NORTH WEST Tourism board

ANNUAL REPORT 2022/23

South Africa NORTH WEST PROVINCE

WE DO TOURISM

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PART A

GENERAL INFORMATION

1. GENERAL INFORMATION

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

2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. FOREWORD ACCOUNTING AUTHORITY

This report serves as the final phase of the current Board's term of office since their appointment in 2019. I feel both the sense of satisfaction and hesitation to present the year that was for North West Tourism Board. This being the final year for term of office, it becomes prudent to reflect a bit on the entire period though much emphasis will be on the past twelve months. The things that were achieved in the period under review as well as those that could not be achieve in the same period define the board's term in office more accurately than words would.

The main mandate of the board was simply to prepare the North West Tourism Board to merge with North West Parks Board following the decision by the Executive Council of the province. Unfortunately three months after our appointment, the global pandemic (Covid-19) entered the scene. The tourism industry became the first to close its doors. That seemed like the end of our function as the Board since the core function of NWTB was centred on tourism promotion. However the industry did not permanently shut down but slowly started to open its doors again.

North West Tourism Board performed its core mandate under strict regulations of tourist movement and thus there were more imitations on the entity's programmes. Besides the execution of the core mandate, there were also challenges with regard to the support services internally. All executive positions remained vacant and functions thereof were carried out in acting capacity. That arrangement hampered the core delivery of NWTB mandate and had resulted in high vacancy rate and underperformance in most of the programmes. I must also mention that the status quo persisted for a longer period of time.

Regardless of the major challenges that persisted, North West Tourism Board remained resilient and managed to achieve most of our targets in the same period. Some of the key achievements include the following:

- All subcommittees of the Board were established as per the Charter
- Both the Board and subcommittees held oversight meetings as required
- Ten new appointments were finalised including executives
- Processed long standing study assistance payments
- Both schools managed to produce a high student training throughput in the period under review.
- North West Destination Marketing Strategy was consulted with all relevant stakeholders

North West Tourism Board has managed to remain focused and deliver on its core mandate besides the major challenges it faced in the period under review. Given that the tourism industry was subjected to lockdown restrictions in the same period of the board's tenure, one can conclude that North West Tourism Board achieved more than it meets the eye.

As year under review marked the end of term of the current board of directors. I would like the thanks their unwavering commitment to delivering on the organisational mandate which translated into commendable leadership that provided the foundation for the inspiring work I've been privileged to witness at every level. This leaves me with much courage to take over from all the good work they have illustrated since I have been deployed for the newly established entity (North West Parks and Tourism Board) as the Accounting Authority.

I would like to thank the Honourable Virginia Tlhapi, Member of the Executive Council for DEDECT for bestowing such an enormous responsibility on us and for trusting our leadership to provide guidance to management and the staff of NWTB. The Departmental leadership guidance and support is acknowledged with gratitude and honour.

Special recognition goes to Management and Staff from different work stations for their invaluable co-operation, dedication and passion in ensuring that North West Tourism Board delivers on its annual targets regardless of challenges encountered.

MS TMM MATSHEGO
ACCOUNTING AUTHORITY

4. CHIEF EXECUTIVE OFFICERS OVERVIEW

After a short lifespan of under ten years (from establishment in late 2015 to disestablishment in late 2022), North West Tourism Board (NWTB) reached its final year of existence. It then calls upon the leadership and the staff as well as stakeholders to reflect generally on the years past and particularly the year under review. The main question to ask is whether or not the North West Tourism Board (NWTB) was able to fulfil the purpose for which it was established. Given our performance through the past years, we should be able to answer that main question against our core mandate as an entity of government. In measuring our performance in the year under review, we cannot help but compare it to the previous year. Such comparison brings the mirror analogy where our reflection is based on the existing picture as imaged by the previous annual reports. However in the process of such comparison, we should not put aside the fact that every period has its own dynamics as dictated by the circumstances and developments of the time driven by both internal and external environment.

In the year under review (2022/2023) the North West Tourism Board experienced one of the most difficult and challenging times of since its establishment as a State Entity. The transfer of Golden Leopard Resorts Ltd (GLR) from North West Development Corporation to North West Tourism Board in April 2022 as a subsidiary company, presented a great financial burden for us. The transfer took place at the time when GLR was technically insolvent and could not afford compensation of employees (salaries). The North West Tourism Board inherited the financial baggage and used our own allocated resources to assist GLR. As a result of that arrangement, North West Tourism Board had to suspend some of our core programmes as we diverted more resources to GLR. Our core mandate as state entity was then compromised as we put lot of activities and operations on hold due to non-availability of funds at the time. The major negative impact of such arrangement was that our funds were depleted and thus threatening our ability to meet North West Tourism Board compensation of employees (salary) obligation.

However, with every negative situation and circumstances, is paradoxically the opposite positive opportunities. Regardless of the challenged we were faced with during our last year of existence, we managed to bring about financial stability and successfully resumed our normal operations. We have met all our financial obligation to all staff and stakeholders. Commercial operations at our Hotel Schools were resumed and we started to generate revenue. Regardless of financial constraints and putting our marketing programmes and activities on hold, we managed to execute the Tourism Month programme successfully. The Marketing programme went further to obtain overachievement against their annual performance plan.

Furthermore we managed to create stability at the senior management (Executive) level. It should be noted that all NWTB Senior Management positions have been filled by staff in acting capacity which affected the performance of the entity. In the year under review, we managed to recruit and filled some of the key senior management positions. The following are some of the critical positions that were filled by substantive staff in the year under review:

Chief Marketing Officer

Hotel Schools Rector

Internal Audit Manager

We have also managed to recruit and fill the vacant positions at middle management level especially for the Hotel Schools division.

Our performance against the challenging circumstances of the year under review once again proved the high resilience of North West Tourism Board. This came as a result of all NWTB staff members' effort, dedication and determination. It was not an easy year but our commitment to work was worth it.

My appreciation and gratitude to all NWTB staff members for commitment to the work assigned to us in that period. We are now ready for to merge with North West Parks Board to form a new entity. Let us continue to demonstrate our commitment, dedication and determination to the mandate of the new entity. I wish all the LORD's blessings to the new entity

"Modimo wa boikanyo, re ikanya mo go Wena"

MR JEFF MABUNDA

CHIEF EXECUTIVE OFFICER (ACTING)

NORTH WEST TOURISM BOARD

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

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

- All information and amounts disclosed in the annual report is consistent with the Annual Financial Statements audited by the Auditor General South Africa;
- The annual report is complete, accurate and is free from any omissions;
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the standards applicable to the public entity;
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information;
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources information and the Annual Financial Statements; and
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the Performance Information, the Human Resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

MS TMM MATSHEGO
ACCOUNTING AUTHORITY

6. STRATEGIC OVERVIEW

6.1 VISION

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

6.2 MISSION

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

6.3 VALUES

Integrity (honesty / trustworthy / reliable / transparent / fidelity / ethical)
Proactive (trend setting / innovation / creative / initiative / adaptable / flexible / progressive)
Collaborative (participative / consultative / cooperative)
Accountable (decisive / assertive / responsible / productive)
Results driven (expeditious / timeous / punctual / cost conscious / disciplined)
Passionate (diligent / motivated / committed / loyal)
Competitive (self-reliant / taking charge / taking ownership)
Responsive (supportive / client-need driven)

7. LEGISLATIVE AND OTHER MANDATES

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

7.1 CONSTITUTIONAL MANDATE

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

7.2 LEGISLATIVE MANDATE

The NWTB operates within the following legislated mandates:

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

7.3 POLICY MANDATES

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

(a) Market the province as a tourism destination locally, provincially, nationally and internationally;

(b) Provide tourism training and skills transfer in the sector;

(c) Facilitate tourism investment promotion in the province;

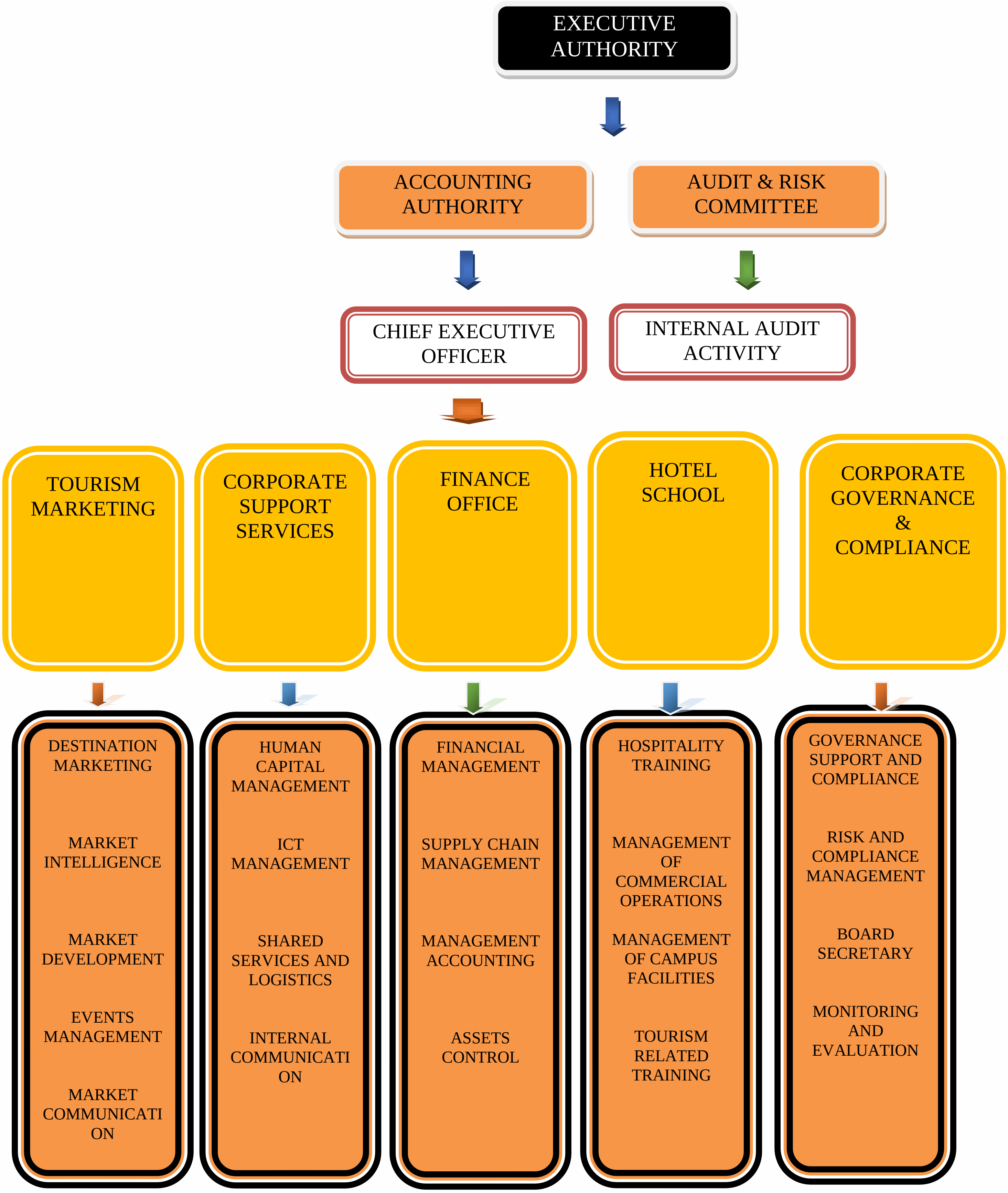
(d) Create enabling environment for access to markets for new entrants in the tourism sector in the province; and

(e) Contribute to the establishment of enabling environment for job creation in the tourism sector in the province.

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

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

8. ORGANISATIONAL PLAN



8.1 EXECUTIVE AUTHORITY & ACCOUNTING AUTHORITY

Ms. V Tlhapi

Hon. MEC: Department Of Economic Development, Environment, Conservation & Tourism

Mr V. Phusoane

Chairperson

Mr O. Kgomo

Deputy Chairperson

Mr B. Monare

Member

Mr S. Lekhu

Member

Ms L. Sello

Member

Ms E Mabebe

Member

Ms S. Mogami

Member

Ms F. Losaba

Member

8.2 EXECUTIVE MANAGEMENT

Mr J. Mabunda

Acting Chief Executive Officer

Mr M. Motshegoa

Acting Chief Marketing Officer

Mr M. Molema

Acting Rector

Mr N. Nzimeni.

