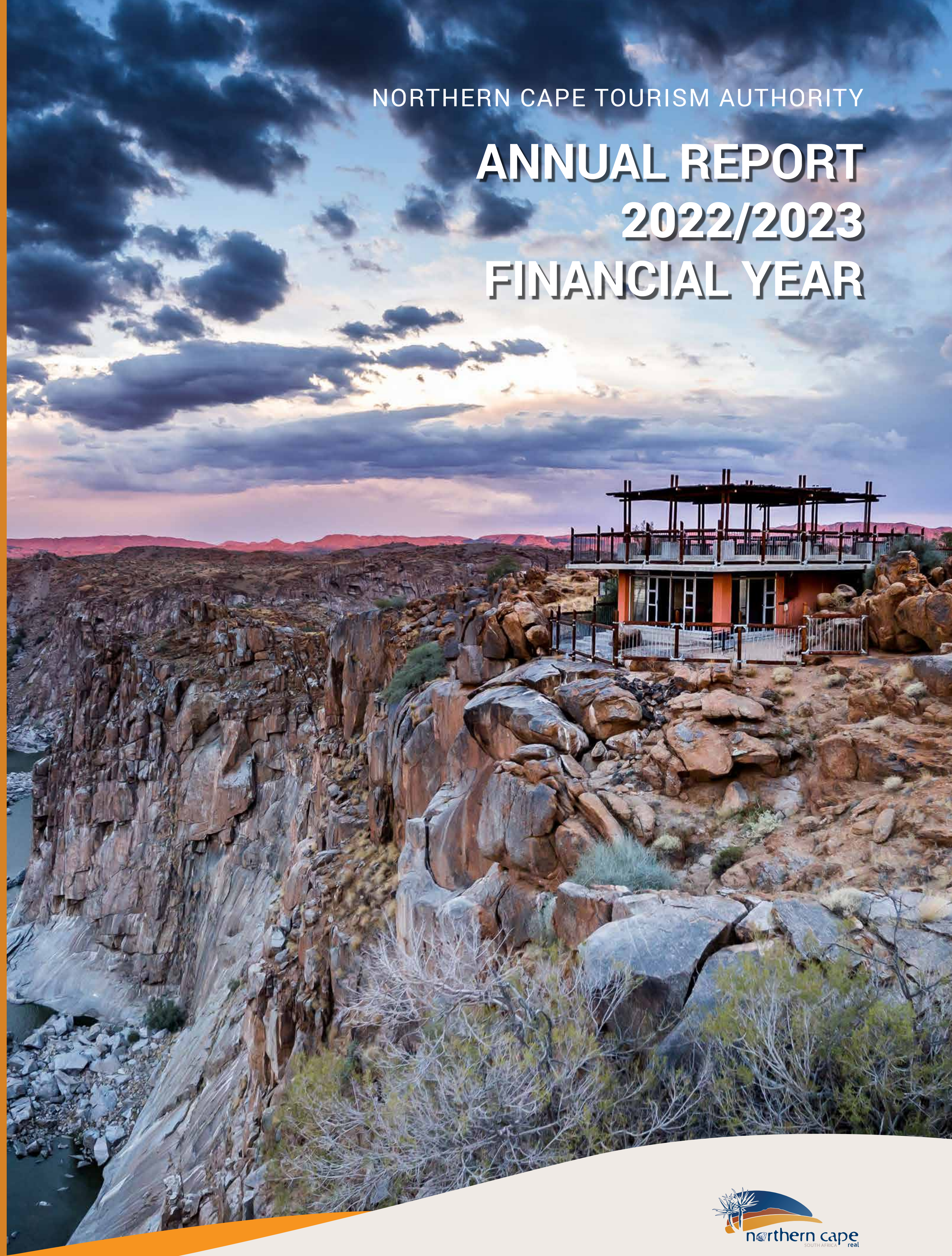

NORTHERN CAPE TOURISM AUTHORITY

ANNUAL REPORT 2022/2023 FINANCIAL YEAR

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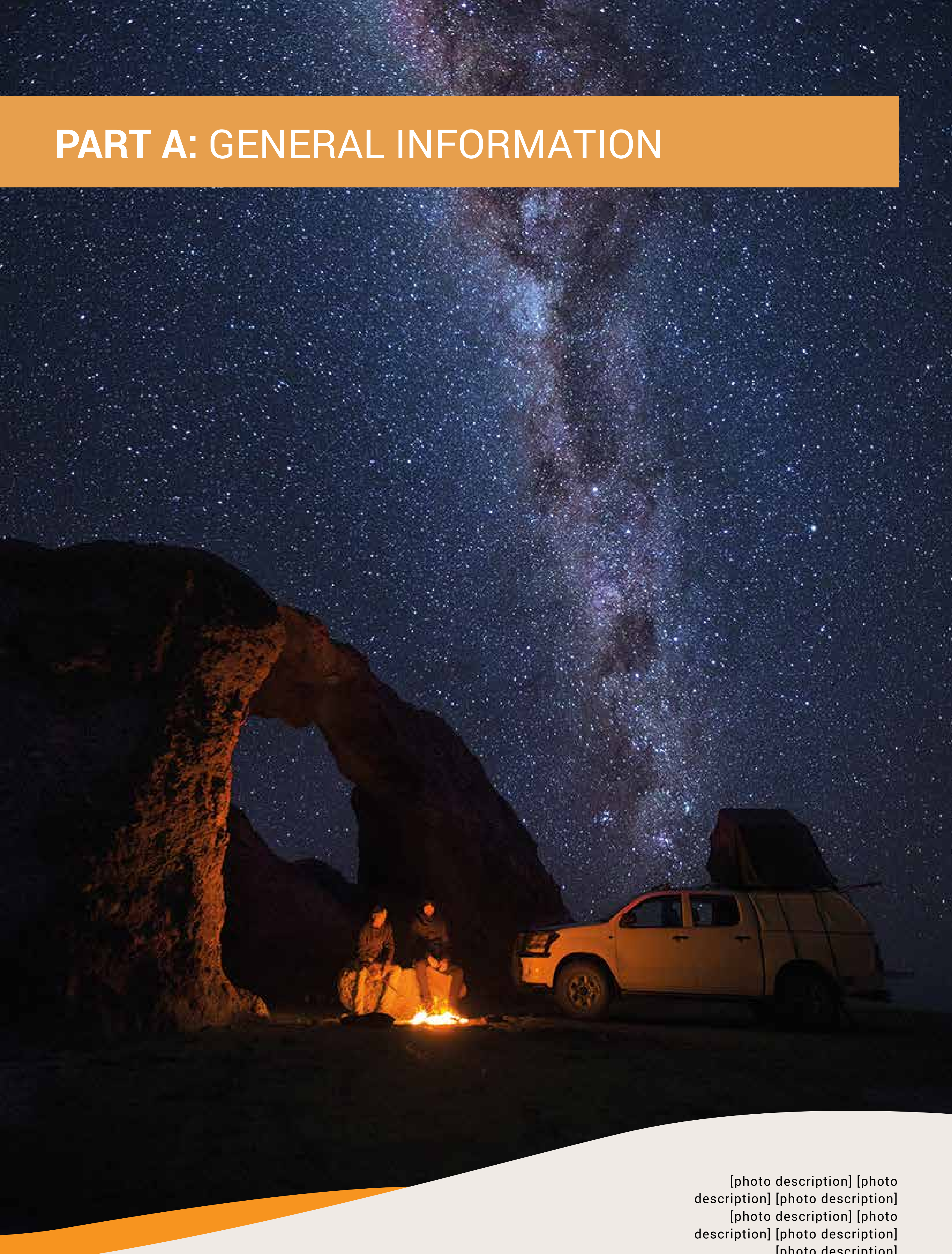

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	**Northern Cape Tourism Authority**
PHYSICAL ADDRESS:	15 Villiers Street Kimberley 8301
POSTAL ADDRESS:	15 Villiers Street Kimberley 8301
TELEPHONE NUMBER/S:	(053) 492 0311
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:	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
GDP	Gross Domestic Product
AFS	Annual Financial Statement
APR	Annual Performance Report
DEDAT	Department of Economic Development & Tourism
GM	General Manager
SABC	South African Broadcasting Corporation
TV	Television
NCNN	Northern Cape News Network
ENCA	eNews Channel Africa
SANCB	South African National Conventions Bureau
SOP	Standard Operating Procedures
B-BBEE	Broad Based Black Economic Empowerment
EHWP	Employee Health and Wellness Programme
DPSA	Department of Public Service and Administration
EPMDS	Employee Performance Management and Development System
SMS	Senior Management Services
EHWP	Employee Health and Wellness Programme

3. FOREWORD BY THE CHAIRPERSON

I am pleased to report that the period under review was one of growth and of consolidation for this organisation. The year in review will go down in history as the most significant year for tourism in all aspects. The provincial tourism industry showed great recovery and resilience. The report outlines the many positive outcomes arising from the on-going and much valued Provincial investment into tourism. The level to this sector positively impacts on other sectors is inestimable. Tourism remains one of the key priority sectors for driving economic growth and job creation. Despite the ongoing ripple effect of the global and national recession, we continued to attract visitors from key source markets. The province remains a strong contender against the other provinces despite the fact that we operated on a much lower budgetary base. The successful performance of our activities for the period is proof that our core mandate was achieved. Total number of trips / arrivals to the Northern Cape grew with 86%. This performance puts us close to the pre covid arrivals. The tourism spend amounted to 3.3 billion contribution to the provincial GDP - an impressive growth of 124%, the highest since 2016.

Our adherence to a high standard of corporate governance has once again resulted in a clean audit report for the entity. This is a demonstration of the efficiency and effectiveness of the control environment and attitude towards good governance. The organization upholds highest standards of performance whilst ensuring compliance with rules.

In going forward, we must accept that tourism continues to be is at a crossroads and the measures put in place today will shape the tourism of tomorrow. The ability to work together in finding solutions, across different levels of governments, and between government and the private sector, is not easy, but is essential. The problems do not only belong to some of us, we all have a role to play in finding the solutions to revive the tourism economy. Tourism is already an important sector of the Northern Cape economy and therefore a humbly that we continue to keep tourism top of mind as we move forward with the merger of entities.

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

Sizwe Mb

Chairperson: Northern Cape Tourism Board

31 March 2023

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Year in review

The travel industry has passed through a deep transformation in 2022. Despite an extraordinary difficult operational environment, the year in review produced sterling results. The provincial tourism industry showed great recovery and resilience. It bounced back in a most promising manner after the devastation of the Covid 19. This is evidenced by the arrival's figures for 2022.The value is inherent in the fact that by promoting the unique Northern Cape Tourism Brand, its features and benefits as a tourist destination is an investment in all aspects of the Provincial fiscal health. This is directly linked to consistent performance driven by a disciplined growth strategy and guided by a set of clear strategic priorities. It also reflects something more – a difference in how people across this organization think, act and work together. Corporate culture is difficult to capture in a checklist or a questionnaire, but it is a topic directly related to trust. It is revealed in the beliefs that an organization has committed to uphold and in the actions of the people who work there. It is mirrored in the aspiration to grow tourism in a manner that respects all stakeholders.

Monitoring Performance

Our Annual Report reflects our achievements against our targets and represents our public commitment to clean governance and excellence in service delivery. To deliver on our mandate our strategy is informed by research (competitor analysis and consumer insights – as well as future prospects at a global, national and domestic tourism level). Northern Cape Tourism's performance remains on a growth trajectory: despite the turbulent environment of a falling rand, economic instability, political unrest and budget cuts, the NCTA has been resilient in staying abreast and achieving their goals and objectives. For the period in review, we achieved a 100% performance on approved targets.

