, RECOVERY and THRIVE** which are aligned to the National Risk Adjustment Strategy. We structured our activities according to the imposed restrictions. This has been a continuous process as we navigated our response to Covid-19 and what it meant for the Northern Cape Tourism Industry at large.

We remained in constant communication with South Africa National Convention Bureau, SAACI, our trade partners and other tourism organizations to navigate through the pandemic to ensure that Northern Cape Business Tourism remains "top of mind". We continued to bid for business events and secured six events.

Challenges

- Possible further lock downs and travel restrictions.
- Northern Cape event`s industry readiness to do business (infrastructure in accordance to internationally recognised standards for business events and capacity to host).
- Northern Cape not known as business events destination.
- Unorganised business tourism industry
- Budget constraints to solicit bids

Output: % visitor increase in attendance at Leisure Events hosted in the Northern Cape

Changes to planned targets

There has been no changes to the approved targets.

Deviations

The restrictions on travel and related tourism activities have resulted in the NCTA not being able to achieve our performance growth target.

Strategy to overcome areas of under performance

During the pandemic the NCTA, like many destination marketing organisations around the world, we re-evaluated all aspects of our activities, but we did not go dormant. The Leisure Events sector was one of the hardest hit tourism sectors. The national lockdown and ongoing COVID-19 Pandemic restrictions literally devastated the events industry.

Leisure and business events provide an opportunity for the growth of arrivals to our shores as well as moving people within the province. We will continue to support the design of attractive leisure events that bring people together to celebrate our rich culture, heritage, and nature. However, activation of such events will be restricted to the regulations as defined in the Disaster Management Act, 2002: Amendment of Regulations issued in terms of Section 27 (2). For the foreseeable future we will concentrate on the hosting of sporting events such as running, cycling, canoeing, motorsport and walking which are allowed with limited participants. We will support broadcast events such as rugby, soccer, cricket, and hockey events hosted in the province. This is important to enhance an improved culture of tourism provincially.

Response to the COVID-19 Pandemic

We aligned to the National Recovery Plan and developed our own Recovery Plan. Our plan centered around three phases, **SURVIVAL, RECOVERY and THRIVE** which is aligned to the National Risk Adjustment Strategy. We structured our activities according to the imposed restrictions. This has been a continuous process as we navigated our response to COVID-19 and what it meant for the Northern Cape Tourism Industry at large.

We remained in constant communication with event organisers, sporting fraternities across a broad range and signed agreements with seven sporting fraternities to deliver events for the next three years.

Challenges

- Possible further lock downs and travel restrictions
- Unorganised leisure events industry
- Events offering limited participants
- Budgetary restrictions

Linking performance with budgets

The restrictions on travel and related tourism activities, especially the Disaster Management Act as applied to gatherings, have resulted in the postponement and cancellation of many events scheduled to take place in the Northern Cape. This resulted in the NCTA having to postpone and curtail the extent of some of its campaigns and support. The unspent funds were committed at year end.

	2019/2020			2020/2021		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
Business Tourism	R'000	R'000	R'000	R'000	R'000	R'000
Goods and Services	R4 035	R4 024	R11	R2 447	R1 382	R1 064
Total	**R4 035**	**R4 024**	**R11**	**R2 447**	**R1 382**	**R1 064**

PART C: GOVERNANCE

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

The NCTA presented its Annual Performance Plan & Budget for 2020/21 to the Portfolio Committee on Finance, Economic Development and Tourism and the Standing Committee on Public Accounts on 14 July 2020 and the Annual Report 2019/20 on the 25 March 2021.

3. EXECUTIVE AUTHORITY

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

Q1 - 3 July 2020
Q2 - 6 October 2020
Q3 - 11 December 2020
Q4 - 9 April 2021

4. THE ACCOUNTING AUTHORITY / BOARD

Powers and functions of the Board

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

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

(ii) for the members of the Board and committees and employees in respect of bodily injury, disablement or death resulting solely and directly from an accident occurring when performing their duties as such members or employees

(g) open and maintain an account in the name of the Entity with a registered Bank in the republic;

(h) draw up, make, publish and sell or make available free of charge, books, guides, maps, publications, photographs, films, videos and similar matter intended to inform persons in the Republic or elsewhere, of tourism attractions and services in the Province;

(i) gather, evaluate and process information relating to tourism in the Province and make such information available to persons who are engaged in the tourism industry;

(j) give marketing advice and guidance to persons who are engaged in the tourism industry in the Province;

(k) with a view to the effective marketing of, and the provision of information relating to any service, facility or product offered in connection with tourism, determine, publish and regulate the use of such distinguishing signs and wording as the Board may deem fit;

(l) in consultation with the responsible Member and the Member of the Executive Council responsible for Finance, establish, manage and administer any pension or provident fund or medical aid scheme for the benefit of the Entity's employees, or have such fund or scheme administered by another person or body;

(m) negotiate and co-operate with any educational institution regarding the institution, continuation or expansion of courses for the training of persons for careers in the tourism industry;

(n) approve the use of trading names by the Entity for specific tourism marketing projects; and

(o) perform any other activities which may contribute towards the achievement of the objectives of the Entity.