Acting Executive Corporate Support Services Officer

Mr S. Dlamini

Acting Chief Financial Officer

PART B

PERFORMANCE INFORMATION

9. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION

1.1 PURPOSE OF EXISTENCE

The purpose of this programme is to:

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

1.2 OVERVIEW OF THE SUB-PROGRAMMES

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

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

PROGRAMME 2: HOSPITALITY SKILLS DEVELOPMENT

2.1. PURPOSE OF EXISTENCE

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

2.2. OVERVIEW OF THE SUB-PROGRAMMES

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

PROGRAMME 3: TOURISM MARKETING

3.1 PURPOSE OF EXISTENCE

The Unit's purpose is to:

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

3.2 OVERVIEW OF THE SUB-PROGRAMMES

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

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

1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

1.1 Programme 1: Administration

Purpose of the Programme: To provide support services to core functions.

Outcome: Effective and efficient support services to core programmes.

Outcomes, outputs, output indicators, targets and actual achievements

The purpose of this programme is to:

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

Table 1.1.1:

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
Effective and efficient support services to core programmes	Approved policies	Number of policies approved	3	1	5	0	-5	The entity through the merger work streams formulated the divisional policies for the newly established NWPTB. The effect was that the entity as a stand-alone could not conduct a policy review but reviewed for the bigger entity namely NWPTB.
	Information management systems maintained	Number of information management systems maintained	3	12	4	4	0	N/A
	Management of Contracts	Number of contract management plan implemented	NPI	NPI	1	1	0	N/A
	Enhanced Labour	Number of Human	NPI	NPI	1	0	-1	The Human Resource plan has been

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
	Relations	Resource strategic plan implemented						developed for implementation in the newly amalgamated entity(NWPTB)
	Internal Audit Report	Number of internal audit engagements conducted	6	11	8	7	-1	The function could not be effectively completed due to lack of capacity mainly contributed by vacancies within the unit.
	Risk Management Plan	Number of risk management reports produced	NPI	3	4	2	-2	The function could not be effectively completed due to lack of capacity.
	Financial Management	Number of financial management reports submitted	NPI	13	13	13	0	N/A
		Percentage of invoices paid within 30 days	NPI	NPI	100	89	11	The invoices received just before financial year end could not be verified and paid as not all supporting documentation was available
	Oversights conducted	Number of oversight board reports produced	NPI	4	4	4	0	N/A
	Clean audit outcome achieved	Clean audit opinion	NPI	NPI	Clean audit	Qualified audit opinion	N/A	The high vacancy rate more especially in managerial/critical positions contributed negatively in the daily operations of the entity.
	Improved Stakeholder engagement	Number of internal and external stakeholder perception surveys	NPI	NPI	2	1	-1	Lack of capacity in the Communications unit and the commitment of the Marketing Intelligence to their own programmes

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
		conducted						delayed the commencement of the survey in this regard
		Number of tourism articles published	NPI	NPI	8	9	1	There was a need to issue more media release than anticipated due to high media interests in the Hotel Schools issues as well as the entity's financial status.

Strategy to overcome areas of under performance

The support staff have designed work place plans that will ensure that critical functions as per the outcome indicators on the APP are achieved for the newly established entity (NWPTB) and this include;

- Bringing stability into the entity by placing incumbents in the approved organisational structure for NWPTB;
- Capacitation of business units within the entity;
- Building an effective policy environment to enhance governance and accountability.

1.2 Programme 2 : Training and Business Skills Development

Purpose of the Programme: Provide training and skills development to enhance tourism and hospitality industry performance.

Outcome: Create an enabling environment for business enterprises to thrive

<u>Outcomes, outputs, output indicators, targets and actual achievements</u>

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

<u>Table 1.2.1:</u>

Programme 2: Training and Business Skills Development								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
Create an enabling environment for business enterprises to thrive	Business enterprises trained	Number of SMME representatives empowered	88	70	40	74	34	The invited enterprises (formal and informal) responded positively by releasing their employees in large numbers.
	Quality training provided within the sector	Number of new accredited training programmes introduced	NPI	NPI	1	0	-1	Hospitality training historical qualifications are reviewed by the accrediting body and calls for applications when additional training is being offered.
	Learners trained	Percentage of learners declared competent	NPI	85	100	82	-18	NWTB offers skills programmes and not all learners enrolled on this programmes met the requirements of training modules due to

Programme 2: Training and Business Skills Development								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
								failure to file their POE's or/and complete their practical assessments on time
		Number of learners enrolled	111	74	100	68	-32	The hotel schools did not register sufficient number of students as planned due to lack of financial support or bursaries offered to students. Most of our previous partners and stakeholders who used to assist with bursaries have revised and ceased to assist due to economic conditions.
		Room occupancy rate	NPI	NPI	50	16	-34	Due to aged infrastructure, most of the hotel rooms are not in good condition to use for commercial operations. Frequent loadshedding and shortage of bulk water supply in Taung are also contributing factors to the decline in

Programme 2: Training and Business Skills Development								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2020/2021**	**Audited Actual Performance 2021/2022**	**Planned Annual Target 2022/2023**	**Actual Achievement 2022/2023**	**Deviation from planned target to Actual Achievement 2022/2023**	**Reasons for deviations**
								occupancy rate.
		Number of new service offering introduced	NPI	NPI	1	1	0	N/A

<u>Strategy to overcome areas of under performance</u>

The programme will address the areas of under performance by looking into introducing new programmes that will attract more students, stakeholders will also be engaged to review financial assistance for students. There is also a need to expedite the completion of infrastructure maintenance and development. Specifics are as follows:

- Other accreditation bodies such as Quality Council for Trade & Occupation, Highveld accreditation body and Council for Higher Education will be engaged for other qualifications which can be offered. Diversification of fields as represented in the organisational structure through introducing Tourism & Conservation accreditations. Budget inputs on accreditation also submitted and pronounced by MEC during budget vote.
- Intervention on ensuring that learners present the POE on a quarterly basis, particularly for moderation purposes. Academic Managers will be compelled to register as moderators to be able cross moderate both campuses.
- More qualification to be added for attracting more students, and a marketing strategy in place together with the employment of a Sales & Marketing Officer specifically deployed for the Hotel Schools.
- Infrastructural issues being attended to through National Department of Tourism (Fixing of Mafikeng Hotel School roof & rooms) & DEDECT (Renovations of Taung Hotel) and this efforts by the department will assist in the introduction of new services & products.

Programme 3: Tourism Marketing

Purpose of the Programme: To market the province as the preferred destination.

Outcome: North West Province as the 5th most visited tourism destination in the country.

Outcomes, outputs, output indicators, targets and actual achievements

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

Table 1.3.1:

Programme 3: Tourism Marketing								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Annual Target 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
North West Province as the 5th most visited tourism destination in the country	Increased market share in International, Regional and Domestic Tourism	Annual percentage increase on international arrivals in the province	-75.33	0	3	110.6	107.6	The easing of Covid-19 restrictions with its concomitant lock down levels made travelling accessible for international tourists. The events hosted in the province as part of the summer campaign also influenced travel from neighbouring countries to visit the province in great numbers.
		Annual percentage increase on domestic trips in the	-54.37	0	15	44.4	29.4	The Summer campaign which entailed a lot of events proved to be a great success which in turn ignited the

Programme 3: Tourism Marketing								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2019/2020**	**Audited Actual Performance 2020/2021**	**Planned Annual Target 2021/2022**	**Actual Achievement 2021/2022**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
		Province						domestic market to make the province their destination of choice in this period.
	Support events and projects (flagship)	Number of key marketing, activities, programs fully participated in	8	25	24	24	0	N/A
	Joint strategic marketing agreements signed	Number of joint marketing agreements (JMA's) entered into with strategic partners	NPI	NPI	2	1	-1	The underachievement in this regard is owed to the fact that there was a lot of work which was still to be factored into the agreement with the identified strategic partner before the planned agreement could take effect.
	Tourism market analysis	Number of market analysis reports produced	NPI	8	10	10	0	N/A

Strategy to overcome areas of under performance

- ***Rework the protocols governing the Joint Marketing Agreements regime.***

The entity is working closely with South African Tourism, Department and other Stakeholders on ways to revitalise the tourism economy within the new normal and this includes;

- Building strategic partnership with industry players and other stakeholders through joint marketing agreements (JMA)
- Roll out of the tourism recovery plan

10. AUDITOR GENERALS REPORT: PREDERTERMINED OBJECTIVES

10.1. AGSA – Audit Report

The AGSA has conducted audit procedures on some of the predetermined objectives for usefulness and reliability, compliance with laws and regulations and internal control.

Refer to pages (63-72) of the Auditors-General's Report, included in Part F: Financial Information

11. SITUATIONAL ANALYSIS

11.1 SERVICE DELIVERY ENVIRONMENT

2022 has presented the highest growth for the tourism industry at both national and provincial levels since the devastation of Covid-19 lockdown regulations. The growth for North West province compared to the previous year 2021 has exceeded hundred percent, standing at 110 %. However the recovery rate is still on the negative when comparing to pre-pandemic years especially at national and provincial levels. The North West recovery rate is standing at -53 %, a clear indication that we still have some work lying ahead. Nevertheless, the 2022 tourism performance paints a picture of hope for the tourism recovery. Key figures depicting 2022 tourism performance for North West province are presented hereunder as follows:

- International arrivals standing at 270 000 more than 100 % increase from 2021
- International Revenue standing at R1.4 billion more than 100% increase from 2021
- Domestic Trips standing at 2.1 million a 44 % increase from 2021
- Domestic Revenue standing at R5.4 billion a 63% increase from 2021
- Estimated Jobs standing at 16 000 a 100% increase from 2021

Turning our focus on the recovery rate of the tourism industry in the province, a different picture from the above figures is presented. However it should be noted that the 2022 tourism performance in this regard is compared to the 2019 (pre-pandemic) figures. The tourism recovery rate figures are presented hereunder as follows:

- Regarding the recovery on international arrivals, the North West province is standing at -53 %.
- North West tourism recovery on the international Revenue is currently standing at -51%.
- The domestic trips recovery rate for the North West province is currently standing at -12%.
- The only positive recovery rate for the province is presented on the domestic revenue standing at 33%.
- The economic impact of tourism still struggles to recover with estimated jobs created by the industry standing at -48%.

Assessing the recovery rate of tourism industry in the North West province, we should also focus on the performance of the four districts. The tourism geographic spread in the province is still not balanced as depicted by the recovery rate in the four districts. Hereunder is presented the North West recovery rate per district:

- Bojanala Platinum District tourism recovery rate has reached more than 80% with the eastern part of the district having reached 100% rate on both international and domestic tourism performance.
- Dr Kenneth Kaunda District has also surpassed the 80% mark in tourism recovery rate but none of the specific destination areas in the district has reached 100% rate on both fronts.
- Dr Ruth Mompati District is the most struggling district to reach the pre-pandemic tourism performance levels. The district has just managed to reach 50% recovery rate on both fronts.
- Ngaka Modiri Molema District is also struggling to reach the pre-pandemic levels. The district is doing well on the international market performance standing at 75% recovery rate but struggles on the domestic front standing at less than 50%.

The high tourism performance for the year 2022 as compared to 2021 was driven mainly by the easing of lockdown restrictions following the pandemic. For the first time South Africa had a summer season without restrictions since Covid-19 was declared a pandemic in March 2020. The domestic market was free again and borders were opened to allow international market to visit South Africa again. There is no doubt that recovery from Covid-19 pandemic is truly taking place but its aftermath is still present.