The NCTA operates within two programmes:

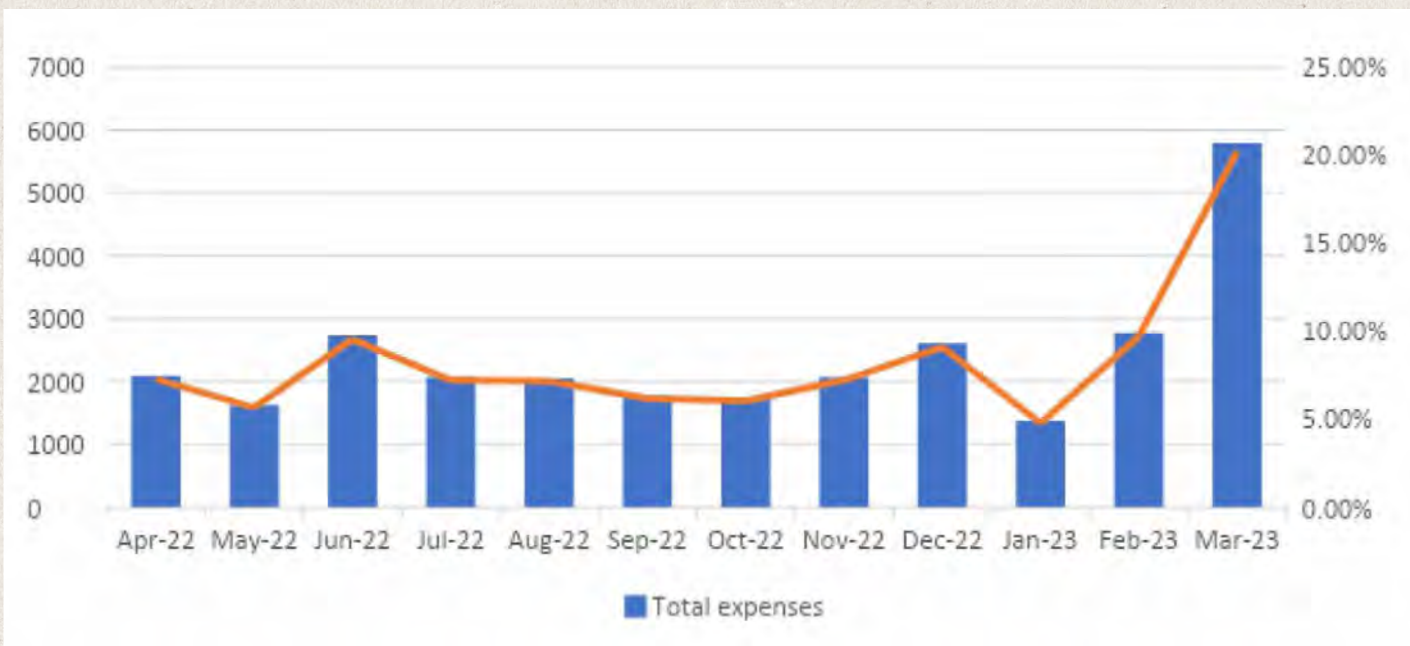
PROGRAMME ONE: ADMINISTRATION

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 operations 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 realization 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 as yet indicated the intention to liquidate or curtail the scale of the Entity`s activities. However, it should be noted a rationalization process of all Northern Cape provincial entities is in progress.

Spending trends

Spending is in line with our strategy. At the end of September, we only spent 46% of our budget compared to the planned 55%. We spent 61 % of our budget in the second half of the year versus the planned 45%. The average spend per month was 8.3 % with peaks in June (9.5%), December (9.08%), February (9.7%) and March (20.21%).



The spending 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 100 % of our budget excluding commitments. Provincial Treasury approval was granted to retain our 21/22 unspent funds as per contractual commitments and this resulted in us being able to increase spending in the last quarter.

Supply Chain Management Processes

The NCTA continued to uphold its high standards in its SCM processes. We had no instances of non-compliance with our policies and prescripts during the period under review.

Audit Findings

With the assistance of our governance structure, we managed to implement all our corrective actions related to Internal and External audit findings.

Events after the Reporting Date

The Development, Trade and Investment Promotion Agency Amendment Bill, 2023 was issued in terms of Rule 164 of the Standing Rules of the Provincial Legislature for public comment. The Amendment Bill incorporated the functions of the Northern Cape Tourism Authority and to repeal the Northern Cape Tourism Entity Act, 2008. The public have 30 days after publishing of the said Bill to submit comments in writing. The incorporation of the functions of the Northern Cape Tourism Authority into the Northern Cape Economic Development Agency will be done through the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023.The transfer of functions will be dealt with in terms of GRAP 105. Transfer of Functions between entities under Common Control as the transfer of functions meets the criteria as set out in the standard. The Northern Cape Tourism Authority being the transferor will transfer as part of the amendment bill all assets and liabilities at their carrying value to the Northern Cape Economic Development, Trade and Investment Promotion Agency (the acquirer).

There is still uncertainty of the date on which the acquirer will obtain control of the functions and the transferor will lose control of the functions. On this transfer date, the functions of the Northern Cape Tourism Authority will be incorporated into the Northern Cape Economic Development, Trade and Investment Promotion Agency. The functions of the entity will continue to be delivered under the Northern Cape Economic Development, Trade and Investment Promotion Agency. The financial implications for the Northern Cape Tourism Authority are still unknown due to the transfer date not yet determined. At financial year end 31 March 2023, the entity had a contractual commitment for an office building lease with a remaining period of 18 months. In total this amounts to a commitment of R1 520 944 over the remaining lease period, as presented in note 4 to the financial statements.

The absorption of entity's employees and the full impact on leave and bonus liabilities or provision, as presented in note 9 and 10, amounting to R2 022 073, is still unknown. The Northern Cape Economic Development Agency will on estimate receive, assets to the value of R10 289 191 and total liabilities of R4 031 805. During the date of this financial statements and the transfer date, there is no intention of the Northern Cape Department of Economic Development and Tourism to stop funding the entity. The entity is positive that any cost involved with the transfer of the functions will be funded by the department and that their ultimate support will be received during this time.

PROGRAMME TWO: MARKETING AND PROMOTION

For the period under review our Recovery Plan focused on domestic tourism while restrictions on international travel prevailed. The Agency has confidently pursued its mandate to promote the Province as a preferred business and tourism destination. The activities were undoubtedly underpinned by an unprecedented level of innovation, creativity, networking and public-private sector collaborative engagements. Our social media activities continued to generate awareness and stimulate conversations about Northern Cape, providing a platform for highlighting Northern Cape stories and world-class experiences. We maintained solid engagement across all channels and strengthened our position as destination of choice. We invest only in selected target markets for leisure and business tourism. We invest in partnership relationships at a local level, national level and international. Thereby enhancing and optimizing our marketing and promotional initiatives given our small budget.

How we track our brand health: Our marketing impact metrics are monitored through our brand tracking research which provides a holistic picture of how the Northern Cape destination brand is perceived, as well as the impact of our marketing communications. The continued engagement with domestic and global media to promote the Northern Cape as a desirable holiday destination for exploration and discovery resulted in 7,115 mentions, with a potential audience reach of 6.5 billion (116% increase) vs 3 billion and a media value of R20.2 billion (26.7% increase) vs 16 billion reported in the previous financial year. **(Source: Meltwater Online Media News Monitoring, advertising, and DSTV Travel Channel).**

LEISURE TOURISM

Domestic tourism - remains high our agenda

We remain deliberate in how we market and promote domestic tourism to address geographical spread, seasonality and length of stay. We have intensified our focus on the many rural, heritage and culture-based tourism "gems" that are fundamental to our brand pillar offerings. We have once again shown successes through our seasonal, cross-border, special interest and brand pillar campaigns. Our campaigns were the foundation of our domestic marketing activity, urging Northern Cape residents to explore their province TO support our tourism businesses and communities by taking a domestic. Overall, campaign activity has been a success, providing a much-needed boost for our tourism industry at a very difficult time. The continued engagement with provincial and national media resulted in 5 374 mentions (75.9% increase) vs 3 054, a potential audience of 3.8 billion vs 2 billion (93.3% increase) and a media value of R12.4 billion (4% increase) vs R12 billion reported in the previous financial year (Source: Ornico Media New Monitoring, Meltwater Online Media News Monitoring, advertising, Wildeklawer, Griquas Rugby, ODI Cricket, SABC Travel Trendz, and Enca Namaqua Quest).

Trips	2016	2017	2018	2019	2020	2021	2022	% Growth
Trips	521 000	393 000	441 400	868 736	592 347	487 757	785 512	61%
Direct Spend	R465 million	R515 million	R754 million	R850 million	R769 million	R1.3 billion	2.6 billion	109%
Length of Stay	3.7	7.0	4.5	2.1	3.7	3.3	5.2	57%
Bed nights	1 860 500	2 754 598	1 979 625	1 831 081	2 293 683	1 333 791	4 027 339	202%

International Marketing: Our focus on the international arena remains strategic.

We work closely with South African Tourism to leverage off their extensive marketing intelligence network, campaigns and business tourism initiatives. While restrictions on international travel prevailed we continued with tactically engagements through reactive and dynamic digital channels. We maximized all available technology to keep Destination Northern Cape "top of mind. We successfully implemented the planned and approved international marketing campaigns themed ***The Northern Cape Your Bucket List Destination*** for both trade and consumers. The continued engagement with media to promote the destination as a desirable Southern Africa destination for exploration and discovery resulted in 1,734 mentions, with a potential audience reach of 2.4 billion (145% increase) vs 1 billion and a media vale of R7.7 billion (93.8% increase) vs 4 billion reported in the previous financial year **(Source: Meltwater Online Media News Monitoring, advertising, and DSTV Travel Channel).**

Trips	2016	2017	2018	2019	2020	2021	2022	% Growth
Arrivals	98 214	113 137	105 879	110 016	47 887	78 400	112 514	43.5%
Direct Spend	R634 million	R874 million	R582 million	R591 million	R172 million	R176 million	R707 million	301%
Length of Stay	8.3	12.5	8.1	7.0	5.0	3.0	8.0	166%
Bed nights	768 148	1 325 370	832 167	818 484	230 375	232 839	501 568	115.4%

Total Contribution

Total contribution of tourism to the provincial GDP grew with 124%, R3.3 billion in 2022 vs the R 1.4 billion in 2021 the highest yet contribution from this sector since 2016.

Total trips grew with 59% and we are almost back to 2019 pre-covid arrivals. 898 026 in 2022 vs 978 752 arrivals recorded in 2019. **(Source: Tourism Performance Annual 2022 Report – South African Tourism Research Unit).**

BUSINESS TOURISM (MEETINGS, INCENTIVES, CONFERENCE AND EVENTS)

Business Tourism/Events sector remains a major driver of our visitor economy. The hosting of conferences and events allows the Northern Cape to strengthen its competitive position as a desirable and must do Southern African Tourism destination, broadening its markets, extended tourist stays, attract investment to the destination and growing the destination brand. Despite the continued reeling impact of the pandemic, we implemented our strategies for both business and leisure events successfully. We achieved all our targets.