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

(a) work with the Department and municipalities to implement the tourism development and marketing strategies of the Province and municipalities;

(b) integrate transformation objectives into the operational activities of the Entity;

(c) work with other national and provincial public entities, particularly those tasked with tourism, trade and investment promotion; and

(d) work with sector-specific bodies which contribute to the growth of the tourism industry in the Province

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

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

(a) developing and implementing all policies and programmes of the Entity pertaining to financial and personnel matters, within six months after the coming into operation of this Act, and subsequently amending such policies and programmes as and when necessary;

(b) ensuring that the Entity adheres to sound financial management, effective and equitable human resource development and efficient office administration in a responsible, accountable and transparent manner; and

(c) employing, disciplining, suspending or dismissing any employee of the Entity, with due regard to the provisions of the Labour Relations Act, 1995 (Act No 66 of 1995).

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ term ended	Qualifications	Area of Expertise	Other Committees (e.g: Audit committee)	No. of meetings attended
Mr C Fortune	Chairperson			Primary Teachers Diploma Bachelor of Arts Bachelor of Arts: Honors' in History Master of Arts: History Management Principles & Practice	Marketing Corporate Governance	Executive Committee, Tender Committee	12
Ms B Bopape	Vice Chairperson			Masters Degree: Arts, Culture & Heritage Effective stakeholder Management Cultural Leadership Training Higher Certificate in Personnel & Training Business Diagnostic Training Value Chain Analysis	Marketing Tourism Development Project Management		4
Mr R Loko	Non - Executive Member				Marketing	Executive Committee, Tender Committee	10
Mr V Barbery	Non-Executive Member			Marketing Management	Marketing and Business		3
Mr T Cogang	Non-Executive Member			B-com Economics & Management B Com honors' in Economics	Public Sector Governance	Executive Committee, Tender Committee	8
Mr W Burger	Non-Executive Member			Protea Hotels: Practical Management Hotel Principles Promoting customer loyalty	Tourism, Hospitality and Business Marketing	Executive Committee, Tender Committee	11

Committees

Committee	No. of meetings held	No. of members	Name of members
EXCO	8	4	Mr C Fortune, Mr W Burger, Mr T Cogang, Mr R Loko
Tender Committee	0	4	Mr C Fortune, Mr W Burger, Mr T Cogang, Mr R Loko

Remuneration of Board Members

Board Members are remunerated as per the budget allocated and approved by the MEC responsible for Finance. Board remuneration is published in the Provincial Gazette by the responsible member before it becomes effective.

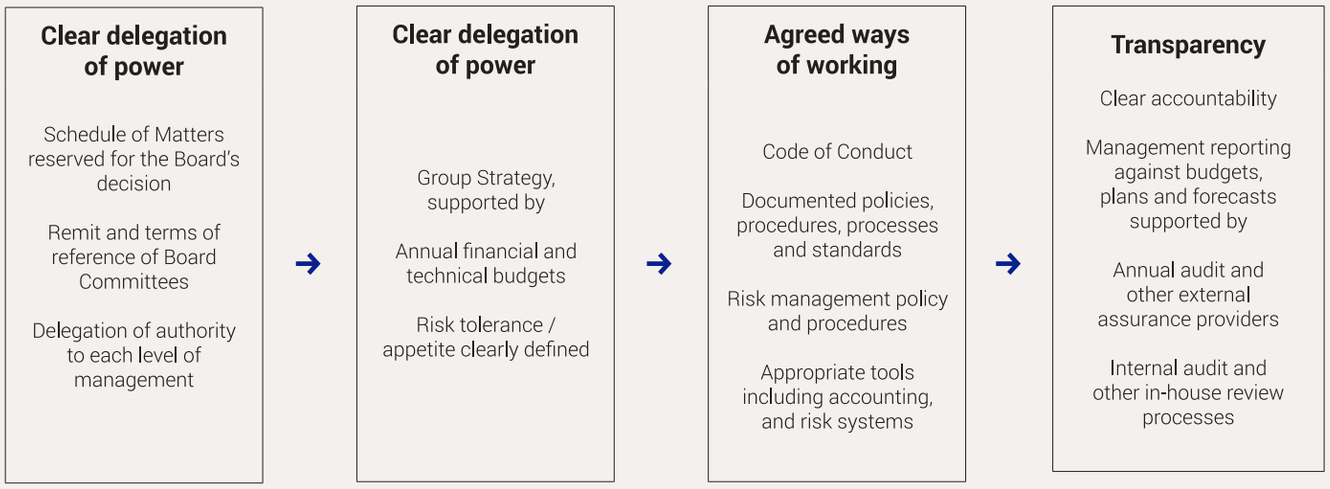
Board Members who are full-time employers of state do not receive remuneration. Board members are reimbursed for travelling and subsistence expenses for the performance of their functions as Members of the Board. for travelling and subsistence expenses for the performance of their functions as Members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

Name	Remuneration	Subsistence & Travel Allowance	Total
Ms B Bopape	13 000	-	13 000
Mr R Loko	20 000	25 617	45 617
Mr C. Fortune	56 100	5 301	61 401
Mr W. Burger	22 000	-	22 000
Mr T Cogang	-	9 371	9 371
Mr V Barbery	8 000	-	8 000
Total	**119 100**	**40 289**	**159 389**

5. RISK MANAGEMENT

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

NCTA's internal control framework



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

Financial Reporting

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

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

Risk Management

The NCTA has a Risk Management Policy in place which is reviewed and endorsed by the Board on an annual basis.