PERFORMANCE DELIVERY ENVIRONMENT

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

Opportunities	Threats
➢ Access to funding e.g. state funding, alternative sources of funding ➢ Tourism development opportunities ➢ Strategic partnerships / alliances ➢ Strategic positioning opportunities ➢ Joint marketing agreements ➢ Political will / support ➢ Favourable legislative framework ➢ Supportive stakeholder network (private and public sector, civil society)	➢ Insufficient funds ➢ Changing political priorities ➢ High levels of crime ➢ Global economic trends ➢ Restricting legislation (visa's) ➢ Infrastructure development issues (electricity, transport, roads, air routes) ➢ Long decision lead times ➢ Unsafe environment

➢ Need for business development solutions ➢ Stable political environment ➢ Technological developments ➢ Social beneficiation ➢ Landscape	➢ Competing stakeholder interest ➢ Scarce skills in selected fields ➢ Competition for key skills ➢ COVID 19 Pandemic

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

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

11.2 ORGANISATIONAL ENVIRONMENT

In the year under review (2022/2023) the North West Tourism Board experienced one of the most difficult and challenging times of since its establishment as a State Entity. The transfer of Golden Leopard Resorts Ltd (GLR) from North West Development Corporation to North West Tourism Board in April 2022 as a subsidiary company, presented a great financial burden for us. The transfer took place at the time when GLR was technically insolvent and could not afford compensation of employees (salaries). The North West Tourism Board inherited the financial baggage and used our own allocated resources to assist GLR.

As a result of that arrangement, North West Tourism Board had to suspend some of our core programmes as we diverted more resources to GLR. Our core mandate as state entity was then compromised as we put lot of activities and operations on hold due to non-availability of funds at the time. The major negative impact of such arrangement was that our funds were depleted and thus threatening our ability to meet North West Tourism Board compensation of employees (salary) obligation.

11.3 KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

The entity was governed by the North West Tourism Board Act 02 of 2015 and registered as a schedule 3c entity with the relevant Treasury. This Act was however repelled after year end to establish a new entity, namely North West Parks and Tourism Board as per the provincial EXCO resolution.

11.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Administration

11.5 OUTCOMES

The North West Tourism Board impact statement continues to guide the organization execute the approved and deliver on its mandate. The entity carried out planned actions to support the government's economic transformation as mandated.

IMPACT STATEMENT: An inclusive tourism economy, sustained through destination marketing, and hospitality development					
PROGRAMME	**PERFROMANCE OUTCOME**	**OUTCOME INDICATOR**	**BASELINE**	**FIVE YEAR TARGET**	**PROGRESS AS AT 31 MARCH 2023**
Administration	Effective and efficient support services to core programmes	Compliance levels with administrative prescripts	New indicator	100%	The entity is striving to comply with all legislative prescripts
Administration	Effective and efficient support services to core programmes	Functional Stakeholder relations	New indicator	20 strategic engagements	9 key strategic engagements were held
Administration	Effective and efficient support services to core programmes	Joint strategic agreements signed	2 JMA's signed	10 JMA's	7 JMA's concluded
Administration	Effective and efficient support services to core	Good corporate governance	Qualified audit opinion	Clean audit opinion	Qualified audit opinion

	programmes				
Training and business skills development	Create an enabling environment for business enterprises to thrive	Inclusive economic growth opportunities created	65 economic growth opportunities created	600 economic growth opportunities	272 economic growth opportunities created
Training and business skills development	Create an enabling environment for business enterprises to thrive	Learners declared competent in occupational based skills training in the sector	90% learners declared competent	95% learners declared competent	79% learners declared competent
Tourism marketing	North West Province as the leading tourism destination in the country	Percentage increase in the tourist market share	6.5% of international arrivals	7% of international arrivals	110.6% of international arrivals
Tourism marketing	North West Province as the leading tourism destination in the country	Support events and projects (flagship)	8 marketing platforms	80 marketing platforms	63 marketing platforms participated in

12. REVENUE COLLECTION

	2021/2022			2022/2023		
Sources of revenue	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/Under Collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Transfer revenue	107 652	108 651	(999)	124 285	135 605	(11 320)
Academic training revenue	4 268	2 250	2 018	4 240	2 100	2 140
Hotel income revenue	5 430	6 027	(597)	5 430	6 419	(989)
Other	2 643	3 418	(775)	56 922	42 038	14 884
Total	**119 993**	**120 345**	**(353)**	**190 877**	**186 162**	**4 715**

Refer to note 16 of the Annual Financial Statements.

13. CAPITAL INVESTMENT

The Department of Economic Development, Environment, Conservation and Tourism is responsible for capital development.

PART

C

GOVERNANCE

14. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act and run in tandem with the principles contained in the King IV report on Corporate Governance for South Africa 2016.

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

15. PORTFOLIO COMMITTEES

The Committee exercise its role through the performance of the entity by interrogating the strategic documents. The entity tabled Development, chaired by the Honorable B Lenkopane. The entity has also prepared and documents such as the Annual Performance Plan, Financial and Non-Financial Quarterly Performance Reports and the Annual Report with the Portfolio Committee on Economic Development, Environment, Tourism, Agriculture and Rural tabled other documents/reports requested by the committee in order to satisfy itself of processes, procedures and control environment within the entity.

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

16. EXECUTIVE AUTHORITY

The oversight by the Executive Authority rests by and large on the prescripts of the PFMA, it therefore delegates authority to the Executive Authority for oversight powers.

Hon. Former MEC: Ms K. Mosenogi for the Department of Economic, Environment, Conservation & Tourism appointed the non-executive directors with necessary competencies to serve as board members for North West Tourism Board.

In the third quarter of the financial year under review, Hon. MEC V. Tlhapi took over the reins following the tremendous efforts by political leadership and its administrative team to further execute the good strategies put in place in order to achieve the entity's mandate.

The Entity submitted to the Executive Authority the strategic documents such as Annual Performance Plan for approval and implementation in the financial year 2022/2023. All other reports as prescribed by the PFMA were also interrogated at an Executive Authority level and recommendations implemented by both the Accounting Authority and Executive Management of the entity.

17. ACCOUNTING AUTHORITY

The North West Tourism Board is established in terms of section 3 of the North West Tourism Board Act 2 of 2015 as a juristic person, which is listed as a schedule 3c public entity in terms of the Public Finance Management Act (PFMA) of 1999. The board of NWTB is established as a non-executive board, responsible to control the affairs of the NWTB as the Accounting Authority of the NWTB in terms of section 49(2) of the PFMA, direct the affairs of the NWTB in accordance with its mandate and the provision of the South African Constitution. The term of the board came to an end on the last day of the financial year under review following the ratification of the Bill for the merged entity (North West Parks and Tourism Board).

The roles and responsibilities of the board are stipulated in the board charter and the NWTB Act.

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

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

BOARD CHARTER AND SUB-COMMITTEE CHARTERS

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

- Giving strategic direction and leadership to the NWTB;
- Ensuring effective decision making;
- Ensuring coordination, monitoring and implementation of Board policies;
- Maintaining the effectiveness and integrity of Board systems;
- Determining policy; and

- Takes responsibility as the accounting authority for the entities actions.

COMPOSITION OF THE BOARD

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

A member of the staff of the board may on invitation by the relevant committee attend a meeting of that committee without any voting right at a meeting of the committee.

The board attended ordinary board meetings as follows:

Name	Designation	Date appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended
Mr Vincent Phusoane	Chairperson of the Board	07/04/2020	Diploma in Public Relations Certificate in Executive Developmental Program Certificate in Fiber Optic Communication Post Graduate Diploma in Business Administration - partial achievement	Business Management Public Relations strategy development Stakeholder Relations Information and Communication Technology infrastructure and Telecommunications	N/A	N/A	6
Mr Obakeng Kgomo	Deputy Chairperson	07/04/2020	B.Juris LLB	Legal and business Environment	N/A	Member of: Audit and Risk Committee Finance and Governance Committee	5
Mr Isaia Monare	Board member	07/04/2020	Bachelor of technology in Management	Public Management Business	Audit Committee Chairperson at	Chairperson of Finance & Governance	6

Name	Designation	Date appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended
			Diploma in Road Transportation Bachelor of Commerce – partial achievement	Management	Boikago SACCO	Committee Member of Audit and Risk Committee	
Mr Mmetli Lekhu	Board member	07/04/2020	Certificate in Leadership Development Board Leadership Core Programme Bachelor Degree in Public Management –	Strategic Management	Board member at Workers life Insurance & Assurance Boards	Chairperson of Human Resource Committee Member of: Audit and Risk Committee Training and Facilities Management Committee	6
Mrs Faith Losaba	Board member	07/04/2020	BA degree in Communications	Infrastructure development Transport sector Tourism and hospitality Socio-economic transformation	N/A	Chairperson of Training and Facilities Management Committee Member of Human Resource Committee	4
Ms Zodwa Mogami	Board member	07/04/2020		Fashion and textile Agriculture industry Information and Communication and Technology Business Investments and socio-economic development	Chairperson of LLOA Senator of J.C.I	Chairperson of Tourism Marketing Committee Member of Finance and Governance Committee	6

Name	Designation	Date appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended
Ms Lesedi Sello	Board member	07/04/2020	Diploma in Hospitality Industry Certificate in Events Management Certificate in Health and Safety (kitchen and catering)	Strategic planning and development	N/A	Member of: Tourism Marketing Committee Training & Facilities Management Committee	6

SUB-COMMITTEE OF THE BOARD

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

- Corporate Services Committee,
- Finance and Governance Committee;
- Audit and Risk Committee;
- Tourism Marketing Committee; and
- Hospitality Training and Facility Management Committee.

GENERAL FUNCTIONS OF THE BOARD COMMITTEES

The general functions of the board committees are to:

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

The committees of the board attended ordinary meetings as follows:

Committee	No. of meetings held	No. of members	Name of members
Finance and Governance	5	3	Mr Isaia Monare- Chairperson of the Committee; Ms Zodwa Mogami member Mr Obakeng Kgomo member
Corporate Support Services	4	2	Mr Mmetli Lekhu- Chairperson of the Committee; Mrs Faith Losaba member
Hospitality Training and Facilities Management	3	3	Mrs Faith Losaba Chairperson of the Committee; Ms Lesedi Sello member Mr Mmetli Lekhu member
Tourism Marketing	2	2	Ms Zodwa Mogami Chairperson of the Committee; Ms Lesedi Sello member
Audit and Risk	4	4	Mr Andrew Kyereh Independent Chairperson; Mr Mmetli Lekhu member Mr Isaia Monare member Mr Obakeng Kgomo member

RUMUNERATION OF BOARD MEMEBERS

Remuneration of the board sittings is in line with National Treasury directives.

Please refer to note 35 board emoluments of the Annual Financial Statements.

18. RISK MANAGEMENT

The Board appointed the Audit and Risk Committee which provides oversight on the Risk Management functionality and effectiveness and the committee is chaired by an independent member, Mr Andrew Kyereh.

The entity registered some progress with regards to Risk Management, however it has not powered the desired level of performance. The following is the recorded achievement amongst other;

- Risk Management has been imbedded in the KPA’s of Management;
- Regular Risk Assessments were conducted and risk registers are continuously updated.
-

19. INTERNAL CONTROL UNIT

The entity did not provide for the Internal Control unit in the approved Organisational Structure, however the internal audit function provides reasonable assurance on the deployed controls by management.

20. AUDIT AND RISK COMMITTEE

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

The Committee has ensured that the IAA is independent by ensuring the IAA reports functionally to the ARC and administratively to the CEO;

Approved the Internal Audit Charter for the financial year 2021/22 and provided oversight over the IAA independence and objectivity in discharging their duties in accordance with the International Standards of Professional Practice in Internal Auditing and the approved charter. The Committee ensured that the IAA is independent and free of influence by management, carried out assurance duties objectively, empowered the IAA to have unrestricted access to information and records to execute its work without restrictions and impairment in its independence and objectivity.

Approved the risk based Internal Audit Activity Plan for the financial year 2021/22. The Committee evaluated the work of the IAA and is satisfied that the IAA has provided the required assurance on the adequacy and effectiveness of internal control environment in accordance with the approved risk based Internal Audit Activity Plan for the financial year 2022/23.