The thirteen hosted meetings resulted in a total delegate attendance of 2919 (2496 physical delegates and 423 hybrid delegates) resulting in a contribution of R16 243 200 (R16.2 million) for physical delegates compared to R13.4 million in the previous year. This represents an increase of 21.2% increase in spend. **(Source: Daily delegate spend as per South African National Convention Bureau).**

The NCTA supported forty-nine leisure events with a total visitor attendance of 96130 compared to 19760 in the previous year, resulting in a contribution of R121 million compared to R70 million. 1010 temporary jobs were created. It should be noted that through the hosting of both business and leisure events, local communities are the direct beneficiaries **(Source: Daily delegate spend as per South African National Convention Bureau).**

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 assisted one hundred and four SMMEs products, exceeding our approved target of sixty-one. The support included: marketing and promotion of products, market access, participation on various trade platforms, inclusion on online travel platforms and exposure during hosted media/fam trips. The nine (9) SMME's that were featured in the media platforms resulted in 21 mentions (40% increase) vs 15 mention of the previous year with a potential audience reach of 31 million (82% increase) vs 17 million and a media value of R17.5 million (118,7% increase) vs 8 million. **(Source: Sowetan Newspaper, Getaway Magazine, Global Africa Networks Magazines, Rovos Railway Magazine UK, eNCA news, SABC news, Volksblad Newspaper and Noordkaap Bulletin).**

FUTURE OUTLOOK

2023 is shaping up to be an exciting year for travel, with new trends and challenges emerging daily. According to the United Nations World Tourism Organization 2022 marked a return to form for travel and tourism – and while there may be rising costs globally, it's not stopping travellers from taking vacations and exploring the world. 2023 is promising, with millions of travellers already planning trips, and a projected 20% increase in earnings for the global tourism sector. Similar sentiments were echoed by Minister De-lille when she released the 2022 tourism performance statistics. According to the Minister "though tourist arrivals are not yet at pre-pandemic levels the latest figures show that a significant and rapid recovery is underway. …not only are we seeing more tourists coming to our shores, but they are also spending more during their visits – more than R25 billion in the first quarter of 2023. This is a valuable stream of foreign exchange, sustaining and creating jobs and enabling further investment in our tourism infrastructure."

In order to be successful in a competitive marketplace like the travel and tourism industry, staying on top of the latest marketing trends is necessary. As the industry continues its evolution, we will be working on new ways to leverage emerging trends and platforms to better- market our clients. There have been some major changes in the way that consumers want to travel after the Covid-19 pandemic. People are no longer looking for a cookie-cutter experience. 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 destination, the culture, the lifestyle, in short have life-changing experiences. The Northern Cape is well placed to offer travellers these experiences.

In planning for 2022/23, the strategic focus will continue on domestic, regional, and selected international markets.

Domestic tourism will be the key driver in the near to medium term to stimulate growth and recovery of the Northern Cape Tourism industry. We will work closely with the private sector and community 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.

On the international front 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.

We will continue to support the design of attractive leisure events that bring people together to celebrate our rich culture, heritage, and nature. The importance of advancing our domestic leisure and events markets will remain a key focus of the recovery of the Northern Cape's tourism industry. We will enhance our business events tourism by working closely with SANCB and relevant stakeholders. We will capitalize on the new opportunities for business tourism arising from mining, renewable energy and the knowledge economy.

Technological innovation will continue to play a central role in the delivery of services in the tourism sector. The limited technological and connectivity of the province is a huge stumbling, we hope that this problem will be given the necessary attention because it affects all sectors of the economy of the province, more specifically our vision of a modern growing and successful province. We will work closely with South African Tourism through their technological advancements and platforms to be responsive to the needs of our future visitors.

Stakeholder Engagements: Tourism growth requires smart partnership and creative collaborations to bring the travel trade on board as well as government stakeholders and work towards a common goal. Tourism is an activity that evolves multiple sector engagement. The sector only works if there is an integration between the various spheres of government and between public and private sector. Connecting with all layers of the tourism industry is critical for building beneficial co-operative relationships. This means there is a need for integration and working collaboratively with partners to accelerate transformation, and thereby enhance SMME growth and development. A coordinated voice and organized tourism industry within the province is critical for the growth of the industry. We will continue with the implementation of our SMME Market Access Framework. 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.

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. There has never been a better time to focus our efforts on growing the tourism sector, with all that it holds for job creation, economic growth and development. The NCTA and its partners will continuously strive to create platforms to keep in touch with local communities and raise awareness of those opportunities within the tourism sector.

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

Ms Sharron Lewis

Chief Executive Officer: Northern Cape Tourism Authority

31 March 2023

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.

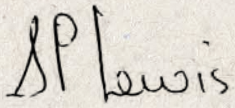
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2022.

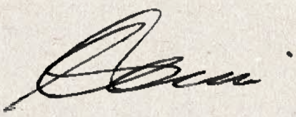
Yours faithfully



Sharron Lewis

Chief Executive Officer: Northern Cape Tourism Authority

31 May 2023



Sizwe Mbi

Chairperson: Northern Cape Tourism Board

31 May 2023

6. STRATEGIC OVERVIEW

VISION

To position the Northern Cape as an authentic leisure tourist and competitive business events destination that offers value-for-money tourism experiences.

MISSION

Marketing Northern Cape both internally and externally to increase the volume of tourists and the value it adds to the economy, by:

- Implementing an integrated tourism marketing strategy for the Northern Cape;
- Promoting Northern Cape as a competitive business events destination;
- Support and enhance the visitor service experience through our marketing campaigns;
- Positioning Northern Cape Tourism Authority as industry thought leader;
- Championing a digital outlook for the industry; and Support and enhancing stakeholder participation and collaboration.

VALUES

Value	Description and Practical implementation
Respect	• We will treat our internal and external audience with dignity, openness, tolerance, and a sense of appreciation of diversity.
Integrity	• We will act consistently, ethically and honestly regardless of the situation
Responsibility	• We are committed to delivering work that exceeds our stakeholder's expectations
Innovation	• We will provide new solutions to our customers and distinguish ourselves from our competition in delivering cutting-edge solutions.
Excellence	• To take pride in and commit to exceeding our external audience and stakeholders' expectations with quality responses

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

Northern Cape Tourism Board

Northern Cape Tourism Authority

1 x Chief Executive Officer

Financial Management

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

Business Tourism

- 1 x General Manager
- 1 x Events Coordinator
- 1 x MICE Assistant
- 1 x Events Support Clerk

Human Resources

- 1 x HR Manager
- 1 x HR Clerk

Marketing

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

Administration Support Services

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

PART B: PERFORMANCE INFORMATION

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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 XXXX of the Report of the Auditors Report, published as Part E: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The tourism sector, constrained by the impact of the pandemic more than other economic sectors in the country, is still reeling from the lingering negative impacts. The past year has required us to respond to a series of significant crises, and to rapidly improve our service offer, and our underpinning operations to deliver for and support our industry at a volume and pace we had never done before. We had to focus on the here and now, while planning and readying ourselves for what the future may bring.

For the period under review our Recovery Plan focused on domestic tourism while restrictions on international travel prevailed. The Agency confidently pursued its mandate to promote the province as a preferred business and tourism destination through the implementation of our planned tourism destination marketing initiatives. Our domestic and international campaigns were targeted and responsive to identified consumer travel market trends and insights. Executed across various marketing platforms, digital and print, we focused on the unique and diverse tourism experiences in our rural / township communities, routes and the myriad of small "dorpies" within the Northern Cape. Through our positive relationships with media, we maximised international, national and provincial media coverage opportunities which resulted in 7 115 mentions vs 7 173 mentions in the previous year with a potential audience reach of 6.5 billion (116% increase) vs 3 billion and a media value of R20.2 billion (26.7% increase) vs 16 billion reported in the previous year. **Source: (Ornico Media New Monitoring, Meltwater Online Media News Monitoring, advertising, Wildeklawer, Qriquas Rugby, ODI Cricket, SABC Travel Trendz, Enca Namaqua Quest and DSTV Travel Channel).**

Our marketing impact metrics are monitored through our brand tracking research which provides a holistic picture of how the Northern Cape destination brand is perceived, as well as the impact of our marketing communications. Our social media activities continued to generate awareness and stimulate conversations about Northern Cape, providing a platform for highlighting Northern Cape stories and world-class experiences. We maintained solid engagement across all channels and strengthened our position as destination of choice.

The business/leisure events sector is a major driver of our visitor economy. We hosted thirteen business events with a delegate attendance of 2919, resulting in R21 million contribution to GDP **(Source: Daily delegate spend as per South African National Convention Bureau).**

Leisure events have recovered though event organisers continue to face budgetary constraints which impacted on the size and number of events hosted within the Northern Cape. We hosted forty-nine events with a total of 96 130 participants, resulting in R121 million contribution to GDP **(Source: Daily delegate spend as per South African National Convention Bureau)**. We created 1010 temporary jobs. It should be noted that through the hosting of both business and leisure events, local communities and the Northern Cape Tourism Industry are the direct beneficiaries. To enhance the marketing and promotion of the destination and to attract appropriate events to drive conversion and spend, we have signed five industry partnerships, three memorandums of agreement with provincial, national and cross border tourism partners, five leisure and six business and leisure events joint marketing agreements.

The NCTA remains committed to advancing transformation **(one of our strategic outcomeoriented goals)**. For the period under review, we assisted one hundred and four SMMEs through our SMME Marketing Access Framework. Tourism growth requires smart partnership and creative collaborations bringing the travel trade on board to work towards a common goal, as well as government stakeholders. The NCTA plays a leading role in marketing the province and in driving consumer demand. However, the delivery of the promise lies with the tourism industry at large. A coordinated voice and a structurally organied tourism industry within the province is critical for the growth. We will continue with the implementation of our SMME Market Access Framework. 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.

2.2. Organisational Environment

The Northern Cape Tourism Authority has recognised that its ability to adapt its plans to address circumstances in a timeous and agile manner is a critical success factor for generating impact. The Entity has through its high levels of commitment, navigated the demands placed on the tourism industry (Economic downturn/Pandemic recovery) by adopting a solution driven strategy. Despite all the challenges, the Entity has strategically positioned itself to respond to a very demanding environment through a continued focus on finding solutions and delivering a service of high quality. The organisation could not express growth in terms of its staff establishment as a result of the moratorium on filling of positions which tested the organisational capabilities to the extreme. A key position was the vacant General Manager: Business Tourism & Events which placed strain on existing workforce. Due to this vacancy being situated in a critically important unit, the appointment of an Acting General Manager: Business Tourism & Events was done to absorb the pressure and to keep the leisure events discipline active in a very important market.

The Entity intensified its staff engagements during the year to ensure that we proactively energise the workplace to meet the demands of both the recovering industry and the pending rationalisation process.

The Top Management and the Board continued with their focus on organisational performance through people performance. Efforts were constantly implemented to renew organisational spirit, rebuild the Entity's strong focus on performance and rekindle the culture by building a strong corporate community who shared common objectives Wellness programs were implemented continuously to motivate and uplift staff morale.