*Risk management is embedded in the operations of the organization. We have been assisted by the Provincial Treasury's Risk Management Unit in developing the model that is used by the NCTA. The model is based on the Barn Owl system developed and adopted by National Treasury.

Risk assessments are performed annually and coincide with the strategic planning process.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

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

- Implementation of Audit Action Plans (19/20 outcomes)
- Implementation of Risk Management Strategy

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

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

8. FRAUD AND CORRUPTION

The NCTA's Anti-Fraud and Corruption Policy is established to facilitate the development of controls to assist in the enforcement of existing systems, policies and procedures of the entity. It is aimed at deterring, preventing, detecting, reacting to and investigating the impact of fraud and corruption against the NCTA. This policy is reviewed annually. Furthermore, the purpose of this policy is to confirm that the NCTA supports and fosters a culture of zero tolerance to fraud and corruption in all its forms and activities.

No fraud and corruption cases were reported during the financial year under review.

9. MINIMISING CONFLICT OF INTEREST

The NCTA's Human Resource Policy which is reviewed and endorsed by the NCT Board on an annual basis, regulates all matters relating to conflict of interest. This policy requires the management of NCTA, the Supply Chain Practitioner and all Board members to complete a declaration of interest on an annual basis.

All suppliers are required to submit the relevant compliance documentation, which is reviewed to ensure compliance with the relevant provincial and national regulations pertaining to supply chain management.

No conflict of interest has been identified for the period under review.

10. CODE OF CONDUCT

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

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

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

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

- HIV/ AIDS counselling and support
- Emotional and personal difficulties
- Drug & Alcohol abuse

- Managing stress and change
- Trauma counselling
- Work related issues (poor performance, absenteeism, retirement preparation)
- Health promotion
- Financial guidance

12. COMPANY /BOARD SECRETARY

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

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

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

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The biggest challenge during the year under review was to adapt to the unprecedented times that the world has faced. With the outbreak of COVID-19 and the resulting impact on the economy, our business continuity and the Entity's performance management processes had to bear the burden of ensuring business performance happens, while also making sure that employees remain motivated, with minimal cost implications. The Human Resources goals and objectives:

- Help the entity reach its goals
- Ensure effective utilisation and maximum development of human resources
- Identify and satisfy the needs of individuals employees
- Achieve and maintain high morale among employees
- Provide the organisation with well-trained and well-motivated employees
- Enhances employee capabilities to perform according to their work programmes
- Inculcate a sense of team spirit, teamwork and inter-team collaboration

Workforce Planning

The Entity had to adjust its strategy to accommodate the lockdown which enforced staff to work from home as well as rotation of 50% occupation. The processes adopted are implemented with a focussed strategy to ensure we can meet our legislative, regulatory, and service delivery requirements.

Employee wellness programmes

A very strong emphasis on employee health and wellness emerged from the COVID-19 lockdown and its restrictions. Specialised support to assist employees to cope with the environment was key to building and maintaining a healthy workplace.

The key focus areas rendered by this unit is centred on but not limited to:

- Emotional and personal difficulties
- Managing stress and change
- Trauma counselling
- Health promotion
- Financial guidance

Achievements

The Entity prides itself on continuous employee engagement to assist staff in navigating the new adjusted way of working. Stringent protocols to ensure staff safety were implemented resulting in low infection rates being reported. Despite the challenges faced, the Entity remained committed to achieving its objectives through initiatives such as employee wellness.

Challenges faced by the Public Entity

The sudden shift in work culture took a toll on overall employee health and wellbeing. Stress, anxiety and other psychological health issues have become more prominent during the 2020/21 financial year.

Though the Entity has always initiated wellness programs and providing employees with health benefits, and flexibility to help them overcome their health issues, the sudden COVID-19 outbreak has brought the employees' psychological problems to the fore. The Entity responded to this challenge through engagement and provision of more focussed wellness support programs which is ongoing.

Rationalisation

The rationalisation of Entities has created concern and uncertainty amongst the workforce. The daunting feeling of not knowing what the future holds or what measures to take to sustain organisational operations has become a challenge. Employees were affected psychologically, not knowing what the future holds for them, and the leadership had the responsibility of putting everything into perspective, ensuring that we respond to the uncertain environment and develop effective measures and strategies to maintain a stable workforce.

Future HR plans /goals

The Entity has done extremely well in terms of nurturing a good organisational culture throughout the years. With the challenges faced in terms of the new working environment, we have come to realise that culture cannot be automated and that there is no technological solution to preserve and enhance organisational culture.

Leadership has therefore adopted a strong focus on employee engagement, constant communication and demonstrated commitment to the culture of the Entity to ensure that they hold the organisation together during this turbulent time.