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

Engagement Executed	Status	Engagement Executed	Status
Annual Financial Statements Review 2021/22	Completed	Annual Performance Report Review 2021/22	Completed
Quarter 4 Performance Report Review 2021/22	Completed	Annual Financial Statements Review 2021/22	Completed
Quarter 1 Performance Report Review 2022/23	Completed	Quarter 1 Performance Report Review 2021/22	Completed
Quarter 2 Performance Report Review 2022/23	Completed	Quarter 2 Performance Report Review 2021/22	Completed
Quarter 3 Performance Report Review 2022/23	Completed	Quarter 3 Performance Report Review 2021/22	Completed
AGSA Combined Assurance Staff & Asset Verification	Completed	Quarter 4 Performance Report Review 2021/22	Completed
Anti-Fraud Investigation 2022/23	In progress	Human Resource Review 2021/22	Completed
Supply Chain Management Audit 2022/23	Completed	Staff Verification (Ad hoc) 2021/22	Completed

The Audit and Risk Committee is a statutory body established as a Committee of the Board, in terms of Section 15 of the NWTB Act 2 of 2015, read together with Section 77 of the Public Finance Management Act No. 29 of 1999, and paragraph 3.1.13 of the Treasury Regulations.

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

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

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

The ARC performed its duties in terms of the PFMA Section 77, holding meetings with the key role players. The ARC has 4 members, of which the Chairperson is independent. The ARC is satisfied that its members have the required knowledge and experience to carry out legislated duties in the 2022/23 financial period.

Audit and Risk Committee Members and Attendance

The ARC has 4 members, of which the Chairperson is independent. The ARC is satisfied that its members have the required knowledge and experience to carry out its legislated duties in the 2022/2023 financial year.

The Audit and Risk Committee's roles and responsibilities were conducted in terms of an approved ARC charter.

Name	Qualifications	Internal or external	Date appointed	No. of Meetings	No. of meetings attended
Mr. Andrew Kyereh - Chairperson	ACCA CIA MSc Economics ACT AEP	Independent Non-Executive Chairperson (External)	14/07/2020	04	04
Mr. Baba Monare	BTECH Management Diploma: Road Transportation	Non-Executive (External)	07/01/2020	04	04
Mr. Obakeng Kgomo	B.Juris LLB	Non-Executive Deputy Chairperson (External)	07/01/2020	04	01
Mr. Solly Lekhu	Leadership Development Certificate Board Leadership Core Programme Bachelor's Degree in Public Management	Non-Executive (External)	07/01/2020	04	04

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

21. COMPLIANCE WITH LAWS AND REGULATIONS

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

22. FRAUD AND CORRUPTION

The entity has an approved Fraud Prevention Policy together with a Fraud Prevention Strategy and Response Plan after being recommended by the Audit and Risk Committee, and subsequently approved by the Accounting Authority.

The fraud risk assessment is done in conjunction with the strategic risk assessments. The Chief Risk Officer has also conducted Fraud Risk Assessment workshops with all officials including management of all levels. The officials are encouraged to identify potential fraud risks and report all suspected fraud activities.

The preventative controls are improved through implementation of Internal and External Audit recommendations.

The entity has an Anti-Fraud Hotline manned by the Internal Audit Activity, through its phone number and email. The Anti-Fraud Hotline was communicated to all officials of the entity and posters together with banners are placed throughout the entity's premises to make sure that third parties and officials are aware of this mechanism of reporting suspected fraud.

All reported cases of potential fraud are communicated via the Anti-Fraud Hotline, an assessment is done by the Internal Audit Activity on whether the reported fraud qualifies to be investigated. The investigation is conducted by the Internal Audit Activity after approval of the Audit and Risk Committee. On a quarterly basis an Anti-Fraud report is drafted and submitted to the Audit and Risk Committee.

23. MINIMISING CONFLICT OF INTEREST

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

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

24. CODE OF CONDUCT

The Board has developed policies and procedures aimed at facilitating excellent Human Resource management and compliance with statutory and legislative processes, good ethics and conduct. The entity also has an approved Staff Code of Conduct Policy, which promotes good ethical behaviour and provides guidelines for constant monitoring. To ensure compliance with all policies and guidelines for promotion of good ethical behaviour, the management of the entity has been empowered by the above stated policy to take corrective action against employees who are in breach of their contracts of employment, either on account of misconduct or incapacity, nonperformance and/or underperformance.

The purpose of these procedures is to provide appropriate processes for dealing with all cases in a manner that is predictable, consistent, fair and in line with the Labour Relations Act and other governing legislative prescripts.

25. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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

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

26. COMPANY SECRETARY/BOARD SECRETARY

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

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

27. SOCIAL RESPONSIBILITY

The Hotel School Division of the Board embarked on a number of outreach programmes as part of the Board's Social Investment. The outreach programmes focused on emerging enterprises in order to enhance their competitiveness and market readiness.

28. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit and Risk Committee Members and Attendance of Meetings

The Committee has 4 members, of which the Chairperson is independent. The Committee is satisfied that its members have the required knowledge and experience to carry out its legislated duties in the 2022/2023 financial year.

The table below discloses relevant information on the Committee members:

Name	Qualifications	Internal or external	Date appointed	No. of Meetings	
				Scheduled	Attended
Mr. Andrew Kyereh - Chairperson	ACCA CIA MSc Economics ACT AEP	Independent Non-Executive Chairperson (External)	14/07/2020	04	04
Mr. Baba Monare	BTECH Management Diploma: Road Transportation	Non-Executive (External)	07/01/2020	04	04
Mr. Obakeng Kgomo	B.Juris LLB	Non-Executive Deputy Chairperson (External)	07/01/2020	04	01
Mr. Solly Lekhu	Leadership Development Certificate Board Leadership Core Programme	Non-Executive (External)	07/01/2020	04	04

The Acting CEO, Acting CFO, CRO, the Acting Head of Internal Audit and other executive management team members are standing invitees to the meetings of the Committee.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and paragraph 3.1.13 of the Treasury Regulation. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that the Committee was not given the opportunity of reviewing the annual financial statements and the annual performance report prior to submission thereof to the Auditor General for audit.

The Effectiveness of Internal Control

Our review of the reports of Internal Audit and the Auditor General revealed certain weaknesses in the system of internal controls which were raised with management and the accounting authority of the entity. The Committee is of the view that the system of internal control for the period under review was not adequate and effective.

The following Internal Audit work was completed during the year under review:

Engagement Executed	Status
Annual Financial Statements Review 2021/22	Completed
Quarter 4 Performance Report Review 2021/22	Completed
Quarter 1 Performance Report Review 2022/23	Completed
Quarter 2 Performance Report Review 2022/23	Completed
Quarter 3 Performance Report Review 2022/23	Completed
AGSA Combined Assurance Staff & Asset Verification	Completed
Anti-Fraud Investigation 2022/23	In progress
Supply Chain Management Audit 2022/23	Completed

The following were areas of concern:

- Based on the quarterly reviews performed, the entity's fraud and risk management system is not adequate and effective to provide assurance that the objectives of the entity would be achieved.
- The Risk Management Unit is ineffective in ensuring that all risk management procedures and policies are implemented by management of the entity.
- The Internal Audit Unit is not sufficiently capacitated to ensure that the scope of its activities covers the major operational areas of the entity. The only operation area audited by Internal Audit for the year under review was Supply Chain Management.
- The post audit action plan was not sufficiently implemented to deal with and correct the line items which were the subject of qualification in the prior year's annual financial statements.

In-Year Management and Monthly/Quarterly Report

The entity has been reporting monthly and quarterly to the Provincial Treasury as required by the PFMA.

Evaluation of Financial Statements

As noted above, the Committee was not given the opportunity of reviewing the annual financial statements prepared by the entity for the 2022/23 financial year.

Auditor-General's Report

We have reviewed the implementation plan for audit issues raised in the previous year and we are not satisfied that the matters have been adequately resolved.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements, pre-determined objectives and compliance with laws and regulations.

Mr. Andrew Kyereh (FCCA, FCIA)
Chairperson of the Audit and Risk Committee
North West Tourism Board

29. 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**	
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	
Developing and implementing a preferential procurement policy?	Yes	
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	

PART D

HUMAN RESOURCE MANAGEMENT

30. INTRODUCTION

OVERVIEW OF HUMAN RESOURCE MATTERS AT THE PUBLIC ENTITY

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

SET HUMAN RESOURCE PRIORITIE FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THE PRIORITIES

- Re-enforce the capacity by filling vacant and critical positions.
- Identify and manage risks relating to human resources management.
- Proactive planning for the envisaged amalgamation for NWTB and NWPB

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE FORCE

- The North West Tourism Board's workforce planning is guided Human Resource Management policies of the entity.
- Partnering with CATHSETA for funding to enable the entity to provide workplace experience

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

EMPLOYEE WELLNESS PROGRAMMES

- NWTB recognises its legal and economic responsibility of providing a safe and health work environment for all employees and engaging in programs that enhance the well-being of employees. Employees are continually provided with the necessary and relevant support.

POLICY DEVELOPMENT

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

- Human Resource Policies and Procedures are continually developed and reviewed to accommodate dictates of labour related legislation and regulations.

HIGHLIGHT ACHIEVEMENTS

- Appointment in critical positions
- Formulation of merger work streams yielded desirable outputs
- A safe work environment was provided to the employees by conducting the risk assessment, come up with mitigation strategies as part of the systems to reduce or combat the hazards exposed to the employees in the workplace.

CHALLENGES FACED BY THE ENTITY

- Lack of capacity experienced across the entity.
- The entity inability to fully implement the organisational structure and address vacancy rate due to limited funding.

FUTURE HUMAN RESOUCE PLANS

The entity ceased to exist in the end of the 2022/23 financial year to form a new entity; namely North West Parks and Tourism Board

31. HUMAN RESOURCES OVERSIGHT STATISTICS

PERSONEEL COST PER PROGRAMME

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	51 431	16 583	13	36	461
Hospitality Training	58 004	35 556	35	121	294
Tourism Marketing	20 729	11 768	12	25	471
TOTAL	**130 164**	**63 907**	**60**	**182**	**351**

PERSONEEL 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	0	0	1	0
Senior Management	8 947	14	13	688
Professional qualified	25 563	40	51	501
Skilled	17 894	28	60	298
Semi-skilled	11 503	18	57	203
Unskilled	0	0	0	0
TOTAL	**63 907**	**100**	**182**	**351**

PERFORMANCE REWARDS

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	**0**	**0**	**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
Hospitality Skills Training	38 000	150		20	7 500

EMPLOYMENT AND VACANCIES

Programme/activity/objective	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Administration	32	72	31	41	57
Hospitality Training	114	153	117	36	24
Tourism Marketing	25	36	26	10	28
Total	**171**	**261**	**174**	**87**	**33**

Programme/activity/objective	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Top Management	0	0	0	0	0
Senior Management	0	3	0	3	100
Professional qualified	13	26	14	12	46
Skilled	101	164	104	60	37
Semi-skilled	57	68	56	12	17
Unskilled	0	0	0	0	0
Total	**171**	**261**	**174**	**87**	**33**

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

EMPLOYMENT CHANGES

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

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	1	0	0
Senior Management	0	0	0	0
Professional qualified	13	2	0	14
Skilled	101	0	0	104
Semi-skilled	57	0	0	56
Unskilled	0	0	0	0
Total	**171**	**3**	**0**	**174**

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**

MISCONDUCT AND DISCIPLINARY ACTIONS

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

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	1	0	1	0	0
Professional qualified	5	0	0	0	0	0	0	0
Skilled	37	1	1	1	2	1	0	2
Semi-skilled	25	0	1	1	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	**67**	**1**	**2**	**3**	**2**	**2**	**0**	**3**

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	1	0	0	0	0
Professional qualified	7	0	2	1	0	1	0	1
Skilled	64	0	0	1	0	1	1	1
Semi-skilled	29	0	0	0	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	**109**	**0**	**2**	**3**	**0**	**2**	**1**	**3**

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

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

PART E

PFMA COMPLIANCE REPORT

32.IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	65 956	52 650
Add: Irregular expenditure confirmed	119 768	13 306
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	**185 724**	**65 956**

The total irregular expenditure confirmed during 2022/23 financial year of R119.7 is for the group inclusive of Golden Leopards Resorts (GLR). The NWTB is R28.5 million and the difference is GLR.

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

Description[1]	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment		-
Irregular expenditure under determination		-
Irregular expenditure investigated	94 511	-
Total[2]	**94 511**	-

The investigations of irregular expenditure including the previous years' one for instituting consequence management commenced during 2022/2023 financial year for North West Parks and Tourism Board (NWTB) only excluding Golden Leopards Resorts (GLR) at group level. The implementation of recommendations of investigation reports to institute consequence management is in progress which is expected to be completed during 2023/2024 financial year.