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 2022/23	Five-year target	Comments
A well governed leader of the tourism industry within South Africa	Number of unqualified audit opinions with no matters of emphases for the strategic planning period.	Unqualified audit with no matter of emphasis	Achieve and maintain a financially unqualified audit opinion with no matters.	Achieved
	Effective training and development in support of the Entity's strategic objectives	Four staff members trained	50 % of staff trained by 2023.	Achieved
	Stakeholder Engagement	Four stakeholder meetings held	Four stakeholder meetings	Achieved
Broadened participation in the tourism value chain	Number of sustainable SMME businesses grown across the Northern Cape	One hundred and four SMMEs supported	Sixty-eight SMMEs	Exceeded. The NCTA created additional marketing and promotional opportunities for market ready SMME products
Increased volume of tourists and the value they add to the economy	% Growth in international arrivals annually	44% growth	9% growth in arrivals to the Northern Cape	Exceeded Continued recovery of international tourism resulted in the increased number of international visitors
	% Growth in rand value of foreign tourist direct spend	301% growth	9% growth in spend	Exceeded With the increase of bed nights and length of stay. spend has shown a considerable growth
	% Growth in domestic trips undertaken annually	61% growth	10% growth in trips to the Northern Cape	Exceeded Relaxation of all COVID-19 travel restrictions
	% Growth in rand value of domestic direct spend	109%	10% growth in spend	Exceeded With the increase of bed nights and length of stay. spend has shown a considerable 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 and increased visitor attendance at leisure events hosted within the Northern Cape	Thirteen	Nine	Exceeded Due to the continued recovery of the business events industry.
	% Annual increase in business events spend	21.2%	10 % growth in spend	Exceeded The continued recovery of the industry and return of more in-person business events.
	% Visitor increase in attendance at Leisure events hosted in the Northern Cape	86%	10% growth in event attendance	Exceeded. The continued recovery of the leisure events industry

3. INSTITUTIONAL 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 One 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 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	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	1	1	1	1	None
Develop a Workplace Skills Plan	1	1	1	1	None
Number of staff trained in key areas of development	4	3	3	4	Exceeded Additional staff members attended first aid training as per requirement from the Occupational Health and Safety Act
Output: Develop an ethical and compliant workforce					
Number of Financial Disclosure Forms submitted	7	6	100%	100%	None
Number of HR Sessions held (Labour Relations, Wellness, General Policy)	4	6	6	6	None
Output: Stakeholder Engagement					
Convene and attend Provincial Stakeholder Engagements	4	4	4	4	None

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

The Entity is making significant strides towards being recognised as a well governed leader in the tourism industry. Maintaining our unqualified audit outcomes and performing our functions with integrity and transparency enables us to maintain and solidify our relations and partnerships across Public and Private sector.

Changes to planned targets

No changes made to the approved targets.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

For the period under review there has been no area of underperformance. All approved targets were achieved or exceeded.

Linking performance with budgets

The under expenditure on Personnel is due to the moratorium placed on filling of vacant posts due to the rationalisation process. The under spending on Capital expenditure is a result of the rationalisation that is due to take place in the 2023/24 financial year. The Entity has applied for a retention of these funds to be used in the new Entity.

	2021/2022			2022/2023		
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 614	R11 367	R247	R12 138	R11 721	R416
Goods & Services	R2 849	R 2 685	R165	R3 230	R3 077	R152
Capital	R520	R358	R161	R700	R397	R302
Total	**R14 983**	**R14 410**	**R573**	**R16 068**	**R15 195**	**R870**

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 2020/21**	**Actual Achievement 2021/22**	**Planned Target 2022/23**	**Actual Achievement 2022/23**	**Deviation (reasons)**
Number of SMMEs supported	47	75	61	104	Exceeded. The NCTA created additional marketing and promotional opportunities for market ready SMME products

Outcome: Broadened participation in the tourism value chain

104 SMMEs were supported.

Changes to planned targets

No change made to the approved targets.

Deviations

The NCTA created additional marketing and promotional opportunities for market ready SMME products.

Strategy to overcome areas of under performance

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

Achievements

The NCTA remains committed to advancing transformation **(one of our strategic outcome oriented goals)**. Through the implementation of our SMME Market Access Framework we assisted one hundred and four SMMEs products, exceeding our approved target of sixty-one. The support included: marketing and promotion of products, market access, participation on various trade platforms, inclusion on online travel platforms and exposure during hosted media/fam trips. **The nine SMME's vs ten SMME's that were featured in the media platforms resulting in 21 mentions (40% increase) vs 15 mention of the previous year with a potential audience of 31 million (82% increase) vs 17 million and a media value of R17.5 million (118,7% increase) vs eight million. (Source: Sowetan Newspaper, Getaway Magazine, Global Africa Networks Magazines, Rovos Railway Magazine UK, eNCA news, SABC news, Volksblad Newspaper and Noordkaap Bulletin).**

Linking performance with budgets

The over expenditure is due to additional opportunities being available for SMME's to attend marketing platforms. Savings from Program 2 was used to cover the costs.

	2021/22			2022/23		
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	R817	R731	R87	R1 320	R1 431	(R111)
Total	**R817**	**R731**	**R87**	**R1 320**	**R1 431**	**(R111)**

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 events hosted in the province

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 2020/21**	**Actual Achievement 2021/22**	**Planned Target 2022/23**	**Actual Achievement 2022/23**	**Deviation (reasons)**
Number of Marketing Campaigns to promote the destination in identified international markets targeting consumers	2	2	2	2	None
Number of Marketing Campaigns to promote the destination in identified international markets targeting trade	2	2	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	2	2	2	2	None
Number of Marketing Campaigns to promote the destination in identified domestic markets targeting trade	2	2	2	2	None

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

International arrivals to the Northern Cape has grown with 44% (112 514 in 2022 vs 78 400 arrivals in 2021). Length of stay grew with 166%, eight days in 2022 vs three days in 2021 resulting in a growth of 115.4% in bed nights (501 568 in 2022 vs 232 839 in 2021).

With the growth in bed nights and increased length of stay, international spend within the province grew with 301.4% (707 million in 2022 vs 176 million in 2021). **(Source: Tourism Performance Annual 2022 Report – South African Tourism Research Unit).**

Changes to planned targets

No change made to the approved targets.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

For the period under review there has been no areas of under- performance. All targets have been achieved.

Achievements

We have successfully implemented our international marketing campaigns themed ***The Northern Cape Your Bucket List Destination*** to both trade and consumers. We have further maximised all available technology to keep Destination Northern Cape “top of mind” in our identified target markets. **The continued engagement with media to promote the Northern Cape as a desirable Southern Africa destination for exploration and discovery resulted in 1,734 mentions, with a potential audience reach of 2.4 billion (145% increase) vs 1 billion and a media vale of R7.7 billion (93.8% increase) vs 4 billion reported in the previous financial year. Source: (Meltwater Online Media News Monitoring, advertising, and DSTV Travel Channel).**

Awards: The NCTA was awarded the first runner up for the **Outstanding Africa Tourism Media & Marketing Award** for their contribution towards changing the image of Africa and promotion of sustainable tourism on the African continent by the **Africa Travel and Tourism Leadership Forum (The NCTA competed against 28 countries and destinations on the African Continent).**

The international acclaimed **Rough Guide** voted the Northern Cape as the "**best quiet getaway destination for 2022 23**". The printed and online travel platform has been inspiring travelers for more than 35 years, especially independent travelers seeking off-the-beaten-track and bucket- list experiences. The Northern Cape was listed 13th on the list of 23 international towns and countries which included Germany (Berlin), Morocco (Fes), Italy (Naples) and Greece (Zagori), to name a few.

Challenges

- Limited online bookable Northern Cape products and experiences
- Limited Air access
- Lack of compliance impacts on the visitor experience
- Safety and security
- Northern Cape Tourism Industry's capacity to do business

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

Domestic trips/arrivals to the Northern Cape have grown with 61% (758 512 thousand in 2022 vs 487 757 thousand in 2021. Length of stay grew from 3.3 to 5.2 nights, resulting in a growth of 202% in bed nights (4 million in 2022 vs 1.3 million in 2021).

With the growth in bed nights and increased length of stay, domestic spend within the province grew with 109% (2.6 billion in 2022 vs 1.3 billion) in 2021. **(Source: Tourism Performance Annual 2022 Report – South African Tourism Research Unit)**

Changes to planned targets

No change made to the approved targets.

Deviations

No deviations for the period under review.

Strategy to overcome areas of under performance

For the period under review there has been no areas of under- performance. All targets have been achieved..

Achievements

Domestic tourism remained the key driver to stimulate growth and recovery of the Northern Cape Tourism industry. We have successfully implemented our domestic leisure and trade marketing campaigns themed ***"The Northern Cape – So Much More to Feel"***. To inspire Northern Cape residents to explore their province, we have continued the implementation of the provincial campaign ***"Discover your Neighborhood, Experience your Province"*** to encourage increased day trips, weekend trips and short trips. The campaigns were executed across multiple marketing platforms highlighting the diverse affordable tourism experiences in our rural / township communities as well as the many small "dorpies" within the Northern Cape. **The continued engagement with provincial and national media resulted in 5 374 mentions (75.9% increase) vs 3 054, a potential audience of 3.8 billion vs 2 billion (93.3% increase) and a media value of R12.4 billion (4% increase) vs R12 billion reported in the previous financial year. Source: (Ornico Media New Monitoring, Meltwater Online Media News Monitoring, advertising, Wildeklawer, Qriquas Rugby, ODI Cricket, SABC Travel Trendz, and Enca Namaqua Quest).**

Challenges

- The absence of a holistic "whole" Government approach to tourism within the Northern Cape.
- The unstructured Northern Cape Tourism industry environment.
- Limited bookable products and visibility of the Northern Cape Tourism industry on the various online travel platforms.
- Lack of compliance impacts negatively on the Visitor Experience.
- Economic constraints (loadshedding, increased fuel price, increased inflation).

Linking performance with budgets

The budget was increased in Q4 due to the approval being granted for 22/23 surplus to be retained. The funds have been committed at year end and the Entity has applied for a retention of these funds.

	2021/22			2022/23		
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	R4 994	R4 105	R880	R7 580	R5 965	R1 615
Total	**R4 994**	**R4 105**	**R880**	**R7 580**	**R5 965**	**R1 615**

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 Achievement 2020/21**	**Actual Achievement 2021/22**	**Planned Target 2022/23**	**Actual Achievement 2022/23**	**Deviation (reasons)**
Number of Marketing Campaigns to promote the destination as a competitive business events destination	2	2	2	2	None
Number of Bids Supported	8	9	10	10	None
Number of Business Events Supported	6	9	9	13	Exceeded. Due to the Continued recovery of the business events industry
Output: % Annual increase in Business Event spend					
Increase delegate attendance at business events	480	2395	1925	2919	Exceeded. Due to the continued recovery of the industry and return of more in-person business events
Output: % Visitor increase in attendance at Leisure Events hosted in the Northern Cape					
Increase visitor attendance at provincial events	4211	19760	16500	96130	Exceeded. The continued recovery of the leisure events industry

Output: % Annual increase in Business Event spend

For the period in review, we have exceeded our target with 21.2%.

Changes to planned targets

No change to the approved targets.

Deviations

Exceeded due to the continued recovery of the industry and return of more in-person business events.

Strategy to overcome areas of under performance

For the period under review there has been no areas of under performance. All targets have been achieved.

Achievements

The thirteen hosted meetings resulted in a total delegate attendance of 2919 (2496 physical delegates and 423 hybrid delegates) resulting in a contribution of R16 243 200 (R16.2 million) for physical delegates compared to R13.4 million in the previous year. This represents an increase of 21.2% increase in spend (Source: Daily delegate spend as per South African National Convention Bureau).

Challenges

- Northern Cape event`s industry readiness to support and grow the business events industry within the Northern Cape.
- Relatively unknown business events destination.
- Unorganised industry.
- Budget constraints to solicit bids and support business tourism events.

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

The NCTA supported forty-nine leisure events with a total visitor attendance of 96130 compared to 19760 in the previous year, resulting in a contribution of R121 million compared to R70 million. This represents an increase of 173% in visitor spend. in addition, 1010 temporary jobs were also created.