Training and Development

With the dire impacts of the COVID-19 Pandemic becoming more significant, the Entity realised the importance of keeping the employees engaged through provision of online courses, webinars and other developmental programmes. Training and development remains a key focus area to ensure that we maintain a talented workforce and create stability amongst our employees.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme/ activity/ objective

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	8 970	5 557	26%	10	556
Marketing	12 036	6 268	30%	8	784

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1410	12%	1	1410
Senior Management	5231	44%	5	1046
Junior Management	2970	25%	4	742
Skilled	1889	16%	6	315
Semi-skilled				
Unskilled	298	3%	2	149
TOTAL	11798	100%	18	655

Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	5	223	1.90%
Junior Management	4	105	0.89%
Skilled	3	57	0.48%
Semi-skilled	0	0	0
Unskilled	1	14	0.12%

Employment and vacancies

Programme	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Marketing	8	11	8	3	27%
Administration	8	12	8	4	33%

Programme	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	5	5	5	0	0
Junior Management	4	6	4	2	33%
Skilled	1	2	1	1	50%
Semi-skilled	4	8	4	4	50%
Unskilled	1	1	1	0	0
TOTAL	16	23	16	7	30%

The funded vacancy of Receptionist was not filled due to the embargo on filling of posts as regulated by the Rationalisation of Entities process. Temporary arrangements to execute the duties of Receptionist was addressed through a contractual appointment.

Employment changes

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

Reasons for staff leaving

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

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

MALE								
Levels	**African**		**Coloured**		**Indian**		**White**	
	Current	**Target**	**Current**	**Target**	**Current**	**Target**	**Current**	**Target**
Top Management	0	1	0	0	0	0	0	0
Senior Management	0	1	3	3	0	0	0	0
Junior Management	2	2	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	0	0	1	1	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**2**	**5**	**4**	**4**	**0**	**0**	**0**	**0**

FEMALE								
Levels	**African**		**Coloured**		**Indian**		**White**	
	Current	**Target**	**Current**	**Target**	**Current**	**Target**	**Current**	**Target**
Top Management	0	1	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	2	0
Junior Management	1	1	1	1	0	0	0	0
Skilled	1	1	0	0	0	0	0	0
Semi-Skilled	2	2	0	0	1	1	0	0
Unskilled	0	1	1	1	0	0	0	0
TOTAL	**4**	**7**	**3**	**2**	**1**	**1**	**2**	**0**

DISABLED STAFF				
Levels	**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	1	0	0
Unskilled	0	0	0	0
TOTAL	**0**	**1**	**0**	**0**

PART E: FINANCIAL INFORMATION

1. REPORT OF THE EXTERNAL AUDITOR

Report of the Auditor-General to the Northern Cape Provincial Legislature on the Northern Cape Tourism Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Tourism Authority set out on pages 44 – 83, 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 Tourism Authority 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. 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.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. 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

8. 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.
9. 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

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

11. 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.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 2 – Destination Marketing and Promotion	20 – 26

13. 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.

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

- Programme 2 – Destination Marketing and Promotion

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 16 to 26 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

18. 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.
19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

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

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
22. 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.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. 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

25. 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 compliance with legislation included in this report.
26. Leadership did not adequately exercise oversight responsibility with regard to some aspects of financial and performance reporting and related internal controls. Material misstatements were noted on the annual financial statement which was not prevented by internal controls, these misstatements were subsequently corrected.
27. Management did not adequately implement effective review controls to ensure accurate and complete annual performance report, this resulted in a material misstatements of the annual performance report that were subsequently corrected.

Auditor-General

Kimberley
31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

2. REPORT OF THE AUDIT COMMITTEE

2.1. INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

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

The Internal Audit reviews performed for the financial year under review, were all in line with the approved annual Internal Audit plan and are detailed in the Audit Committee's annual report.

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

Audit Committee members and attendance

Throughout the year under review, the Audit Committee operated in terms of an approved Audit Committee Charter, which was the committee's approved terms of reference. The Audit Committee comprised of three external members and two internal members, all of whom are not employed by the entity. The Audit Committee 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 the 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	3
Ms A Mafuleka	CA (SA) B Com – Honours	External	n/a	01 December 2017	n/a	3
Mr VA 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	3
Ms Vallabh	Bachelor of Arts Post Graduate Diploma in Library and Information Science Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2017	n/a	2
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	1

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

2.2. AUDIT COMMITTEE REPORT

We are pleased to present the Audit Committee report of the Northern Cape Tourism Authority for the financial year ended 31 March 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 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:

- Review of Annual Financial Statements
- Leave Management
- Marketing and Economic Development
- Follow-up on previous reported audit findings
- Performance Information
- Compliance to PFMA and Treasury Regulations

The Audit Committee noted the negative impact of the COVID-19 pandemic on the tourism industry which reduced tourism activities in the province. The entity achieved 83.33% of set targets for business tourism and this resulted in the overall achievement of 95.45% for the year.

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

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Annual Financial Statements and Annual Performance Review

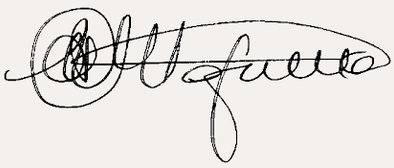
The audit committee has:

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

Auditor General's Report

The AGSA's report was reviewed and the Audit Committee noted that the entity obtained an unqualified audit opinion.