1 Group similar items
2 Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

The application for condonation to Provincial Treasury will be done during 2023/2024 financial year due to the fact that the investigation was completed late and also consequence management to implement recommendations of investigations still to be implemented in 2023/2024 financial year.

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

The condonation application process to Provincial Treasury to commence during 2023/2024 financial year.

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
Not applicable (N/A)
Total

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)

Description	2022/23	2021/22
	R'000	R'000
Not applicable (N/A)		
Total		

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
The disciplinary actions in the form of instituting consequence management in the form of implementation of recommendations of investigations will commence during 2023/2024 financial year.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	287	271
Add: Fruitless and wasteful expenditure confirmed	4 284	16
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	**4 571**	**287**

The total fruitless and wasteful expenditure confirmed of R4.2 million is at group level inclusive of Golden Leopards Resorts (GLR). The NWTB is R105 193, and the difference is GLR.

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

Description[3]	**2022/23**	**2021/22**
	R'000	**R'000**
Fruitless and wasteful expenditure under assessment		-
Fruitless and wasteful expenditure under determination		-
Fruitless and wasteful expenditure investigated.	121	-
Total[4]	**121**	-

The total fruitless and wasteful expenditure investigated during 2022/2023 financial year is for NWTB only excluding GLR. The amount investigated is for both current and prior year totaling to R121 000.

3 Group similar items
4 Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure recovered

Description	2022/23 R'000	2021/22 R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2022/23 R'000	2021/22 R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
The disciplinary action will commence during 2023/2024 financial year.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/23 R'000	2021/22 R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

b) Details of other material losses

Nature of other material losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

c) Other material losses recovered

Nature of losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
Total	-	-

d) Other material losses written off

Nature of losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

33. LATE AND/OR NON-PAYMENT OF SUPPLIERS

All invoices received were paid not later than 30 days as a result, the payment days is 26.5 days.

34. SUPPLY CHAIN MANAGEMENT

Procurement by other means

The procurement was done in terms of SCM and Treasury Regulations not by any other means.

Contract variations and expansions

There are some contracts that have been extended due to the merger process.

PART F

FINANCIAL INFORMATION

Report of the auditor-general to North West Provincial Legislature on North West Tourism Board

Report on the audit of the consolidated and separate financial statements

Qualified of opinion

1. I have audited the consolidated and separate financial statements of the North West Tourism Board and its subsidiary (the group) set out on pages 73 to 139, which comprise the consolidated and separate statement of financial position as at 31 March 2023, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2023 and their financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for qualified opinion

Property, plant and equipment

3. The subsidiary did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for leasehold improvements with a carrying value of R12 166 765 disclosed in the consolidated financial statements in accordance with Standards of GRAP 21, *Impairment of non-cash-Generating Assets.* I was unable to determine the impact on the net carrying amount of leasehold improvements as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus in the consolidated financial statements

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for trade debtors disclosed in the consolidated and separate financial statements due to the status of the accounting records. I could not confirm the trade debtors by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade debtors of R17 011 934 as disclosed in note 10 to the consolidated and separate financial statements. This also had an impact on the disclosure of the financial instruments in note 32 to the consolidated financial statements.

Loans from North West Development Corporation

5. I was unable to obtain sufficient appropriate audit evidence for loans from NWDC, as the group did not have adequate systems to maintain records to support financial information. I was unable to confirm loans from NWDC by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to loans from NWDC of R57 848 836, as presented on the consolidated statement of financial position.

Cost of sales

6. I was unable to obtain sufficient appropriate audit evidence for cost of sales, as the subsidiary did not have adequate systems to reconcile of the inventory movement. I was unable to confirm cost of sales by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to cost of sales of R5 998 974, as disclosed in note 17 to the consolidated financial statements.

Prior period errors

7. The subsidiary did not disclose some of adjustments made as a result of prior period errors as required by GRAP 3, Accounting policies, estimates and errors. The nature and the amount of the correction for each financial statement line item affect, and the amount of the correction at the beginning of the earliest previous period were not disclosed. I was unable to quantify the resultant impact of the omitted disclosure for the current period and previous period on the consolidated and separate financial statements as it was impractical to do so.

Consolidation of controlled entities

8. The controlling entity did not disclose the investment in subsidiaries for the acquisition of subsidiary Golden Leopard Resort SOC Ltd in the current year in the consolidated financial statements which includes the methodology used to determine control in another entity and the composition of the economic entity in accordance to GRAP 38, *Disclosure of interest in other entities*.

9. The controlling entity did not eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity in accordance with GRAP 35 Consolidated financial statements. The effect on the consolidated financial statements was that share capital and total net assets overstated by R5 000 000

Segment reporting

10. The segment information was incorrectly disclosed in accordance with the requirements of GRAP 18*, Segment reporting* due to the controlling entity and subsidiary disclosed as reportable segments in the consolidated financial statements. I was unable to determine the full extent of the misstatement of segment reporting note to the financial statements as it was impracticable to do so.

Irregular expenditure

11. Not all irregular expenditure was included in note 40 to the financial statements, as required by section 55(2)(b)(i) of the PFMA. Payments made in contravention of supply chain management

requirements, which resulted in irregular expenditure of R3 397 239 (2022: R2 671 576) were not included in note 40.

Net cash flows from operating activities

12. Net cash flows from operating activities was not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R9 909 209 in the consolidated financial statements were necessary.

Risk management

13. The controlling entity did not disclose all information linked to the nature and extent of liquidity and credit risks arising from financial instruments as required by GRAP 104, *Financial Instruments*. In addition, I was unable to obtain sufficient appropriate audit evidence for the risk management disclosed, due to the limitations contained in trade debtors in note 10. The controlling entity did not have adequate systems of internal controls for the recording and reconciliation of those transactions to the financial statements. I also could not confirm the related risk management by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the related risk management information, as disclosed in note 38 to the consolidated financial statements

Context for opinion

14. 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 consolidated and separate financial statements section of my report.

15. I am independent of the group 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.

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

Emphasis of matters

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

Fruitless and wasteful expenditure

18. As disclosed in note 40 to the financial statements, fruitless and wasteful expenditure of R105 193 was incurred in the current year.

Other matters

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

20. 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 unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW 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 44 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 North West Tourism Board. 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

Merger

21. North West Parks Board and North West Tourism Board were merged as one entity as from 1 April 2023. The new entity will be named North West Parks and Tourism Board.

Responsibilities of the accounting officer for the consolidated and separate financial statements

22. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act) and for such internal control as the accounting authority determines is necessary to enable the preparation of [consolidated and separate] financial statements that are free from material misstatement, whether due to fraud or error.

23. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

24. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

Report on the annual performance report

26. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

27. I selected the following material performance indicators related to Programme 2: Training and business skills development and Programme 3: Tourism and Marketing presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Number of SMME representatives trained
    - Number of new accredited trainings introduced
    - Percentage of learners declared competent
    - Number of learners enrolled
    - Number of key marketing campaigns, activities, programs fully participated in
    - Number of joint marketing agreements (JMAs) entered into with strategic partners

28. I evaluated the reported performance information for the selected material performance indicators 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 planning and delivery on its mandate and objectives.

29. 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 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.

30. I performed the procedures for the purpose of reporting material findings only.

31. The material findings on the performance information of the selected material performance indicators are as follows:

Various indicators

32. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved:

Indicator	Planned Target	Reported achievement
Number of SMME representatives trained	40	74
Number of key marketing campaigns, activities, programs fully participated in	24	24

Various indicators

33. The indicators below were included in the approved annual performance plan and strategic plan but then not clearly defined during planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. Consequently, the information might be less useful for measuring performance:

Indicator	Planned Target	Reported achievement
Number of SMME representatives trained	40	74
Number of key marketing campaigns, activities, programs fully participated in	24	24

Number of key marketing campaigns, activities, programs fully participated

34. Adequate processes had not been established to consistently measure and reliably report on this indicator. Consequently, I could not confirm the reliability of the reported achievement of 24 against the target of 24.

Various indicators

35. I could not determine if the reasons for the differences between the reported achievements against the planned targets were correct, as adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reasons for the reported over- and under achievements for the following indicators:

Indicator	Planned Target	Reported Achievement
Number of SMME representatives trained	40	74
Number of new accredited trainings introduced	1	0
Number of joint marketing agreements (JMAs) entered into with strategic partners	2	1

Other matters

36. I draw attention to the matters below.

Achievement of planned targets

37. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

38. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2-training and business skills development and programme 3 - tourism marketing management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

39. 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.

40. 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.

41. 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.

42. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

43. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

44. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

45. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R28 555 230 as disclosed in note 40 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the supply management process not followed in appointment of service providers.

46. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R105 193, as disclosed in note 40 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Revenue management

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

Consequence management

48. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure and fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure and fruitless and wasteful expenditure were not performed.

Procurement and contract management

49. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation for quotations, as required by the 2017 Preferential Procurement Regulation 5(1) and (3).

50. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to bidders based on pre-qualification criteria that were stipulated in the original invitation for quotations, in contravention of the 2017 Preferential Procurement Regulation 4(1) and 4(2).

51. I was unable to obtain sufficient appropriate audit evidence that material number of invitation to tender for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(2).

52. I was unable to obtain sufficient appropriate audit evidence that material number of commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015/2016.

53. I was unable to obtain sufficient appropriate audit evidence that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).

54. I was unable to obtain sufficient appropriate audit evidence that contracts participated into were approved by the accounting officer, were secured by the other organ of state through a competitive bidding process, participation was approved by the other organ of state and the terms and conditions are the same in accordance with Treasury Regulation 16A6.6.

Other information in the annual report

55. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected material indicators in the scoped-in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

56. My opinion on the consolidated and separate 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.

57. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

58. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

59. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

61. Leadership did not ensure that the entity had sufficient monitoring and review controls to ensure that financial and performance reports submitted for audit were accurate and complete, and that action plans developed were adequately and timeously implemented. Furthermore, effective human resource management processes were not implemented to ensure that adequate and sufficiently skilled resources were in place, especially in the finance and Internal audit units, and that the performance of all employees was monitored.

62. Review controls were not implemented timeously, resulting in material misstatements in the financial statements. There was lack of understanding and incorrect application the accounting reporting framework and performance information reporting requirements by the officials of the entity.

Auditor General

Rustenburg

18 August 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 consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity’s compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 and its subsidiaries 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

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)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(4)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 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; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A9.1; 16A9; 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
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 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1

Legislation	Sections or regulations
	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 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 Paragraph 5.4 Paragraph 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); Paragraph 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 Paragraph 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 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
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 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

North West Tourism Group Consolidated
Annual Financial Statements for the year ended
31 March 2023

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Members	Phusoane V (Chairperson) Kgomo OB (Deputy Chairperson) TMM Matshego Mogami SZ Monare BI Sello LM Komane M Mthiywa A CA (SA) Lekhu SM Mabunda J (Ex Officio - Acting CEO) Losaba F
Registered office	4142 Nelson Mandela Drive Mmabatho 2735
Postal address	Private Bag X35 Mmabatho 2735
Bankers	First National Bank Nedbank
Auditors	Auditor General of South Africa
Chief Financial Officer	Appointed 1 February 2023 Mr S Dlamini

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

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

Abbreviations used:

Economic Entity	North West Tourism Board Group
Controling Entity	North West Tourism Board
GRAP	Generally Recognised Accounting Practice
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education Training Authority
IAS	International Accounting Standards
Members	Board of directors
PFMA	Public Finance Management Act
NWPB	North West Parks Board
DEDECT	Department of Economic Development, Environment, Conservation and Tourism
The Act	North West Tourism Board Act(Act 2 of 2015)
MEC	Member of Executive Council

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Board's Responsibilities and Approval

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

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the economic entity’s cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The consolidated annual financial statements set out from page 7 , which have been prepared on the going concern basis, were approved by the Accounting Authority on 19 June 2023 and were signed on its behalf by:

MS TMM MATSHEGO
ACCOUNTING AUTHORITY

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Board's Report

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

1. Incorporation

The entity was incorporated on 01 June 2015 and obtained its certificate to commence business on the same day. The NWTB was listed in the PFMA as a schedule 3C enitity on 24 February 2017.
The consolidated annual financial Statements for North West Tourism Board and Golden Leopards Resort is done for the first time for the year under review because GLR was transfered from North West Development Corporation to NWTB with effect from 1 April 2022.