Changes to planned targets

No change to the approved targets.

Deviations

Exceeded due to the continued recovery of the industry.

Strategy to overcome areas of under performance

For the period under review there has been no areas of under performance. All targets have been achieved.

Challenges

- Disorganised leisure events industry.
- Leisure Event industry non compliance.
- Budgetary constraints.

Achievements

The NCTA supported forty-nine leisure events with a total visitor attendance of 96130 compared to 19760 in the previous year, resulting in a contribution of R121 million compared to R70 million. This represents an increase of 173% in visitor spend. in addition, 1010 temporary jobs were created.

Linking performance with budgets

The budget was increased in Q4 due to the approval being granted for 22/23 surplus to be retained. The funds have been committed at year end and the Entity has applied for a retention of these funds.

	2021/22			2022/23		
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	R5 263	R4 571	R692	R7 745	R6 188	R1 556
Total	**R5 263**	**R4 571**	**R692**	**R7 745**	**R6 188**	**R1 556**

PART C: GOVERNANCE

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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 2022/23 to the Portfolio Committee on Finance, Economic Development and Tourism and the Standing Committee on Public Accounts on 2 June 2022 and the Annual Report 2021/22 on the 23 November 2022.

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	-	30 June 2022
Q2	-	30 September 2022
Q3	-	10 January 2023
Q4	-	4 April 2023

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 programmemes 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 programmemes 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 S Mbi	Chairperson	1/10/21	31/03/2023	Bachelor of Arts (Social Work)	Corporate Governance	Executive Committee, Tender Committee	17
Ms Z Modiba	Vice Chairperson	1/10/21	31/03/2023	Master of Management (Entrepreneurship New Venture Creation) Post Graduate Diploma (Marketing) Bachelor of Arts (Corporate Communication)	Marketing and Business	Marketing Sub Committee	5
Mr A Kimmie	Non - Executive Member	1/10/21	31/03/2023	B. Compt B. Compt Honours MBA Registered Government Auditor	Finance Corporate Governance Business	Executive Committee, Tender Committee	16
Mr V Barbery	Non-Executive Member	1/10/21	31/03/2023	National Diploma (Marketing Management)	Marketing and Business	Marketing Sub Committee	5
Mr W van der Linde	Non-Executive Member	1/10/21	31/03/2023		Marketing Business	Executive Committee, Tender Committee	3
Dr E de Bruin	Non-Executive Member	1/10/21	31/03/2023	Ph.D (Marketing Management) M.Com (Communication Science) B.Com (Communication Science)	Tourism Hospitality, Business. Marketing	Marketing Sub Committee	6
Mr D Pienaar	Non-Executive Member	1/10/21	31/03/2023	Advanced certificate in Nature Conservation Conservation Management National certificate in Tourism Guiding Implementation and Leadership	Tourism Hospitality Nature Conservatio n	Marketing Sub Committee	3

Sub-Committees of the NCT Board

Committee	No. of meetings held	No. of members	Name of members
EXCO	9	3	Mr S Mbi, Mr A Kimmie, Mr W van der Linde
Tender Committee	2	3	Mr S Mbi, Mr A Kimmie, Mr W van der Linde
Marketing Sub Committee	4	4	Ms Z Modiba, Mr D Pienaar, Dr E de Bruin, Mr V Barbery

Remuneration of Board Members

Board Members are remunerated as per the budget allocated and approved by the MEC responsible for Finance, Economic Development and Tourism. 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.

Name	Remuneration	Subsistence & Travel Allowance	Total
Mr S Mbi	R95 970	R157 992	R253 962
Ms Z Modiba	R23 400	R6 437	R29 837
Mr A Kimmie	R40 750	-	R40 750
Mr W van der Linde	R8 000	-	R8 000
Mr V Barbery	R14 000	R54 020	R68 020
Dr E de Bruin	R20 000	R23 283	R43 283
Mr D Pienaar	R12 750	R19 465	R32 215
Total	**R214 870**	**R261 197**	**R476 067**

5. RISK MANAGEMENT

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

NCTA's internal control framework

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

The Audit 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 CONTROL UNIT

Discuss the work performed by internal control unit during the year.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

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

- Implementation of Audit Action Plans (21/22 outcomes).
- Implementation of Risk Management Strategy.

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

8. 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.

9. 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. The objectives of these policies is to regulate good governance by deterring, preventing, detecting, reacting to and investigating the impact of fraud and corruption within the NCTA. This policy is reviewed annually.

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

10. MINIMISING CONFLICT OF INTEREST

The NCTA's Human Resource Policy is reviewed and endorsed by the NCT Board on an annual basis. This policy 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 documentation, which is reviewed, to ensure compliance with the relevant provincial and national regulations pertaining to upply chain management.

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

11. 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.**

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Northern Cape Tourism Authority is committed to a policy of enabling all work activities to be carried out safely, by ensuring that all possible measures are taken into account to remove (or at least reduce) risks to the health, safety and welfare of employees, contractors, authorised visitors, and anyone else who may be affected by our operations. We are committed and ensure that we comply with the Occupational Health & Safety Act, No. 85 of 1993, and the applicable regulations where reasonably practicable.

During the reporting period the Entity emphasised the importance of mental health through constant provision of employee health and wellness initiatives. This was offered through the provision of specialised support services. The main objectives of our wellness programs are as follows:

- To promote Physical Wellness.
- To promote Psychosocial Wellness.
- To promote Organisational Wellness.
- To promote Work-life Balance.
- To promote Financial Wellbeing.

13. 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. Additionally, the Secretariat has to ensure that each Board Member is provided with guidance with regard 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.

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

PART D: HUMAN RESOURCE MANAGEMENT

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PART D: HUMAN RESOURCE MANAGEMENT

1. Overview of Human Resources

Organisational Development

During the 2022/23 financial year the Entity continued with its normal operations despite the pending rationalisation process. The moratorium on the filling of vacant funded posts remained intact due to the rationalisation process. The vacant funded posts created pressure on the Entity's ability to deliver on key focal areas. The current organisational structure was maintained to ensure that we operate within the parameters of the Annual Performance Plan (APP).

Rationalisation

With the rationalisation process on the verge of implementation, the Entity started preparations for the integration of the operations and workforce into NCEDA. The board and top management took an active approach of engaging staff on the process. Continuous engagement with the Executive Management of DEDAT as well as the Top Management of NCEDA took place to ensure a smooth transition and to address challenges relating to the amendment of the NCEDA Act, the absorption of the tourism programme into the structure, the remuneration framework as well as Employee benefits.

During the reporting period the Entity remained focused on implementation of the strategic imperatives to ensure that we comply with and meet our legislative, regulatory and service delivery requirements. The key focal point was to mitigate the effects of the rationalisation process and to ensure that the workforce was accurately informed.

Enhance implementation of Employee Health and Wellness Programmes

The ongoing Employee Health and Wellness Programme (EHWP) of the Entity was fully implemented to ensure that we engage with staff and offer effective interventions to enhance employee productivity, through the:-

- Development of stress resiliency profiles, sources of workplace stress and biometric assessments to assist in compiling health profiles of each staff member
- Provision of confidential short term counselling services, by externally contracted service providers (Professionals)
- Coordination of health and wellness promotion interventions inclusive of on and offsite employee wellness days in partnership with external professionals in various fields of expertise.

Enhance implementation of Employee Performance Management & Development System

The Entity ensured that it maintained a healthy focus on performance outputs of staff and subsequently implemented and complied with the DPSA directive for payment of approved and applicable performance incentives for Salary Levels 2-12 as well as SMS members.

Training and Development

The Entity implemented the planned activities relating to targeted training with 33% of staff trained in identified courses.

The Entity implemented a learnership/internship programme through the provision of experiential training and practical experience opportunities to two young people. The Entity maintained its partnership with DEDaT through provision of opportunities to both tertiary and scholastic students who are enrolled in Tourism courses to attend the annual National Tourism Careers Expo.

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	R11216	R5900	21%	10	R590.09
Marketing	R17521	R5676	20%	7	R810.81
TOTAL	**R28737**	**R11576**	**40.28%**	**17**	**R680.94**

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	R1528	13%	1	R1528
Senior Management	R4204	37%	4	R1051.03
Junior Management	R3213	28%	4	R803.14
Skilled	R2187	19%	6	R36454
Semi-skilled				
Unskilled	R330	3%	2	R164.91
TOTAL	**R11462**	**100%**	**17**	**R674.23**

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	3	33	0%
Junior Management	4	24	0%
Skilled	4	11	0%
Semi-skilled	0	0	0%
Unskilled	1	2	0%
TOTAL	**12**	**70**	**0%**

Training Costs

Programme//activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee
Administration	R5900	8	0	2	0
Marketing	R5676	0	0	3	0
TOTAL	**R11576**	**8**	**0**	**5**	**0**

Employment and vacancies

Programme	2021/22 No. of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of vacancies
Administration	10	12	10	4	33%
Marketing	7	11	7	4	36%
TOTAL	**17**	**23**	**17**	**8**	**35%**

Programme	2021/22 No. of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	5	5	4	1	20%
Junior Management	4	6	4	2	33%
Skilled	1	2	1	1	50%
Semi-skilled	4	8	4	4	50%
Unskilled	2	1	2	0	0
TOTAL	**16**	**23**	**16**	**7**	**30%**

Inclusive of two contract employees

The status quo on the filling of posts remains as the rationalisation of entities process has not been finalised. The temporary arrangement to execute the duties of Receptionist on a contractual basis remains in place until such time that the rationalisation process is finalised. The contract appointment of a Terrain Worker is necessitated by the demand for this service on an ADHOC basis.

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	4	0	0	4
Junior Management	4	0	0	4
Skilled	1	0	0	1
Semi-skilled	5	0	0	5
Unskilled	2	0	0	2
TOTAL	**17**	**0**	**0**	**17**

Reasons for staff leaving

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

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
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	2	2	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**	**3**	**3**	**0**	**0**	**0**	**0**

FEMALE								
Levels	**African**		**Coloured**		**Indian**		**White**	
	Current	**Target**	**Current**	**Target**	**Current**	**Target**	**Current**	**Target**
Top Management	0	1	1	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: PFMA COMPLIANCE REPORT

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PART E: PFMA COMPLIANCE REPORT

a) Reconciliation of irregular expenditure

Description	2023 R000	2022 R000
Opening Balance	11,8	11,8
Add: Irregular expenditure confirmed		
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	**11,8**	**11,8**