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

Northern Cape Tourism Authority

Chairperson of the Audit Committee

Date: 13 August 2021

4. FINANCIAL STATEMENTS

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
BUSINESS	Advancement of Tourism in the Northern Cape Province
REGISTERED OFFICE	15 Villiers Road CBD Kimberley 8301
POSTAL ADDRESS	Private Bag X5017 Kimberley 8300
BANKERS	First National Bank Standard Bank
AUDITORS	Auditor General of South - Africa
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the PFMA 1 of 1999
PUBLISHED	31 May 2021
EXECUTIVE AUTHORITY	MEC of the Northern Cape Department of Economic Development and Tourism
LEGISLATION	Northern Cape Tourism Entity Act No. 5 of 2008 Public Finance Managemen Act 1 of 1999 Basic Conditions of Employment Act No 9 of 1997 Skills Development Act 10 of 1999 Employment Equity Act 10 of 1999 Income Tax Act No 58 of 1962

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

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

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Statement of Financial Performance	50
Statement of Changes in Net Assets	51
Cash Flow Statement	52
Accounting Policies	53-70
Notes to the Financial Statements	71

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

STATEMENT OF BOARDS RESPONSIBILITY

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 financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The external auditors are responsible for independently auditing and reporting on the entity's financial statements. The financial statements have been audited by the entity's external auditors and their report is presented on page 38 – 40.

The financial statements set out on page 44 – 83, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2021 and were signed on its behalf by:

C. Fortune

Chairperson

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

BOARDS REPORT

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

1. INCORPORATION

The entity was incorporated on 01 April 2010 in terms of the Northern Cape Tourism Entity Act, No. 5 of 2008. The entity is listed as a Schedule 3C Public Entity, in terms of the Public Finance Management Act, No.1 of 1999.

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in advancement of tourism in the Northern Cape Province and operates principally in South Africa and other countries in collaberation with South African Tourism.

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

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

Net surplus of the entity was 2,548,073 (2020: surplus 805,542).

3. GOING CONCERN

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus (deficit) of 6,224,064 and that the entity's total assets exceed's its liabilities by 6,224,064.

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

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

4. SUBSEQUENT EVENTS

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

5. MEMBERS' INTEREST IN CONTRACTS

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

6. ACCOUNTING POLICIES

The financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

BOARDS REPORT

7. ACCOUNTING AUTHORITY

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

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

8. AUDITORS

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

	Note(s)	2021	2020
Assets			
Current Assets			
Receivables from exchange transactions	7	155,638	181,897
Prepayments	5	207,034	202,445
Cash and cash equivalents	8	7,493,875	4,685,089
		7,856,547	**5,069,431**
Non-Current Assets			
Property, plant and equipment	2	2,252,923	2,394,731
Intangible assets	3	25,916	31,448
Deposit - Office Rent	6	43,889	43,889
		2,322,728	**2,470,068**
Total Assets		**10,179,275**	**7,539,499**
Liabilities			
Current Liabilities			
Finance lease obligation	9	15,251	11,259
Payables from exchange transactions	11	2,535,467	2,374,414
Taxes and transfers payable (non-exchange)	12	-	144,000
		2,550,718	**2,529,673**
Non-Current Liabilities			
Finance lease obligation	9	2,066	19,343
Operating lease liability	4	141,271	55,806
Provisions	10	1,261,156	1,258,686
		1,404,493	**1,333,835**
Total Liabilities		**3,955,211**	**3,863,508**
Net Assets		**6,224,064**	**3,675,991**
Accumulated surplus		6,224,064	3,675,991
Total Net Assets		**6,224,064**	**3,675,991**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Rendering of services		-	22,000
Interest received - investment	14	219,868	299,585
Gain on disposal of assets and liabilities		7,711	-
Total revenue from exchange transactions		**227,579**	**321,585**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	23,331,600	26,905,970
Total revenue		**23,559,179**	**27,227,555**
Expenditure			
Employee cost	16	(11,824,820)	(11,902,050)
Remuneration of board members	24	(119,100)	(122,800)
Depreciation and amortisation	17	(225,750)	(363,104)
Finance costs	18	(2,492)	(2,169)
Operating lease rentals	13	(911,794)	(890,158)
Bad debts written off		(54,248)	-
General Expenses	19	(7,872,902)	(13,141,732)
Total expenditure		**(21,011,106)**	**(26,422,013)**
Surplus for the year		**2,548,073**	**805,542**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus	Total net assets
Balance at 01 April 2019	**2,870,449**	**2,870,449**
Changes in net assets		
Surplus for the year	805,542	805,542
Total changes	805,542	805,542
Balance at 01 April 2020	**3,675,991**	**3,675,991**
Changes in net assets		
Surplus for the year	2,548,073	2,548,073
Total changes	2,548,073	2,548,073
Balance at 31 March 2021	**6,224,064**	**6,224,064**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Sale of goods and services		27,398	(7,760)
Cash receipts from transfers		22,987,752	26,548,802
Interest income		219,868	299,585
		23,235,018	26,840,627
Payments			
Cash Paid to Suppliers		(8,380,424)	(13,445,066)
Finance Costs		(2,492)	(2,169)
Employee Costs		(11,832,222)	(11,600,173)
Board Remuneration		(119,100)	(122,800)
		(20,334,238)	(25,170,208)
Net cash flows from operating activities	21	**2,900,780**	**1,670,419**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(71,910)	(717,786)
Purchase of other intangible assets	3	(6,500)	-
Net cash flows from investing activities		**(78,410)**	**(717,786)**
Cash flows from financing activities			
Finance lease payments		(13,584)	24,211
Net increase/(decrease) in cash and cash equivalents		**2,808,786**	**976,844**
Cash and cash equivalents at the beginning of the year		4,685,089	3,708,245
Cash and cash equivalents at the end of the year	8	**7,493,875**	**4,685,089**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