2. Review of activities

Main business and operations

The economic entity is engaged in to market the North West Province as tourism destination and operates principally in South Africa.

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

Net deficit of the economic entity was R 27 923 907 (2022: surplus R -).

3. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus (deficit) of R 49 598 260 and that the entity's total liabilities exceed its assets by R 49 598 260.

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

4. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year. Except the merger of North West Tourism Board and North West Parks Board with effect from 1 April 2023. NWTB also appoited the Accounting Authority, TMM Matshego, on 30 March 2023. the management contract for Christiana Hotel for GLR will end with effect from 30th June 2023.

5. Accounting policies

The consolidated annual financial statements prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board through National Treasury.

6. Board Of Directors

The members of board of directors of the entity during the year and to the date of this report are as follows. However the term of office of board of directors for North West Tourism Board as the parent ended on 31 March 2023.

Name	Changes
Phusoane V (Chairperson) Kgomo	
OB (Deputy Chairperson)	
TMM Matshego	Appointed Thursday, 30 March 2023
Mogami SZ	
Monare BI	
Sello LM	
Boikanyo RE	Resigned Wednesday, 08 February 2023
Kgatwane MC	Resigned Thursday, 09 February 2023
Matuba M	Resigned Thursday, 09 February 2023
Komane M	
Mthiywa A CA (SA)	Appointed Tuesday, 14 March 2023
Motlhabi S	Resigned Thursday, 09 February 2023
Pule T	Resigned Thursday, 09 February 2023

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Board's Report

. Board Of Directors (continued)

Lekhu SM	
Kgokong I (Ex Officio -Acting CEO)	Resigned Sunday, 31 July 2022
Mabunda J (Ex Officio - Acting CEO)	Appointed Monday, 01 August 2022
Losaba F	

7. Corporate governance

General

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

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

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

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.
- has established a Board directorship continuity programme.

Chairperson and Chief Executive Officer

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

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

Board meetings

The boad of directors have met on 4 separate occasions during the financial year. The board of directors schedule to meet at least 4 times per annum.

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

8. Controlling entity

The North West Tourism Board is the controlling entity of the Golden Leopard Resorts SOC Ltd.

9. Interest in controlled entities

Name of controlled entity	Country of incorporation if not the RSA	Net surplul (Deficit) for the year
Golden Leopards Resort SOC Ltd		(16 201 882)

Details of the entity's investment in controlled entities are set out in note 4 .

10. Auditors

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

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Board's Report

The consolidated annual financial statements set out from page 4, which have been prepared on the going concern basis, were approved by the Accounting Authority on 19 June 2023 and were signed on its behalf by:

MS TMM MATSHEGO
ACCOUNTING AUTHORITY

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Consolidated Statement of Financial Position as at 31 March 2023

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Assets					
Current Assets					
Inventories	9	1 860 608	-	857 874	649 590
Receivables from exchange transactions	10	17 154 226	-	5 795 645	8 733 901
Receivables from non-exchange transactions	11	83 175	-	83 175	18 431
Cash and cash equivalents	12	9 060 229	-	6 757 958	15 053 794
		28 158 238	**-**	**13 494 652**	**24 455 716**
Non-Current Assets					
Biological assets	2	1 651 722	-	-	-
Property, plant and equipment	3	240 715 773	-	66 069 848	70 511 657
Investments in associates	4	78 610 172	-	-	-
		320 977 667	**-**	**66 069 848**	**70 511 657**
Total Assets		**349 135 905**	**-**	**79 564 500**	**94 967 373**
Liabilities					
Current Liabilities					
Payables from exchange transactions	5	99 246 429	-	11 783 534	10 948 918
Payables from non-exchange transactions	6	2 491 946	-	2 491 946	3 033 841
VAT payable	7	1 688 944	-	-	-
Employee benefit obligation	8	344 142	-	176 425	132 285
Unspent conditional grants and receipts	15	14 229 073	-	14 229 073	14 829 073
Loans fron North West Development corporation		57 848 836	-	-	-
		175 849 370	**-**	**28 680 978**	**28 944 117**
Non-Current Liabilities					
Preference Shares		20 000 000	-	-	-
Employee benefit obligation	8	3 987 876	-	1 285 262	1 315 030
		23 987 876	**-**	**1 285 262**	**1 315 030**
Total Liabilities		**199 837 246**	**-**	**29 966 240**	**30 259 147**
Net Assets		**149 298 659**	**-**	**49 598 260**	**64 708 226**
Share capital Reserves	13	5 000 000	-	-	-
Revaluation reserve	14	174 020 875	-	-	-
Accumulated surplus		(29 722 216)	-	49 598 260	64 708 226
Total Net Assets		**149 298 659**	**-**	**49 598 260**	**64 708 226**

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Consolidated Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Revenue					
Revenue from exchange transactions					
Sale of goods	16	33 831 365	-	-	-
Hotel Income	16	6 419 348	-	6 419 348	6 026 698
Application fees	16	16 112	-	16 112	16 060
Academic Training Income	16	2 100 423	-	2 100 423	2 233 856
Rental income	16	5 817 181	-	1 614 920	1 531 874
Other income		1 041 571	-	113 367	830 971
Interest income	20	1 331 022	-	1 277 084	1 055 293
Share of surpluses from associates	4	6 502 286	-	-	-
Total revenue from exchange transactions		**57 059 308**	**-**	**11 541 254**	**11 694 752**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	22	134 484 405	-	126 608 245	95 235 124
Conditional grants revenue	16	1 120 201	-	1 120 201	13 415 382
Total revenue from non-exchange transactions		**135 604 606**	**-**	**127 728 446**	**108 650 506**
Total revenue	16	**192 663 914**	**-**	**139 269 700**	**120 345 258**
Expenditure					
Employee related costs	23	(108 637 499)	-	(67 336 520)	(63 906 985)
Conditional grants expenses	24	(1 120 201)	-	(1 120 201)	(13 415 382)
Depreciation and amortisation	25	(14 547 108)	-	(5 277 589)	(5 274 744)
Impairment loss	26	-	-	-	27 686
Repairs and maintainace	18	(2 170 339)	-	(1 535 387)	(2 864 656)
Finance costs	27	(2 914 410)	-	(6 235)	(4 740)
Lease rentals on operating lease	19	(5 570 921)	-	(2 397 746)	(2 128 759)
Debt Impairment	29	(3 704 953)	-	(3 704 953)	(3 982 441)
Transfers and Subsidies	21	-	-	(24 700 000)	-
Loss on disposal of assets and liabilities		(13 199)	-	(13 199)	(462 467)
Cost of Sales	17	(5 998 974)	-	-	-
General Expenses	30	(75 910 217)	-	(47 983 414)	(36 527 414)
Total expenditure		**(220 587 821)**	**-**	**(154 075 244)**	**(128 539 902)**
Deficit for the year		**(27 923 907)**	**-**	**(14 805 544)**	**(8 194 644)**

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Consolidated Statement of Changes in Net Assets

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Economic entity						
Balance at 01 April 2022	**100**	**4 999 900**	**5 000 000**	**174 020 875**	**(1 798 309)**	**177 222 566**
Changes in net assets						
Deficit for the year	-	-	-	-	(27 923 907)	(27 923 907)
Total changes	-	-	-	-	(27 923 907)	(27 923 907)
Balance at 31 March 2023	**100**	**4 999 900**	**5 000 000**	**174 020 875**	**(29 722 216)**	**149 298 659**
Note(s)	13	13	13	14		
Controlling entity						
Balance at 01 April 2021	**-**	**-**	**-**	**-**	**72 902 870**	**72 902 870**
Changes in net assets						
Deficit for the year	-	-	-	-	(8 194 644)	(8 194 644)
Total changes	-	-	-	-	(8 194 644)	(8 194 644)
Balance at 01 April 2022	**-**	**-**	**-**	**-**	**64 403 804**	**64 403 804**
Changes in net assets						
Deficit for the year	-	-	-	-	(14 805 544)	(14 805 544)
Total changes	-	-	-	-	(14 805 544)	(14 805 544)
Balance at 31 March 2023	**-**	**-**	**-**	**-**	**49 598 260**	**49 598 260**
Note(s)	13	13	13	14		

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Consolidated Statement of Cash Flow

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022
Cash flows from operating activities					
Receipts					
Sale of goods and services		48 424 363	-	10 838 814	5 819 662
Grants		154 648 336	-	126 608 245	95 235 124
Interest income		1 331 022	-	1 277 084	1 055 293
		204 403 721	-	138 724 143	102 110 079
Payments					
Employee costs		(108 773 836)	-	(67 322 148)	(63 976 889)
Suppliers		(82 806 266)	-	(78 842 617)	(36 701 228)
Finance costs		(2 914 410)	-	(6 235)	(4 740)
		(194 494 512)	-	(146 171 000)	(100 682 857)
Net cash flows from operating activities	31	**9 909 209**	**-**	**(7 446 857)**	**1 427 222**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(848 980)	-	(848 980)	(1 596 478)
Net increase/(decrease) in cash and cash equivalents		**9 060 229**	**-**	**(8 295 837)**	**(169 256)**
Cash and cash equivalents at the beginning of the year		-	-	15 053 794	15 223 050
Cash and cash equivalents at the end of the year	12	**9 060 229**	**-**	**6 757 957**	**15 053 794**

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Consolidated Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	49 339 991	-	**49 339 991**	33 831 365	**(15 508 626)**	41
Hotel Income	5 430 000	-	**5 430 000**	6 419 348	**989 348**	41
Application fees	28 000	-	**28 000**	16 112	**(11 888)**	
Academic training income	4 240 000	-	**4 240 000**	2 100 423	**(2 139 577)**	41
Rental income	5 908 915	-	**5 908 915**	5 817 181	**(91 734)**	
Other income	1 171 000	-	**1 171 000**	1 041 571	**(129 429)**	
Interest income	474 567	-	**474 567**	1 331 022	**856 455**	41
Total revenue from exchange transactions	**66 592 473**	-	**66 592 473**	**50 557 022**	**(16 035 451)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	94 285 000	30 000 000	**124 285 000**	134 484 405	**10 199 405**	41
Conditional grants revenue	-	-	-	1 120 201	**1 120 201**	
Total revenue from non-exchange transactions	**94 285 000**	**30 000 000**	**124 285 000**	**135 604 606**	**11 319 606**	
Total revenue	**160 877 473**	**30 000 000**	**190 877 473**	**186 161 628**	**(4 715 845)**	
Expenditure						
Employee related cost	(119 020 144)	-	**(119 020 144)**	(108 637 499)	**10 382 645**	41
Conditional grants expenses	-	-	-	(1 120 201)	**(1 120 201)**	
Depreciation and amortisation	(19 179 723)	-	**(19 179 723)**	(14 547 108)	**4 632 615**	
Repairs and maintenence	(1 705 000)	-	**(1 705 000)**	(2 170 339)	**(465 339)**	
Finance costs	(3 829 572)	-	**(3 829 572)**	(2 914 410)	**915 162**	
Lease rentals on operating lease	(4 650 988)	-	**(4 650 988)**	(5 570 921)	**(919 933)**	
Debt Impairment	-	-	-	(3 704 953)	**(3 704 953)**	
Cost of sales	-	-	-	(5 998 974)	**(5 998 974)**	
General Expenses	(114 602 401)	(6 000 000)	**(120 602 401)**	(75 910 217)	**44 692 184**	41
Total expenditure	**(262 987 828)**	**(6 000 000)**	**(268 987 828)**	**(220 574 622)**	**48 413 206**	
Operating deficit	**(102 110 355)**	**24 000 000**	**(78 110 355)**	**(34 412 994)**	**43 697 361**	
Loss on disposal of assets and liabilities	-	-	-	(13 199)	**(13 199)**	
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	6 502 286	**6 502 286**	
	-	-	-	**6 489 087**	**6 489 087**	
Deficit before taxation	**(102 110 355)**	**24 000 000**	**(78 110 355)**	**(27 923 907)**	**50 186 448**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(102 110 355)**	**24 000 000**	**(78 110 355)**	**(27 923 907)**	**50 186 448**	