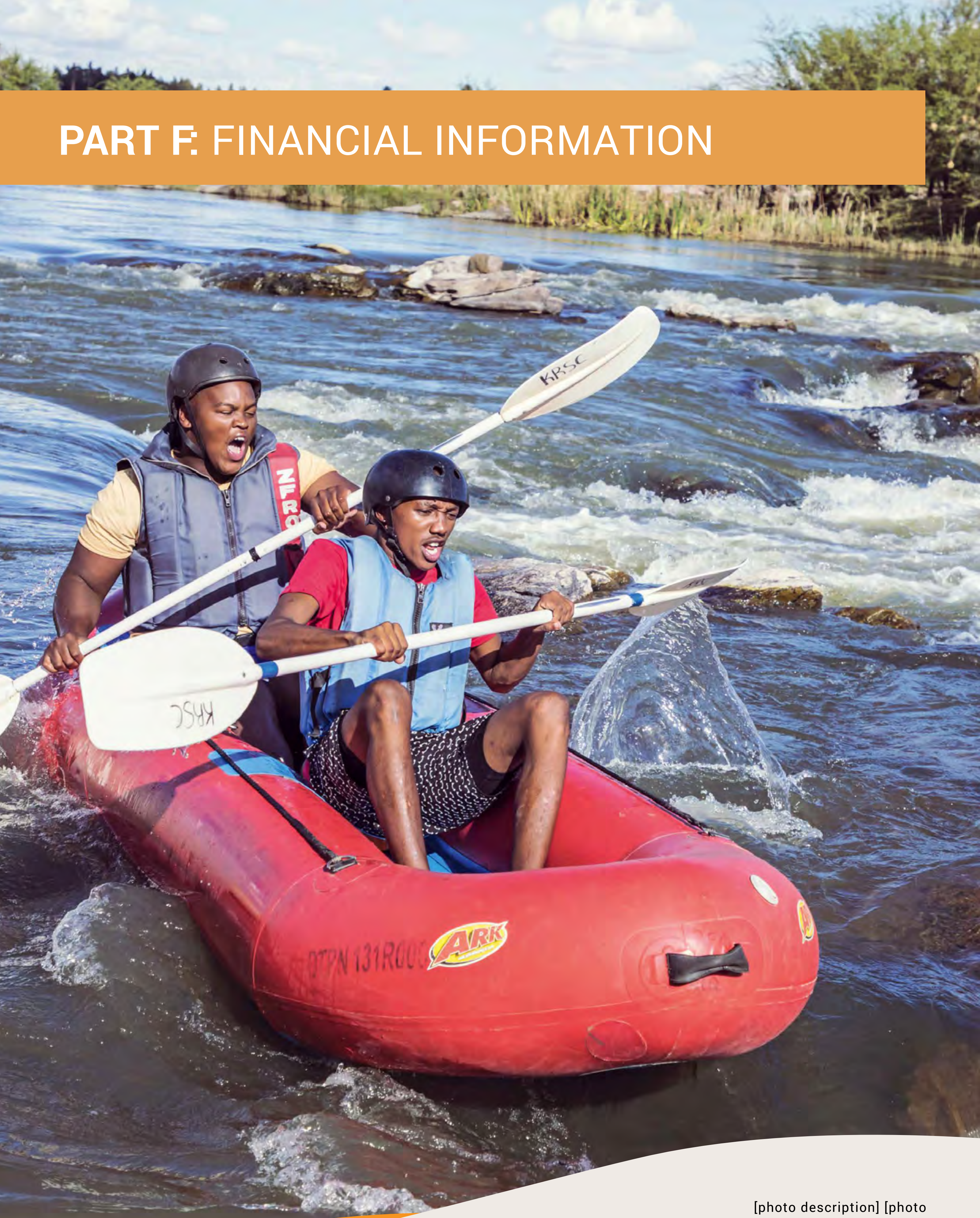
Reconciling notes

Description	2023 R000	2022 R000
Irregular expenditure that waw under assessment in 2022/23	0	0
Irregular expenditure that relates to a prior and identified in 2023	0	0
Irregular expenditure for the current year	0	0
Total	**0**	**0**

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023 R000	2022 R000
Irregular expenditure under assessment	91,8	91,8
Irregular expenditure under determination		
Irregular expenditure under investigation		
Total	**91,8**	**91,8**

PART F: FINANCIAL INFORMATION



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PART F : 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 xx to xx, which comprise the statement of financial position as at 31 March 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the requirements of the Northern Cape Tourism Entity Act No.5 of 2008.

Basis for opinion

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

Emphasis of matter

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

Events after the reporting date

7. We draw attention to note 24 in the financial statements, which deals with events after the reporting date and specifically the possible effects of the future implications of the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023 which was issued in the General Notice 374 of 2023 issued in the Provincial Gazette, 15 May 2023. The Amendment Bill incorporated the functions of the Northern Cape Tourism Authority and repeals the Northern Cape Tourism Entity Act, 2008. There is still uncertainty of the date on which the acquirer will obtain control of the functions and the transferor will lose control of the functions. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Other matter

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 25 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Northern Cape Tourism Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the Northern Cape Tourism Entity Act no 05 of 2008, 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.
11. 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.

Responsibilities of the auditor-general for the audit of the financial statements

12. 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.
13. 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

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbersw	Purpose
Destination Marketing & Promotion	[XX]	The Destination and Marketing Programme is responsible for destination tourism marketing targeting both international and domestic markets.

16. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.
19. I did not identify any material findings on the reported performance information of the Destination Marketing & Promotion.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. The other information I obtained prior to the date of this auditor's report is the disclosure of the irregular and fruitless and wasteful expenditure, and the remaining information is expected to be made available to us after 28 July 2023.
28. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that

fact. I have not identified any material findings.

29. When I do receive and read the remaining other 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

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Kimberley

28 July 2023

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

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

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

2. REPORT OF THE AUDIT COMMITTEE

2.1. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

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.

Summary of audit work done

The Internal Audit work performed for the financial year under review were all in line with the approved annual Internal Audit plan and included the following audits:

- Annual Financial Statements & Annual Report
- Asset and Liabilities (Realisation of Public Entities)
- Follow up review
- Information Technology General Controls
- Predetermined Objectives
- Risk, Fraud & Ethics Management

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 and included the following:

- Two findings (11%) of Internal Audit were not implemented.

Audit Committee members and attendance

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

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

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

Four meetings were convened during the financial year under review.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ms A Mafuleka	• CA (SA) • B Com – Honours	External	n/a	01 December 2020	n/a	04
Ms J Gunther	• Certified Internal • Auditor • CRMA • Associate General • Accountant • Masters in Cost • Accounting • BCompt • Various accounting and auditing certificates	External	n/a	01 December 2020	n/a	04
Mr F Docrat	• Master of Business Administration - Chartered Director (SA) • Certified Information Security Manager • Certified Information Systems Auditor • Certified in the Governance of Enterprise Information Technology • Certified Risk Management Practitioner • Management Advancement Program • Total Quality Management • Computer Operations Proficiency Examination	External	n/a	01 December 2020	n/a	04
Ms Vallabh	• Bachelor of Arts • Post Graduate Diploma in Library and Information Science • Certificate Programme in Public Service Management	Internal	Chief Director: Performance, Monitoring and Evaluations (OTP)	01 December 2020	n/a	02
Mr M Mdunge	• BA Degree • Post graduate diploma governance and political transformation • Masters in governance and political transformation	Internal	Director: Frances Baard Head COGHSTA	01 December 2020	n/a	00

Ms A. Mafuleka stepped down as a chairperson of the audit committee, then it was decided that the other two external members will rotate in chairing until the permanent chairperson is appointed. Ms J Gunther chaired in March 2023 audit committee meeting and Mr F Docrat chaired July 2023 meeting. 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).

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 2023.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also 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, except that we have not reviewed changes in accounting policies and practices.

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

The Effectiveness of Internal Control

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

- Annual Financial Statements & Annual Report
- Asset and Liabilities (Realisation of Public Entities)
- Follow up review
- Information Technology General Controls
- Predetermined Objectives
- Risk, Fraud & Ethics Management

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

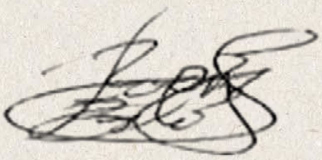
The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report;
- reviewed and discussed the audited annual performance report 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.



Mr F Docrat

Northern Cape Tourism Authority

Chairperson of the Audit Committee

1 August 2023

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 55(1)(a); 55(1)(b); 55(1)(c)(i) PFMA 51(1)(b)(ii); 53(4); 57(b) PFMA 51(1)(e)(iii) PFMA 51(1)(b)(ii); 51(1)(a)(iv); 56(1); 56(2); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 31.1.2(c) Treasury Regulation 30.1.1; 30.1.3(a-d); 30.2.1 Treasury Regulation 16A9.1(b)(ii); 16A9.1(e); 16A9.1(f); 33.1.1; 33.1.3 Treasury Regulation 16A 3.1; 16A 3.2 (fairness); 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii); 8.2.1; 8.2.2
Northern Cape Tourism Entity Act No.5 of 2008	Section 26(1)(a); 26(1)(b); 26(1)(c); 26(1)(d);
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	PRECCA Section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
PPR 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Par. 3.1; par. 3.3 (b); par. 3.3 (c); par. 3.3 (e); par 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

4. FINANCIAL STATEMENTS

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

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	Standard Bank
AUDITORS	Auditor General South Africa
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the PFMA Act 1 of 1999
PUBLISHED	31 May 2023
EXECUTIVE AUTHORITY	MEC of Economic Development and Tourism - Mr. A Vosloo
LEGISLATION	Northern Cape Tourism Entity Act No. 5 of 2008 Public Finance Management 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 2023

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

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act 1 of 1999
MEC	Member of Executive Council

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

STATEMENT OF BOARDS RESPONSIBILITY

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

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

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

The board members have reviewed the entity's cash flow forecast for the the year 31 March 2024. The review considered the impact of the subsequent event as presented in this financial statements. In the light of this review, current financial position and the impact of the subsequent event, they are satisfied that the entity has access to adequate resources to continue in operational existence, until such time the transfer of function takes effect.

The entity prepared the financial statements on the going concern basis , as the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023 brings on a transfer of function of all the entities functions and that the entity will continue to operate in a modified form even though the functions or operations will no longer be provided by the entity itself. The entity will continue to receive financial support from the Department of Economic Development until such time of completion of the transfer of functions..

The financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2023 and were signed on its behalf by:

S. Mbi
Chairperson

Kimberley

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

BOARDS REPORT

The members submit their report for the year ended 31 March 2023.

1. INCORPORATION

The entity was incorporated on 01 March 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 the advancement of tourism in the Northern Cape Province and operates principally in South Africa and other countries in collaboration with South African Tourism. The NCTA realised a deficit of R1 528 502 (2022: surplus 1 528 642).

3. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity realised a deficit of R1,531,460. However the entity had an accumulated surplus of 6 257 386 and that the entity's total assets exceed's its liabilities by 6 257 386.

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.

Subsequent to financial year end, General Notice 374 of 2023 was issued in the Provincial Gazette, 15 May 2023, the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023 issued in terms of Rule 164 of the Standing Rules of the Provincial Legislature for public comment. The Amendment Bill incorporated the functions of the Northern Cape Tourism Authority and repeal the Northern Cape Tourism Entity Act, 2008. The public have 30 days after publishing of the said Bill to submit comments in writing.

The impact on the going concern of the entity was assessed, due to the publication of General Notice 374 of 2023. The repeal of the Northern Cape Tourism Entity Act, 2008 will dissolve the entity named the Northern Cape Tourism Authority, however the functions of the entity will continue to be delivered under the amended Bill, 2023. The amendment Bill, 2023 causes uncertainty, as the transfer date of the entity's functions, assets and liabilities cannot yet be determined, but is estimated to conclude within the 2023/24 financial year of the entity.

The intention of the amendment Bill is not to put an end to the functions delivered under the Northern Cape Tourism Entity Act, 2008, but rather to continue these functions under the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023. The entity is therefore of the opinion that the going concern basis remains appropriate, as the amended Bill brings on a transfer of function of all the entities functions and that the entity will continue to operate in a modified form even though the functions or operations will no longer be provided by the entity itself.

The entity is wholly dependent on the Northern Cape Department of Economic Development and Tourism, up to date of the effective transfer of functions, the department will continue to fund the entities operations and any additional financial implications that might be incurred due to the repeal of the Northern Cape Tourism Entity Act, 2008.