	Note(s)	2021	2020

1. Presentation of Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

1.4 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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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
Furniture and fixtures	Straight-line	12* Years
Motor vehicles	Straight-line	200000 Km ***
Office equipment	Straight-line	15 Years
IT equipment	Straight-line	5* Years

*Furniture and fixtures includes certain assets that were assessed to have an average life of only 5 years as a result of the nature of the assets.
**IT equipment includes certain assets that have been assessed to have an average life of 15 years as a result of the nature of the assets.
***Motor vehicles are depreciated over km used
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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

1.5 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:

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.5 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

1.6 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:

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- 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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.6 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
Other Financial Asstes	Financial asset measured at amortised cost
Trade and Other Recievables from Exchange	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and Other payables form Exchange Transactions	Financial liability measured at amortised cost
Finance Lease Liability	Financial liability measured at amortised cost
Transfers and Taxes payable - Non Exchange	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities. The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements,

where it is the issuer of the loan; or

non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions

(Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

Financial instruments at fair value.

Financial instruments at amortised cost.

Financial instruments at cost.

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

Fair value measurement considerations

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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

Reclassification

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

combined instrument that is required to be measured at fair value; or

an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value. If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process. Impairment and uncollectibility of financial assets. The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.6 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. 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).

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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.

1.7 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 .

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

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

Operating leases - 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.

1.8 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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ACCOUNTING POLICIES

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

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ACCOUNTING POLICIES

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

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

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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ACCOUNTING POLICIES

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 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:

- 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.

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ACCOUNTING POLICIES

1.9 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will 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 measures 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 recognises 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.

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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ACCOUNTING POLICIES

1.10 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; 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 23.

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:

- 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.

1.11 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.

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ACCOUNTING POLICIES

1.11 Revenue from exchange transactions (continued)

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the 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 .

1.12 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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ACCOUNTING POLICIES

1.12 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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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.

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.

1.13 Investment income

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

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ACCOUNTING POLICIES

1.14 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.

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including
-
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

1.17 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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ACCOUNTING POLICIES

1.17 Related parties (continued)

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.18 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.

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Notes to the Financial Statements

	2021	2020

2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	570,301	(323,469)	246,832	570,301	(285,912)	284,389
Motor vehicles	2,178,912	(393,982)	1,784,930	2,178,912	(311,590)	1,867,322
Office equipment	420,287	(316,630)	103,657	402,377	(266,381)	135,996
IT equipment	409,900	(292,396)	117,504	355,900	(248,876)	107,024
Total	**3,579,400**	**(1,326,477)**	**2,252,923**	**3,507,490**	**(1,112,759)**	**2,394,731**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	284,389	-	(37,557)	246,832
Motor vehicles	1,867,322	-	(82,392)	1,784,930
Office equipment	135,996	17,910	(50,249)	103,657
IT equipment	107,024	54,000	(43,520)	117,504
	2,394,731	**71,910**	**(213,718)**	**2,252,923**

Reconciliation of property, plant and equipment - 2020

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Office equipment	16,580	30,055

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

3. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	223,398	(197,482)	25,916	216,898	(185,450)	31,448

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	31,448	6,500	(12,032)	25,916

Reconciliation of intangible assets - 2020

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

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	2021	2020

4. Operating lease liability

Non-current liabilities	(141,271)	(55,806)

The operating lease is in respect of our office building. The lease was entered into during October 2019. The lease period is 60 months with an annual increase of 6.5%

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

Within 1 year :	R 884,682	R 830,687
Within 2 -5 years	R2,463,122	R3,347,804

Reconcilliation of operating lease liability

Payments made R830,868 (19/20 R890,158), straightline lease payments recognised R911,794 (19/20 R458,076) due to the GRAP 13 straightline recognition priciple of R85,465 for the current year.

5. Prepayments

Prepayments made on annnual license renewal fees and payments to secure accommodation amounting R207,034 (2020 R202,445)

6. Deposit - Office Rent

Rental deposit is classified as long term as there are 3.5 years remaining on the lease 43,889 (19/20 43,889)

7. Receivables from exchange transactions

Trade receivables	120,901	175,148
Other Receivables	34,737	6,749
	155,638	**181,897**

Trade and other receivables' carrying value equal its fair values.