North West Tourism Group

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Consolidated Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Hotel Income	5 430 000	-	**5 430 000**	6 419 348	**989 348**	41
Application fees	28 000	-	**28 000**	16 112	**(11 888)**	
Academic training income	4 240 000	-	**4 240 000**	2 100 423	**(2 139 577)**	41
Rental income	2 076 000	-	**2 076 000**	1 614 920	**(461 080)**	
Other income	126 000	-	**126 000**	113 367	**(12 633)**	
Interest income	465 000	-	**465 000**	1 277 084	**812 084**	41
Total revenue from exchange transactions	**12 365 000**	-	**12 365 000**	**11 541 254**	**(823 746)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	94 652 000	30 000 000	**124 652 000**	126 608 245	**1 956 245**	41
Conditional grants revenue	-	-	-	1 120 201	**1 120 201**	
Total revenue from non-exchange transactions	**94 652 000**	**30 000 000**	**124 652 000**	**127 728 446**	**3 076 446**	
Total revenue	**107 017 000**	**30 000 000**	**137 017 000**	**139 269 700**	**2 252 700**	
Expenditure						
Employee related cost	(69 285 000)	-	**(69 285 000)**	(67 336 520)	**1 948 480**	41
Conditional grants expenditure	-	-	-	(1 120 201)	**(1 120 201)**	
Depreciation and amortisation	-	-	-	(5 277 589)	**(5 277 589)**	41
Repairs and maintenence	-	-	-	(1 535 387)	**(1 535 387)**	
Finance costs	-	-	-	(6 235)	**(6 235)**	
Lease rentals on operating lease	-	-	-	(2 397 746)	**(2 397 746)**	
Debt Impairment	-	-	-	(3 704 953)	**(3 704 953)**	
Transfers and Subsidies	-	(24 000 000)	**(24 000 000)**	(24 700 000)	**(700 000)**	
General Expenses	(69 285 000)	(6 000 000)	**(75 285 000)**	(47 983 414)	**27 301 586**	41
Total expenditure	**(138 570 000)**	**(30 000 000)**	**(168 570 000)**	**(154 062 045)**	**14 507 955**	
Operating deficit	**(31 553 000)**	-	**(31 553 000)**	**(14 792 345)**	**16 760 655**	
Loss on disposal of assets and liabilities	-	-	-	(13 199)	**(13 199)**	
Deficit before taxation	**(31 553 000)**	-	**(31 553 000)**	**(14 805 544)**	**16 747 456**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(31 553 000)**	-	**(31 553 000)**	**(14 805 544)**	**16 747 456**	

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022

1. Significant account policies

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

1.1 Presentation of Annual Financial Statements

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Interests in other entities

Consolidated financial statements

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non- financial. The actual impact of an entity's involvement with another entity can have positive or negative aspects.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated consolidated annual financial statements are the consolidated annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties. An

economic entity is a controlling entity and its controlled entities.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity. Power

consists of existing rights that give the current ability to direct the relevant activities of another entity.

Accounting Policies

1.4 Interests in other entities (continued)

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

Presentation of consolidated financial statements

The entity as controlling entity presents consolidated consolidated annual financial statements.

The entity as controlling entity does not present consolidated consolidated annual financial statements, due to it meeting all of the following conditions:

- it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated consolidated annual financial statements and in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated consolidated annual financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the- counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its consolidated annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate controlling entity produces consolidated annual financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

The entity as controlling entity that is an investment entity, does not present consolidated consolidated annual financial statements, due to it being required to measure all of its controlled entities at fair value.

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.4 Interests in other entities (continued)

Control

The entity determines whether it is a controlling entity by assessing whether it controls the other entity. The entity controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The entity controls another entity if the entity has all three of the following elements of control:

- power over the other entity;
- exposure, or rights, to variable benefits from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

The entity considers all facts and circumstances when assessing whether it controls another entity. The entity reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

As an entity with decision making rights, the entity determines whether it is a principal or an agent in undertaking transactions with third parties. The entity also determines whether another entity with decision making rights is acting as an agent for the entity. An agent is a party primarily engaged to undertake transactions with third parties on behalf of and for the benefit of another party or parties (the principal(s)) and therefore does not control the other entity when it exercises its decision making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.

Investments in associates and/or joint ventures

Accounting Policies

1.4 Interests in other entities (continued)

An associate is an entity over which the investor has significant influence.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated consolidated annual financial statements are the consolidated annual financial statements of an economic entity in which assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

A joint arrangement is an arrangement of which two or more parties have joint control.

Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint venturer is a party to a joint venture that has joint control of that joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

Equity method

On initial recognition, the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the entity as investor's share of the surplus or deficit of the investee after the date of acquisition. The entity as investor's share of the investee's surplus or deficit is recognised in the entity as investor's surplus or deficit. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the entity as investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's surplus or deficit. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The entity as investor's share of those changes is recognised in net assets of the entity as investor.

An investment in an associate or a joint venture accounted for using the equity method is classified as a non-current asset. The entity

with joint control of, or significant influence over, an investee, accounts for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption.

Separate financial statements

An investment in an associate or a joint venture is accounted for in the entity's separate financial statements in accordance with the Standard of GRAP on Separate Financial Statements.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual 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 consolidated annual financial statements. Significant judgements include:

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

North West Tourism Group
Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued) Trade

receivables

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

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

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Allowance for doubtful debts

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

1.6 Biological assets

The entity recognises biological assets or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. The fair

value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

An unconditional government grant related to biological assets measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings and infrastructure	Straight-line	4 to 50 years
Leasehold property	Straight-line	4 to 50 years
Plant and machinery	Straight-line	4 to 7 years
Furniture and fixtures	Straight-line	4 to 8 years
Motor vehicles	Straight-line	10 to 23 years
Office equipment	Straight-line	4 to 23 years
IT equipment	Straight-line	4 to 15 years
Finance lease assets	Straight-line	Over the lease term

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic 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 economic entity assesses at each reporting date whether there is any indication that the economic 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 economic 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.

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Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Separate financial statements

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity as a controlling entity, and its controlled entities, are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the entity, in which the entity could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

In the entity's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost; In the entity's

separate financial statements, investments in controlled entities are carried at cost;

In the entity's separate financial statements, investments in associates are carried at cost;

In the entity's separate financial statements, investments in joint ventures are carried at cost.

Separate financial statements are prepared in accordance with all applicable accounting policies, except:

- Similar investments in controlled entities are accounted for at cost;
- Associates are accounted for at cost.

The entity as a controlling entity, which is not itself an investment entity, measures its investment in a controlled investment entity in accordance with the above, in its separate financial statements.

When the entity as controlling entity ceases to be an investment entity, or becomes an investment entity, it accounts for the change from the date when the change in status occurred, as follows:

- When the entity ceases to be an investment entity, the entity accounts for an investment in a controlled entity in accordance with the above. The date of the change of status is the deemed acquisition date. The fair value of the controlled entity at the deemed acquisition date represents the transferred deemed consideration when accounting for the investment as above.
- When the entity becomes an investment entity, it accounts for an investment in a controlled entity at fair value. The difference between the previous carrying amount of the controlled entity and its fair value at the date of the change of status is recognised as a gain or loss in surplus or deficit. The cumulative amount of any gain or loss previously recognised directly in net assets in respect of those controlled entities is treated as if the investment entity had disposed of those controlled entities at the date of change in status.

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.8 Separate financial statements (continued)

When the entity elects to measure its investments in associates or joint ventures at fair value, it also accounts for those investments in the same way in its separate financial statements.

Where the entity as controllong entity is required to measure its investment in a controlled entity at fair value, it also accounts for that investment in the same way in its separate financial statements.

Dividends or similar distributions from a controlled entity, a joint venture or an associate are recognised in the separate financial statements of the entity when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognised in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment.

When a controlling entity reorganises the structure of its economic entity by establishing a new entity as its controlling entity in a manner that satisfies the following criteria:

- The new controlling entity obtains control of the original controlling entity either (a) by issuing equity instruments in exchange for existing equity instruments of the original controlling entity or (b) by some other mechanism which results in the new controlling entity having a controlling ownership interest in the original controlling entity;
- The assets and liabilities of the new economic entity and the original economic entity are the same immediately before and after the reorganisation; and
- The owners of the original controlling entity before the reorganisation have the same absolute and relative interests in the net assets of the original economic entity and the new economic entity immediately before and after the reorganisation;

and the new controlling entity accounts for its investment in the original controlling entity at cost in its separate financial statements, the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate financial statements of the original controlling entity at the date of the reorganisation

1.9 Financial instruments

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

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

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

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

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

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

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

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

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Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.9 Financial instruments (continued)

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.

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.

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Accounting Policies

1.9 Financial instruments (continued)

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.

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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange trasactions	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
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

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

1.10 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.

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Accounting Policies

1.10 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

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Accounting Policies

1.11 Inventories (continued)

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

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

either:

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

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued) Basis

for estimates of future cash flows

In measuring value in use the economic entity:

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued) Cash-

generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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Accounting Policies

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

Useful life is either:

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

Identification

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

The economic 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 economic 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.

Value in use

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

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

1.14 Share capital

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

1.15 Preference Shares

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the economic entity, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.16 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.

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Accounting Policies

1.16 Employee benefits (continued)

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.

Post-employment benefits

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

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

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

1.17 Provisions and contingencies

Provisions are recognised when:

- the economic 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

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

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

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Accounting Policies

1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of 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 economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic 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 34.

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 economic 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 economic 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 economic entity considers that an outflow of economic resources is probable, an economic 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.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Accounting Policies

1.18 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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Accounting Policies

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

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 economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Interest, royalties and dividends

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

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

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.19 Employee benefits (continued)

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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

1.20 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 Fruitless and wasteful expenditure

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

North West Tourism Group
Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.21 Fruitless and wasteful expenditure (continued)

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).

1.22 Irregular expenditure

1.23 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.24 Related parties

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

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic 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 economic entity.

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Consolidated Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.24 Related parties (continued)

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

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

The economic 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.

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

2. Biological assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets	1 651 722	-	1 651 722	-	-	-

Notes to the Consolidated Annual Financial Statements

Figures in Rand

2. Biological assets (continued)

Reconciliation of biological assets - Economic entity - 2023

	Opening balance	Other changes, movements	Total
Biological assets	2 231 762	(580 040)	1 651 722

Biological assets

These biological assets are wild animals

North West Tourism Group

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3. Property, plant and equipment

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	100 000	-	100 000	-	-	-
Buildings	91 319 742	(29 216 015)	62 103 727	-	-	-
Leasehold property	236 880 342	(65 539 591)	171 340 751	-	-	-
Plant and machinery	1 721 718	(1 511 864)	209 854	-	-	-
Furniture and fixtures	20 583 537	(15 979 761)	4 603 776	-	-	-
Motor vehicles	1 616 184	(1 090 412)	525 772	-	-	-
Office equipment	10 183 311	(9 096 992)	1 086 319	-	-	-
IT equipment	2 596 943	(1 854 294)	742 649	-	-	-
Emergency Equpment	24 592	(21 667)	2 925	-	-	-
Total	**365 026 369**	**(124 310 596)**	**240 715 773**	**-**	**-**	**-**

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	100 000	-	100 000	100 000	-	100 000
Buildings	91 319 742	(29 216 015)	62 103 727	90 806 734	(25 368 358)	65 438 376
Furniture and fixtures	8 106 868	(5 205 658)	2 901 210	7 987 107	(4 370 997)	3 616 110
Motor vehicles	561 434	(339 172)	222 262	561 434	(295 889)	265 545
IT equipment	2 596 943	(1 854 294)	742 649	2 624 501	(1 532 875)	1 091 626
Total	**102 684 987**	**(36 615 139)**	**66 069 848**	**102 079 776**	**(31 568 119)**	**70 511 657**