4. SUBSEQUENT EVENTS

The members are aware that rationalisation will affect the NCTA in the 2023/24 financial year. The entity will be merged with the Northern Cape Economic Development Trade and Investment Agency at a date to be determined in the new financial Year. At that specific date all Assets, Liabilities and Equity will be transferred to the Northern Cape Economic Development Trade and Investment Agency. Refer to Note 24 for more detail

5. 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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

BOARDS REPORT

. Accounting policies (continued)

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.

7. ACCOUNTING AUTHORITY

The board members of the entity during the year and to the date of this report are as follows, they were appointed on 1 September 2021:

Name	Nationality
Mr. S Mbi (Chairperson)	South African
Mrs. Z Modiba(Deputy Chairperson)	South African
Mr. V Barbery	South African
Mr. D Pienaar	South African
Mr. AL Kimmie	South African
Mrs. E De Bruin	South African
Mr. W Van Der Linde	South African

8. AUDITORS

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Note(s)	2023	2022
Assets			
Current Assets			
Receivables from exchange transactions	6	153 943	158 275
Prepayments	5	368 223	-
Cash and cash equivalents	7	7 883 883	9 194 249
		8 406 049	**9 352 524**
Non-Current Assets			
Property, plant and equipment	2	1 830 930	2 089 753
Intangible assets	3	8 323	15 180
Receivables from exchange transactions	6	43 889	43 889
		1 883 142	**2 148 822**
Total Assets		**10 289 191**	**11 501 346**
Liabilities			
Current Liabilities			
Finance lease obligation	8	-	2 067
Operating lease liability	4	87 276	26 034
Payables from exchange transactions	10	3 616 227	2 275 673
		3 703 503	**2 303 774**
Non-Current Liabilities			
Operating lease liability	4	59 431	146 707
Provisions	9	268 871	1 264 977
		328 302	**1 411 684**
Total Liabilities		**4 031 805**	**3 715 458**
Net Assets		**6 257 386**	**7 785 888**
Accumulated surplus		6 257 386	7 785 888
Total Net Assets		**6 257 386**	**7 785 888**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Rendering of services		73 100	20 000
Interest received	12	499 955	278 479
Total revenue from exchange transactions		**573 055**	**298 479**
Revenue from non-exchange transactions			
Government grants & subsidies	13	26 536 000	25 251 999
Service in Kind		96 603	38 890
Total revenue from non-exchange transactions		**26 632 603**	**25 290 889**
Total revenue		**27 205 658**	**25 589 368**
Expenditure			
Employee related costs	14	(11 576 562)	(11 252 466)
Remuneration of Board Members	22	(214 870)	(132 210)
Depreciation and amortisation	15	(313 667)	(270 392)
Finance costs	16	(39)	(687)
Lease rentals on operating lease	11	(916 152)	(916 152)
Loss on disposal of assets		(2 275)	-
General Expenses	17	(15 710 595)	(11 488 817)
Total expenditure		**(28 734 160)**	**(24 060 724)**
(Deficit) surplus for the year		**(1 528 502)**	**1 528 644**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2021	**6 257 244**	**6 257 244**
Surplus for the year	1 528 644	1 528 644
Total changes	1 528 644	1 528 644
Balance at 01 April 2022	**7 785 888**	**7 785 888**
Deficit for the year	(1 528 502)	(1 528 502)
Total changes	(1 528 502)	(1 528 502)
Balance at 31 March 2023	**6 257 386**	**6 257 386**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Cash Flow Statement

	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Sale of goods and services		71 200	54 737
Grants		26 536 000	25 251 999
Interest income		499 955	278 479
		27 107 155	25 585 215
Payments			
Employee costs		(11 529 495)	(11 321 581)
Suppliers		(16 627 020)	(12 318 367)
Interest Paid		(39)	(687)
Board Remuneration		(214 870)	(132 398)
		(28 371 424)	(23 773 033)
Net cash flows from operating activities	19	**(1 264 269)**	**1 812 182**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(50 263)	(96 485)
Cash flows from financing activities			
Finance lease payments		(2 066)	(15 251)
Movement Staff Debt		6 232	-
Net cash flows from financing activities		**4 166**	**(15 251)**
Net increase/(decrease) in cash and cash equivalents		**(1 310 366)**	**1 700 446**
Cash and cash equivalents at the beginning of the year		9 194 249	7 493 803
Cash and cash equivalents at the end of the year	7	**7 883 883**	**9 194 249**

The accounting policies on pages 10 to 26 and the notes on page 27 form an integral part of the financial statements.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

	Note(s)	2023	2022

1. Significant accounting polices

The principal accounting policies applied in the preparation of these financial statements are set out below.

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

The financial statements have been prepared based on expectations that the entity will continue to operate as a going concern.

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 9 - 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.

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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

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.
** Motor vehicles are depreciated over km used
*** IT equipment includes certain major assets that have been assessed to have an average life of 15 years as a result of the nature of the assets.
The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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

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

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

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

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

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

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.

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.

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

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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.

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ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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

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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
Trade and Other Receivables 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 from Exchange	Financial liability measured at amortised cost
Finance Lease Liability	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 2023

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.

Derecognition

Financial assets

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.6 Financial instruments (continued)

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

- derecognise the asset; and

- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit. If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation
Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes. A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Northern Cape Tourism Authority

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ACCOUNTING POLICIES

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 9%.

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 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.9 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

1.9 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

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 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.

Northern Cape Tourism Authority

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ACCOUNTING POLICIES

1.9 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.

Northern Cape Tourism Authority

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ACCOUNTING POLICIES

1.9 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.

1.10 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- 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

1.10 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.

1.11 Provisions and contingencies

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

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

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

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.

Northern Cape Tourism Authority

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ACCOUNTING POLICIES

1.11 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus .

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

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 .

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.

1.12 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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.12 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 .

1.13 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.

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.13 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.

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.

1.14 Investment income

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

1.15 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.

1.16 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).

1.17 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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

ACCOUNTING POLICIES

1.18 Related parties

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

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

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

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

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

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

Close members of the family of a person are 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.

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.20 GRAP standards approved but not effective

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

Amendments to GRAP 1 on Presentation of Financial Statements - Effective date: 1 April 2023
Improvements to Standards of GRAP (2021) - Effective date: 1 April 2023
GRAP 104 on Financial Instruments - Effective date: 1 April 2025
GRAP 25 on Employee Benefits Proposed - Effective date: 1 April 2023

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

2. Property, plant and equipment

	2023			2022		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	565 360	(375 996)	189 364	570 301	(353 492)	216 809
Motor vehicles	2 178 912	(742 403)	1 436 509	2 178 912	(532 100)	1 646 812
Office equipment	567 035	(411 029)	156 006	516 772	(367 598)	149 174
IT equipment	409 900	(360 849)	49 051	409 900	(332 942)	76 958
Total	**3 721 207**	**(1 890 277)**	**1 830 930**	**3 675 885**	**(1 586 132)**	**2 089 753**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

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2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	216 809	-	(2 275)	(25 170)	189 364
Motor vehicles	1 646 812	-	-	(210 303)	1 436 509
Office equipment	149 174	50 263	-	(43 431)	156 006
IT equipment	76 958	-	-	(27 907)	49 051
	2 089 753	**50 263**	**(2 275)**	**(306 811)**	**1 830 930**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	246 832	-	(30 023)	216 809
Motor vehicles	1 784 930	-	(138 118)	1 646 812
Office equipment	103 657	96 485	(50 968)	149 174
IT equipment	117 504	-	(40 546)	76 958
	2 252 923	**96 485**	**(259 655)**	**2 089 753**

Pledged as security

None of the entity's assets are pledged as security:

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

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2. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Office equipment	-	1 935

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

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

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3. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	223 398	(215 075)	8 323	223 398	(208 218)	15 180

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	15 180	(6 857)	8 323

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	25 916	(10 736)	15 180

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

4. Operating lease asset (liability)

Non-current liabilities	(59 431)	(146 707)
Current liabilities	(87 276)	(26 034)
	(146 707)	**(172 741)**

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 1,003,428	R 942,187
Within 2 -5 years	R 517,516	R1,520,935

Reconciliation of operating lease liability
Payments made R942,187 (21/22 R884,682), straightline lease payments recognised R916,152 (21/22 R916,152) due to the GRAP 13 straightline recognition principle of R26,034 for the current year.

5. Prepayments

Prepayments were made to secure accommodation, space for exhibitions and software renewals in April and May 2023 amounting to R368,223. (21/22 R Zero)

6. Receivables from exchange transactions

Trade debtors	120 951	120 901
Deposits	43 889	43 889
Sundry Debtors	1 850	-
Staff Debtors	31 142	37 374
	197 832	**202 164**

Non-current assets	43 889	43 889
Current assets	153 943	158 275
	197 832	**202 164**

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 2023, - (2022: -) were past due but not impaired.

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

+ 30 Days	15 983	37 374
+120 Days	137 960	120 901

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 883 883	9 194 249

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

8. Finance lease obligation

	2023	2022
Minimum lease payments due		
- within one year	-	2 106
	-	2 106
less: future finance charges	-	(39)
Present value of minimum lease payments	**-**	**2 067**
Present value of minimum lease payments due		
- within one year	-	2 067

It is the entity policy to lease certain office equipment under finance leases. The finance lease obligations eminate from cell phone contracts.

The average lease term was 2 years and the average effective borrowing rate was -% (2022: 9%).

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

9. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Transfer to Current Payables	Total
Employee Benefit Cost - Capped Leave	1 264 977	56 118	(1 052 224)	268 871

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Employee Benefit Cost - Capped Leave	1 261 156	3 821	1 264 977

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. The movement disclosed in the current year is the estimated payment due to a pending retirement within the next 12 months. The remaining long term provision based on retirement age will become due within the next 10 years or death, which ever one comes first.

10. Payables from exchange transactions

	2023	2022
Trade payables	1 773 759	1 530 204
Other payables	89 266	35 440
Short Term Employee Benefit: Thirteenth Cheque	180 242	172 861
Short Term Employee Benefit: Leave	520 736	537 168
Capped Leave	1 052 224	-
	3 616 227	**2 275 673**

11. Lease rentals on operating lease

	2023	2022
Premises		
Contractual amounts	916 152	916 152

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

12. Interest Received

Interest revenue		
Bank	499 955	278 479

The interest earned from exchange transactions and non exchange transactions amounted to R499,995 (2021/22 R278,479)
The interest is earned from our Standard Bank Money Market Account -

13. Government grants & subsidies

Operating grants		
Northern Cape Department of Economic Development and Tourism	26 436 000	25 151 999
Contributions - Government Entities	100 000	100 000
	26 536 000	**25 251 999**

14. Employee related costs

Basic Salary	8 749 910	8 308 938
Medical aid - company contributions	578 876	455 771
UIF	33 805	33 147
Leave pay provision charge	39 686	5 379
Employer Contributions - Provident Fund	1 369 685	1 318 324
Bonus - 13th Cheque	548 106	524 409
Travel, motor car, accommodation, subsistence and other allowances	69 433	1 960
Housing benefits and allowances	187 061	249 244
Performance Bonus	-	355 294
	11 576 562	**11 252 466**

Remuneration of Chief Executive Officer - S. Lewis

Annual Remuneration	1 121 273	1 057 109
Annual Bonus	92 096	88 092
Subsistence and Travel	18 057	10 492
Provident Fund	211 948	199 867
Cash Allowance	108 983	64 410
	1 552 357	**1 419 970**

Remuneration of Chief Finance Officer - R. Miller

Annual Remuneration	691 438	672 120
Annual Bonus	56 884	96 536
Travel Allowance	4 321	5 731
Cash Allowance	252 770	233 329
Provident Fund	129 061	124 839
Subsistence - Non Taxable	8 132	2 614
	1 142 606	**1 135 169**

Additional key managment is disclosed in Note 21.