Trade and other receivables	155,638	181,897

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, 120,901 (2020: 54,248) were past due but not impaired due to the fact that they are due from Government Entities

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

Current	34,737	28,749
2 months past due	-	98,900
+120 days past due	120,901	54,248

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7,493,875	4,685,089

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020

9. Finance lease obligation

Minimum lease payments due		
- within one year	15,937	23,089
- in second to fifth year inclusive	2,106	9,620
	18,043	32,709
less: future finance charges	(726)	(2,107)
Present value of minimum lease payments	**17,317**	**30,602**
Present value of minimum lease payments due		
- within one year	15,251	11,259
- in second to fifth year inclusive	2,066	19,343
	17,317	**30,602**
Non-current liabilities	2,066	19,343
Current liabilities	15,251	11,259
	17,317	**30,602**

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

The average lease term was 2 years and the average effective borrowing rate was 9% (2020: 9%).

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

10. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Employee Benefit Cost - Capped Leave	1,258,686	2,470	1,261,156

Reconciliation of provisions - 2020

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

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

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

11. Payables from exchange transactions

Trade payables	1,569,670	1,429,038
Other payables	183,132	152,539
Short term Employee Benefit: Thirteen Cheque	188,891	187,168
Short term Employee Benefit: Leave	593,774	605,669
	2,535,467	**2,374,414**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020
12. Taxes and transfer payables (non-exchange)		
Earmarked funds: Partnership projects	-	144,000
13. Lease rentals on operating lease		
Premises		
Contractual amounts	911,794	890,158
14. Investment revenue		
Interest revenue		
Bank	219,868	299,585

The amount included in Investment revenue arising from exchange transactions and non exchange transactions amounted to R219,868 (2019/20 R299,585) The interest is earned from our Money Market Account -

15. Revenue: Non - Exchange Revenue

Operating grants		
Northern Cape Department of Economic Development and Tourism	22,942,000	24,036,000
Contributions - Government Entities	244,000	2,585,505
Services in Kind	145,600	284,465
	23,331,600	**26,905,970**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020
16. Employee related costs		
Basic Salary	8,838,505	8,645,646
Medical aid - company contributions	429,973	406,610
UIF	30,382	29,386
Leave pay provision charge	(9,426)	286,826
Employer Contributions - Provident Fund	1,421,038	1,407,223
Bonus - 13th Cheque	568,396	564,626
Travel, motor car, accommodation, subsistence and other allowances	2,890	55,094
Car allowance	-	6,000
Housing benefits and allowances	144,000	144,000
Performance Bonus	399,062	356,639
	11,824,820	**11,902,050**
Remuneration of Chief Executive Officer		
Annual Remuneration	1,057,109	1,065,061
Annual Bonus	88,092	88,092
Subsistence - Non Taxable	140	56,192
Provident Fund	199,867	199,867
Cash Allowance	64,410	62,552
	1,409,618	**1,471,764**
Remuneration of Chief Finance Officer		
Annual Remuneration	668,973	668,213
Annual and Performance Bonus	112,333	120,520
Travel Allownace	602	22,578
Cash Allowance	222,325	221,409
Provident Fund	123,450	123,450
Subsistence - Non Taxable	-	2,166
	1,127,683	**1,158,336**
17. Depreciation and amortisation		
Property, plant and equipment	213,718	349,349
Intangible assets	12,032	13,755
	225,750	**363,104**
18. Finance costs		
Finance leases	2,492	2,169

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020
19. General expenses		
Advertising	5,675,512	9,157,081
Assessment rates & municipal charges	43,096	63,278
Auditors remuneration	973,737	1,058,900
Bank charges	25,944	26,777
Insurance	203,749	192,081
Community development and training	26,048	24,459
IT expenses	23,349	21,553
Motor vehicle expenses	13,674	3,840
Printing and stationery	118,557	73,816
Protective clothing (COVID PPE)	24,909	-
Office Repairs and maintenance	3,512	6,178
Security	8,440	14,480
Staff welfare	159,612	61,605
Subscriptions and membership fees	100,952	181,830
Telephone and fax	202,330	230,577
Travel - local	90,113	1,534,529
Annual Report	66,000	60,000
Board Expenses	70,396	370,712
Sundry Expenses	42,972	60,036
	7,872,902	**13,141,732**
20. Auditors' remuneration		
Audit fees	828,137	774,435
Internal Audit Fees	145,600	284,465
	973,737	**1,058,900**
21. Cash generated from operations		
Surplus	2,548,073	805,542
Adjustments for:		
Depreciation and amortisation	225,750	363,104
Debt Imapairment	-	(74,558)
Movements in Provisions & Employee payables	(7,402)	301,877
Service in Kind - Revenue	(145,600)	(284,465)
Service in Kind - Expenditure	145,600	284,465
Other non - cash items	85,465	55,806
Changes in working capital:		
Receivables from exchange transactions	26,259	(29,760)
Trade and other payables from Non-Exchange transactions	(144,000)	(72,703)
Prepayments	(4,589)	85,804
Payables from exchange transactions	171,224	235,307
	2,900,780	**1,670,419**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020

22. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Other financial assets	43,889	43,889
Trade and other receivables from exchange transactions	155,638	155,638
Cash and cash equivalents	7,493,875	7,493,875
	7,693,402	**7,693,402**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(2,535,467)	(2,535,467)
Finance Lease liability	(17,317)	(17,317)
Operating Lease liability	(141,271)	(141,271)
	(2,694,055)	**(2,694,055)**