15. Depreciation and amortisation

Property, plant and equipment	306 811	259 655
Intangible assets	6 856	10 737
	313 667	**270 392**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

16. Finance costs

Finance leases	39	687

17. General expenses

Advertising	11 828 032	8 946 506
Assessment rates & municipal charges	47 776	46 779
Auditors remuneration	985 405	986 487
Bank charges	35 636	25 387
Insurance	231 936	218 832
Community development and training	10 721	-
IT expenses	12 091	10 172
Motor vehicle expenses	26 301	7 948
Printing and stationery	140 937	94 447
Protective clothing	-	7 890
Repairs and maintenance	3 031	1 145
Security	10 620	5 956
Staff welfare	165 977	51 294
Subscriptions and membership fees	135 982	87 276
Telephone and fax	238 359	217 215
Travel - local	1 132 048	423 267
Annual Report	-	65 000
Board Travel & Subsistence	657 524	257 169
Sundry Services	48 219	36 047
	15 710 595	**11 488 817**

18. Auditors' remuneration

Audit fees	888 802	947 597
Internal Audit Fees	96 603	38 890
	985 405	**986 487**

19. Cash (used in) generated from operations

(Deficit) surplus	(1 528 502)	1 528 644
Adjustments for:		
Depreciation and amortisation	313 667	270 392
Loss on Asset written off	2 275	-
Movements in provisions	47 067	(69 115)
Service in Kind - Revenue	(96 603)	(38 890)
Service in Kind - Expenditure	96 603	38 890
Other non - cash items	(26 035)	31 470
Changes in working capital:		
Receivables from exchange transactions	(1 900)	34 737
Prepayments	(368 223)	207 034
Payables from exchange transactions	297 382	(190 980)
	(1 264 269)	**1 812 182**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

20. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	197 832	197 832
Cash and cash equivalents	7 883 883	7 883 883
	8 081 715	**8 081 715**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(1 863 025)	(1 863 025)
Operating Lease Liability	(146 707)	(146 707)
	(2 009 732)	**(2 009 732)**

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	202 164	202 164
Cash and cash equivalents	9 194 249	9 194 249
	9 396 413	**9 396 413**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(1 564 644)	(1 564 644)
Finance Lease	(2 067)	(2 067)
Operating Lease	(172 741)	(172 741)
	(1 739 452)	**(1 739 452)**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

21. Related parties

Relationships

Board Members	Refer to members' report note
Controlling entity	Northern Cape Department of Economic Development and Tourism
Enteties under common control	Northern Cape Liquor Board, Northern Cape Gambling Board, Northern Cape Economic Development Agency, Northern Cape Department of Finance
Members of key management	Refer to Note 14 & 21

Related party balances

	2023	2022
Amounts included in Trade receivables (Trade payables) regarding related parties		
Key Management - Leave and Bonus	(1 700 649)	(1 601 657)
Department of Economic Development and Tourism	98 900	98 900
Related Party Transactions (received) / paid to related parties		
Department of Economic Development and Tourism - Grants Received (Note 13)	(26 436 000)	(25 151 999)
Northern Cape Economic Development Agency - Services Rendered	159 130	-
Northern Cape Department of Finance - Service in Kind	(96 603)	(38 890)
Transactions paid to Board Members		
Remuneration	214 870	109 710
Travel and Subsistence	261 197	84 901
Goods and Services	25 440	1 150
Compensation of Employees		
Salaries and Benefits - Key management	5 785 389	5 819 479

Key management information

Class	Description	Number
Non-executive board members	Board Members	7
Executive management	CEO & Senior Management	5

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

Figures in Rand

21. Related parties (continued)

Remuneration of management

Management class: Board members

2023

Name	Sitting Fee	Subsistence and Travel Allowance	Total
S. Mbi (Chairperson)	95 970	157 992	253 962
Z. Modiba (Deputy Chairperson)	23 400	6 437	29 837
D. Pienaar	12 750	19 465	32 215
W. Van der Linde	8 000	-	8 000
A. Kimmie	40 750	-	40 750
E. De Bruin	20 000	23 283	43 283
V. Barbery	14 000	54 020	68 020
	214 870	**261 197**	**476 067**

2022

Name	Basic salary	Subsistence and Travel Allowance	Total
S. Mbi (Chairperson	37 530	42 307	79 837
Z. Modiba (Deputy Chairperson)	15 930	-	15 930
D. Pienaar	10 000	-	10 000
W. Van der Linde	4 000	-	4 000
A. Kimmie	20 000	-	20 000
E. De Bruin	10 250	9 663	19 913
V. Barbery	12 000	32 931	44 931
	109 710	**84 901**	**194 611**

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

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21. Related parties (continued)

Management class: Executive management

2023

Name	Basic salary	Bonuses and performance related payments	Cash Allowance	Provident Fund	Subsistence Non - Taxable	Travel Allowance	Total
Office Manager - M Diedericks	534 927	44 617	201 311	100 854	2 177	-	883 886
HR Manager - D Fredericks	535 428	44 617	201 311	100 854	3 030	2 170	887 410
Marketing Manager - D Martin	940 863	-	176 242	177 665	24 360	-	1 319 130
	2 011 218	**89 234**	**578 864**	**379 373**	**29 567**	**2 170**	**3 090 426**

2022

Name	Basic salary	Bonuses and performance related payments	Cash Allowance	Provident Fund	Subsistence Non Taxable	Leave Gratuity	Total
Office Manager - M Diedericks	520 936	75 230	182 717	96 472	825	-	876 180
HR Manager - D Fredericks	520 936	75 230	182 717	96 470	515	-	875 868
Marketing Manager - D Martin	893 262	47 644	128 865	168 888	13 037	-	1 251 696
MICE Manager - P Mckuchane	108 823	64 796	18 527	10 288	-	58 164	260 598
	2 043 957	**262 900**	**512 826**	**372 118**	**14 377**	**58 164**	**3 264 342**

Mice Manager, Mr. P Mckuchane retired in May 2021"

22. Risk management

Financial risk management

Northern Cape Tourism Authority

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023	2022

22. 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 budget management.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, 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 are comprised of Provincial and Local Government.

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

Financial instrument	**2023**	**2022**
Receivables from Exchange Transactions - Current	153 943	158 275
Receivables from Exchange Transactions - Non Current	43 889	43 889
Cash and Cash Equivalents	7 883 883	9 194 249

Market risk

Interest rate risk

Cash flow interest rate risk

Financial instrument	**Current interest rate**	**Due in less than a year**	**Due in one to two years**	**Due in two to three years**	**Due in three to four years**	**Due after five years**
Trade and other payables	- %	(1 863 025)	-	-	-	-
Operating Lease	6,50 %	(1 003 428)	(517 516)	-	-	-

Cash Flows

At 31 March 2022	**Current interest rate**	**Due in less than a year**	**Due in one to two years**	**Due in two to three years**	**Due in three to four years**	**Due after five years**
Trade and other Payables	- %	(1 564 644)	-	-	-	-
Finance Lease	9,00 %	(2 066)	-	-	-	-
Operating Lease	6,50 %	(942 187)	(1 003 429)	(517 506)	-	-

23. Going concern

We draw attention to the fact that at 31 March 2023, the entity realised a deficit of R1,531,460 in the current year. Despite the defecit the entity has an accumulated surplus of 6 257 386 and that the entity's total assets exceeds its liabilities by 6 257 386.

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.

Subsequent to financial year end, General Notice 374 of 2023 was issued in the Provincial Gazette, 15 May 2023, the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023 issued in terms of Rule 164 of the Standing Rules of the Provincial Legislature for public comment. The Amendment Bill incorporated the functions of the Northern Cape Tourism Authority and repeal the Northern Cape Tourism Entity Act, 2008. The public have 30 days after publishing of the said Bill to submit comments in writing.

The impact on the going concern of the entity was assessed, due to the publication of General Notice 374 of 2023. The repeal of the Northern Cape Tourism Entity Act, 2008 will dissolve the entity named the Northern Cape Tourism Authority, however the functions of the entity will continue to be delivered under the amended Bill, 2023. The amendment Bill, 2023 causes uncertainty, as the transfer date of the entity's functions, assets and liabilities cannot yet be determined, but is estimated to conclude within the 2023/24 financial year of the entity.

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23. Going concern (continued)

The intention of the amendment Bill is not to put an end to the functions delivered under the Northern Cape Tourism Entity Act, 2008, but rather to continue these functions under the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023. The entity is therefore of the opinion that the going concern basis remains appropriate, as the amended Bill brings on a transfer of function of all the entities functions and that the entity will continue to operate in a modified form even though the functions or operations will no longer be provided by the entity itself.

The entity is wholly dependent on the Northern Cape Department of Economic Development and Tourism, up to date of the effective transfer of functions, the department will continue to fund the entities operations and any additional financial implications that might be incurred due to the repeal of the Northern Cape Tourism Entity Act, 2008.

24. Events after the reporting date

In terms of General Notice 374 of 2023 issued in the Provincial Gazette, 15 May 2023, the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023 was issued in terms of Rule 164 of the Standing Rules of the Provincial Legislature for public comment. The Amendment Bill incorporated the functions of the Northern Cape Tourism Authority and to repeal the Northern Cape Tourism Entity Act, 2008. The public have 30 days after publishing of the said Bill to submit comments in writing.

The incorporation of the functions of the Northern Cape Tourism Authority into the Northern Cape Economic Development Agency will be done through the Northern Cape Economic Development, Trade and Investment Promotion Agency Amendment Bill, 2023.

The transfer of functions will be dealt with in terms of GRAP 105, Transfer of Functions between entities under Common Control as the transfer of functions meets the criteria as set out in the standard. The Northern Cape Tourism Authority being the transferor will transfer as part of the amendment bill all assets and liabilities at their carrying value to the Northern Cape Economic Development, Trade and Investment Promotion Agency (the acquirer). There is still uncertainty of the date on which the acquirer will obtain control of the functions and the transferor will lose control of the functions. On this transfer date, the functions of the Northern Cape Tourism Authority will be incorporated into the Northern Cape Economic Development, Trade and Investment Promotion Agency, and the functions of the entity will be continued to be delivered under the Northern Cape Economic Development, Trade and Investment Promotion Agency.

The financial implications to the Northern Cape Tourism Authority are still unknown due to the transfer date not yet determine. At financial year end 31 March 2023:

"The entity has a contractual commitment for an office building lease with a remaining period of 18 months which in total will amount to a cash flow outflow of R1 520 944 over the remaining lease period, as presented in note 4 to the financial statements.
"The absorption of entity employees and the impact on leave and bonus liabilities or provision as presented in note 9 and 10 amounting to R2 022 073 is still unknown.
"The Northern Cape Economic Development Agency will on estimate receive, assets to the value of R10 289 191 and total liabilities of R4 031 805.

During the date of this financial statements and the transfer date, there is no intention of the Northern Cape Department of Economic Development to stop funding to the entity and the entity is positive that any cost involved with the transfer of the functions will be funded by the department and that their ultimate support will be received during this time.

25. Irregular and Fruitless and Wasteful Expenditure

*Refer to reconciling notes in the annual report

26. Services in kind

	2023	2022
Internal Audit - Shared Service	96 603	38 890

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27. 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.