2020

Financial assets

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

Financial liabilities

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

23. Contingencies

The entity and African Directory Services are currently in a dispute relate to adverts placed in the Government Handbook Southern African Edition. The matter is being handled by Mathhews and Partners on behalf of entity. African Directory Services are claiming payment for adverts placed in the 2019 and 2020 editions. The entity is refuting the claim as we are of the opinion that the placement was cancelled in 2019. The amount being claimed is **R94,390.85.** The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next 12 months

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020

24. Related parties

Relationships

Board Members	Refer to members' report note
Controlling Department	Northern Cape Department of Economic Development and Tourism
Entities under common control	Northern Cape Liquor Board, Northern Cape Gambling Board, Northern Cape Economic Development Agency, Northern Cape Provincial Treasury
Members of key management	Refer to Note 16 & 24

Related party balances

Amounts included in Trade receivables (Trade payables) regarding related parties		
Key Management - Leave and Bonus	(1,687,916)	(1,702,474)
Department of Economic Development and Tourism	98,900	(144,000)
Northern Cape Economic Development Agency	-	54,248
Related Party Transactions		
Department of Economic Development and Tourism	(23,231,600)	(24,036,000)
Partnership Projects - DEDaT	(144,000)	(1,472,703)
Transactions with Board Members		
Remuneration	119,100	122,800
Travel and Subsistence	40,288	175,866
Goods and Services	8,920	69,650

All transactions with Board members include goods and services procured from the Protea Hotel Upington and the Oasis Hotel through the normal supply chain process]

Compensation of Key Management		
Salaries and Employee Benefits (Refer to Note 16 & 24)	6,740,761	6,833,139
Expenses recognised in respect of bad or doubtful debts		
Northern Cape Economic Development Agency	(54,248)	-

Key management information

Class	Description	Number
Non-executive board members	Board Members	6
Executive management	CEO & Senior Management	6

Remuneration of management

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

Figures in Rand

24. Related parties (continued)

Management class: Board members

2021

	Basic salary	Subsistence & Travel Allowance	Total
Board Members			
C. Fortune (Chairperson)	56,100	5,301	61,401
B. Bopape (Deputy Chairperson)	13,000	-	13,000
V. Barbery	8,000	-	8,000
RM Loko	20,000	25,617	45,617
W. Burger	22,000	-	22,000
T, Cogang	-	9,371	9,371
	119,100	**40,289**	**159,389**

2020

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

Management class: Executive management

2021

Notes to the Financial Statements

Figures in Rand

24. Related parties (continued)

	Basic salary	Bonuses and performance related payments	Cash Allwoance	Provident Fund	Subsistence Non Taxable	Travel Allowance	Total
Key Management							
Office Manager - M Diedericks	624,674	86,144	170,321	95,395	-	-	976,534
HR Manager - D Fredericks	520,049	74,118	170,321	95,395	-	-	859,883
Marketing Manager - D Martin	903,609	46,939	127,759	168,888	4,182	-	1,251,377
MICE Manager - P Mkuchane	664,601	96,536	222,325	123,450	4,731	4,020	1,115,663
	2,712,933	**303,737**	**690,726**	**483,128**	**8,913**	**4,020**	**4,203,457**

2020

	Basic salary	Bonuses and performance related payments	Cash Allowance	Provident Fund	Subsistence - Non Taxable	Travel Allowance	Total
Key Managment							
Office Manager - M Diedericks	507,363	71,461	167,326	93,986	2,367	-	842,503
HR Manager - D Fredericks	506,295	71,461	167,327	93,986	974	560	840,603
Marketing Manager - D Martin	894,826	43,310	213,267	166,402	44,290	859	1,362,954
MICE Manager - P Mkuchane	663,772	92,188	215,409	123,450	42,701	19,458	1,156,978
	2,572,256	**278,420**	**763,329**	**477,824**	**90,332**	**20,877**	**4,203,038**

25. Risk management

Financial risk management

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

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Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

Notes to the Financial Statements

	2021	2020

25. Risk management (continued)

Liquidity risk

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

Credit risk

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

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

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

Financial instrument	**2021**	**2020**
Receivables from Exchange transactions	155,638	181,897
Other Financial Assets	43,889	43,889
Cash and Cash Equivalents	7,493,875	4,685,089

Market risk

Interest rate risk

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

Cash flow interest rate risk

At 31 March 2021	**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 payables	(2,535,469)	-	-	-	-
Operating Lease	(884,682)	(942,187)	(1,003,429)	(515,407)	-
Finance lease	(15,251)	(2,066)	-	-	-

Cash Flows

At 31 March 2020	**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**
Payables from Exchange	(2,374,417)	-	-	-	-
Finance Lease	(11,259)	(19,343)	-	-	-
Operating Lease	-	-	(55,806)	-	-
Payables Non Exchange	(144,000)	-	-	-	-

26. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus (deficit) of 6,224,064 and that the entity's total assets exceeds its liabilities by 6,224,064.

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

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2021

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	2021	2020

27. Irregular expenditure

Cases under investigation

The expenditure below is still being investigated to determine whether it is irreguar expenditure, investigations are in progress.

Tax clearances not obtained	11,250	-

28. In-kind donations and assistance

Internal Audit	145,600	284,465

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

29. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.