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2023

	Opening balance	Additions	other changes movements	Disposals	Depreciation	Total
Land	100 000	-	-	-	-	100 000
Buildings	65 438 376	513 008	216 210	-	(4 063 867)	62 103 727
Leasehold property	179 035 162	-	-	-	(7 694 411)	171 340 751
Plant and machinery	314 032	-	-	-	(104 178)	209 854
Furniture and fixtures	6 148 758	119 761	-	-	(1 664 743)	4 603 776
Motor vehicles	705 174	-	-	-	(179 402)	525 772
Office equipment	1 535 126	54 982	-	-	(503 789)	1 086 319
IT equipment	1 091 626	-	-	(13 198)	(335 779)	742 649
Emergency equipment	4 395	-	-	-	(1 470)	2 925
	254 372 649	**687 751**	**216 210**	**(13 198)**	**(14 547 639)**	**240 715 773**

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	100 000	-	-	-	100 000
Buildings	65 438 376	513 008	-	(4 063 866)	62 103 727
Furniture and fixtures	3 616 110	119 761	-	(834 661)	2 901 210
Motor vehicles	265 545	-	-	(43 283)	222 262
IT equipment	1 091 626	-	(13 198)	(335 779)	742 649
	70 511 657	**632 769**	**(13 198)**	**(5 277 589)**	**66 069 848**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Land	100 000	-	-	-	-	100 000
Buildings	68 869 586	855 898	(243 827)	(4 043 281)	-	65 438 376
Furniture and fixtures	3 739 820	713 670	(6 871)	(830 509)	-	3 616 110
Motor vehicles	308 828	-	-	(43 283)	-	265 545
IT equipment	1 606 598	26 909	(211 768)	(357 671)	27 558	1 091 626
	74 624 832	**1 596 477**	**(462 466)**	**(5 274 744)**	**27 558**	**70 511 657**

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4. Interests in other entities (continued)

Investments in associates

Name Jurisdiction	Determination of ownership interest	Economic Entity % ownership interest 2023	Economic Entity % ownership interest 2022	Controlling Entity % ownership interest 2023	Controlling Entity % ownership interest 2022	Economic Entity Carrying amount 2023	Economic Entity Carrying amount 2022	Controlling Entity Carrying amount 2023	Controlling Entity Carrying amount 2022
Investment in Pilanesberg	Percentage Share	50,00 %	50,00 %	- %	- %	78 610 172	-	-	-
						78 610 172	-	-	-
						78 610 172	-	-	-

The movemnet of R 2 103 070 is reflected as the share of surplus in the statement of financial performance.

5. Payables from exchange transactions

Trade payables	81 496 764	-	3 660 074	3 204 686
Payments received in advanced - contract in process	1 896 698	-	84 831	47 910
Clearing and control account	4 522 548	-	-	-
Accrued leave pay	6 905 189	-	4 859 947	5 806 938
Accrued bonus	474 450	-	474 450	825 418
Accrual for Acting Allowance	967 832	-	967 832	169 280
Sundry Creditors	1 331 514	-	1 331 514	489 800
NTCE Liability	367 443	-	367 443	367 443
Deposits received	250 827	-	-	-
Salary control	998 720	-	2 999	2 999
Retention fees	34 444	-	34 444	34 444
	99 246 429	-	**11 783 534**	**10 948 918**

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	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

6. Payables from Non-exchange transactions

Training deposits	539 395	-	539 395	468 445
Bursary sponsorships and learnerships	545 683	-	545 683	1 854 790
Unallocated receipts	1 406 868	-	1 406 868	710 606
	2 491 946	**-**	**2 491 946**	**3 033 841**

7. VAT payable

Vat payables	1 688 944	-	-	-

8. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Opening balance	(4 468 355)	-	(1 447 315)	(1 517 219)
Service cost and service cost	(580 685)	-	(260 420)	(253 074)
Benefits paid during the year	769 370	-	207 000	246 912
Acturial gain/loss	(52 348)	-	39 048	76 066
	(4 332 018)	**-**	**(1 461 687)**	**(1 447 315)**

Non-current liabilities	(3 987 876)	-	(1 285 262)	(1 315 030)
Current liabilities	(344 142)	-	(176 425)	(132 285)
	(4 332 018)	**-**	**(1 461 687)**	**(1 447 315)**

Key assumptions used

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

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

Due to guidance received from the auditing profession, the methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date,31 March 2022 the duration of liabilities was 6.07 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 31 March 2023 is 9.92% per annum. The assumed discount rate used at the previous valuation, 31 March 2022, was 9.35% per annum.

As mentioned in the paragraph above, the duration of liabilities was estimated to be 6.07 years at the previous valuation date of 31 March 2022. At 31 March 2023, the yield on inflation-linked bonds of a similar term was about 4.10% per annum. This implies an underlying expectation of inflation of 5.59% per annum ([1 + 9.92%] / [1 + 4.10%] - 1).

Discount rates used	9,92 %	9,35 %	9,92 %	9,35 %
CPI	5,59 %	6,26 %	5,59 %	6,26 %
Net Discount Rate (CPI)	4,10 %	2,91 %	4,10 %	2,91 %

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

9. Inventories

Beverages and stock	890 738	-	268 283	238 410
Food Stock	398 155	-	372 980	265 715
Cleaning material stock	216 611	-	216 611	145 465
Food and Beverage	134 933	-	-	-
Fuel (Diesel, Petrol)	220 171	-	-	-
	1 860 608	**-**	**857 874**	**649 590**

Inventory pledged as security

There were no Inventories pledged as security for overdraft facilities.

10. Receivables from exchange transactions

Trade debtors	17 011 934	-	5 653 353	8 591 609
Deposits	142 292	-	142 292	142 292
	17 154 226	**-**	**5 795 645**	**8 733 901**

The above receivables and prepayments are expected to be realised within the next financial year, and certain categories of accounts receivable bear interest at rates determined by the Minister of Finance. The applicable rate at year end was 11.5% (2022:7.50%).
The members consider that the carrying amount of trade and other receivables approximates their fair value. No receivables were pledged for security for any financial liability.

Credit quality of trade and other receivables

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

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

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

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, R 3 871 847 (2022: R 7 772 961) were past due but not impaired.

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R 19 545 792 (2022: R 15 840 839) were impaired and provided for. The amount of the provision was R (19 545 792) as of 31 March 2023 (2022: R 15 840 839).

The ageing of these receivables(Gross) is as follows:

Current	-	-	1 049 313	857 327
30 to 60 days	-	-	2 822 534	6 834 790
60 to 90 days	-	-	101 831	(48 269)
90 days +	-	-	23 409 565	19 963 667

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

10. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	-	-	15 840 839	11 858 398
Provision for impairment	3 704 953	-	3 704 953	3 982 441
	3 704 953	**-**	**19 545 792**	**15 840 839**

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

The impairment for receivables is calculated identifying receivables individually. Receivables which could not be identified individually as being impaired were calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio

11. Receivables from non-exchange transactions

Staff Debtors	83 175	-	83 175	18 431

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2023, R 83 175 (2022: R 18 421) were past due but not impaired.

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

1 month past due	-	-	-	18 421

Receivables from non-exchange transactions impaired

The entity does not impair or charge interest on staff debtors

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 411	-	9 650	5 650
Bank balances	2 166 368	-	231 797	554 622
Short-term deposits	6 884 450	-	6 516 511	14 493 522
	9 060 229	**-**	**6 757 958**	**15 053 794**

13. Share capital

Issued				
Ordinary	100	-	-	-
Share premium	4 999 900	-	-	-
	5 000 000	**-**	**-**	**-**

14. Revaluation reserve

Opening balance	174 020 875	-	-	-

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Taung Hotel Repairs and Renovation	1 533 884	-	1 533 884	1 533 884
Mahikeng Hotel School Library Fund	2 537 882	-	2 537 882	2 537 882
Tourism Promotion fund	3 888	-	3 888	3 888
Hotel School Infrastructure, equipment and Security project	4 152 373	-	4 152 373	4 152 373
Refurbishment of MHS infrastructure	6 000 000	-	6 000 000	6 000 000
Orkney Hotel Physical Security	-	-	-	600 000
Hotel School Repairs Fund	1 046	-	1 046	1 046
	14 229 073	**-**	**14 229 073**	**14 829 073**

Movement during the year

Balance at the beginning of the year	14 829 073	-	14 829 073	8 644 455
Additions during the year	-	-	-	19 600 000
Income recognition during the year	(600 000)	-	(600 000)	(13 415 382)
	14 229 073	**-**	**14 229 073**	**14 829 073**

16. Revenue

Sale of goods	33 831 365	-	-	-
Hotel Income	6 419 348	-	6 419 348	6 026 698
Application fees	16 112	-	16 112	16 060
Academic Training income	2 100 423	-	2 100 423	2 233 856
Rental income	5 817 181	-	1 614 920	1 531 874
Other income	1 041 571	-	113 367	830 971
Interest income	1 331 022	-	1 277 084	1 055 293
Government grants & subsidies	134 484 405	-	126 608 245	95 235 124
Conditional grants revenue	1 120 201	-	1 120 201	13 415 382
	186 161 628	**-**	**139 269 700**	**120 345 258**

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

Sale of goods	33 831 365	-	-	-
Hotel income	6 419 348	-	6 419 348	6 026 698
Application fees	16 112	-	16 112	16 060
Academic Training income	2 100 423	-	2 100 423	2 233 856
Rental income	5 817 181	-	1 614 920	1 531 874
Other income	1 041 571	-	113 367	830 971
Interest income	1 331 022	-	1 277 084	1 055 293
	50 557 022	**-**	**11 541 254**	**11 694 752**

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

Taxation revenue				
Transfer revenue				
Government grants & subsidies	134 484 405	-	126 608 245	95 235 124
Conditional Grants income	1 120 201	-	1 120 201	13 415 382
	135 604 606	**-**	**127 728 446**	**108 650 506**

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
17. Cost of sales				
Sale of goods				
Cost of goods sold (Hotel income)	5 998 974	-	-	-
18. Repairs and Maintenece				
Buildings and infrastructure	2 170 339	-	1 535 387	2 864 656
19. Lease rentals on operating lease				
Premises				
Contractual amounts	3 603 112	-	1 173 960	1 067 989
Equipment				
Contractual amounts	1 223 786	-	1 223 786	1 060 770
Lease rentals on operating lease - 2				
Contractual amounts	744 023	-	-	-
	5 570 921	**-**	**2 397 746**	**2 128 759**
20. Interest income				
Interest revenue				
Bank	621 890	-	567 952	322 780
Interest charged on trade and other receivables	709 132	-	709 132	732 513
	1 331 022	**-**	**1 277 084**	**1 055 293**
21. Transfer and subsidies				
Other subsidies				
Transfers payment to GLR	-	-	24 700 000	-

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

22. Government grants & subsidies

Operating grants				
Transfers Receipt from Dedect	130 098 743	-	124 652 000	94 652 000
CATHSSETA grants	1 956 245	-	1 956 245	583 124
Government grant	2 429 417	-	-	-
	134 484 405	-	**126 608 245**	**95 235 124**

Orkney Hotel School physical security grant

Balance unspent at beginning of year	1 533 884	-	1 533 884	1 533 884

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Mahikeng Hotel School Library Fund

Balance unspent at beginning of year	2 537 882	-	2 537 882	2 537 882

Tourism Promotion fund

Balance unspent at beginning of year	3 888	-	3 888	3 888

Hotel School Infrastructure, equipment and Security project

Balance unspent at beginning of year	4 567 754	-	4 152 373	4 567 754
Current-year receipts	(415 381)	-	-	(415 381)
	4 152 373	-	**4 152 373**	**4 152 373**

Refurbishment of MHS infrastructure

Balance unspent at beginning of year	6 000 000	-	6 000 000	6 000 000

Orkney Hotel Physical Security

Balance unspent at beginning of year	600 000	-	600 000	600 000
Current-year receipts	(600 000)	-	(600 000)	-
	-	-	-	**600 000**

Hotel School Repairs Fund

Balance unspent at beginning of year	1 046	-	1 046	1 046

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

23. Employee related costs

Basic	85 998 180	-	45 505 511	44 383 633
Car Allowance	423 228	-	423 228	422 408
Bonus	3 585 457	-	3 356 318	3 057 365
Acting allowances	1 690 311	-	1 690 311	1 483 845
UIF	397 695	-	362 946	350 214
Cellphone allowance	180 300	-	180 300	215 000
SDL	550 832	-	550 832	537 787
Funeral cover contributions	70 754	-	70 754	56 478
Leave pay provision charge	49 359	-	-	-
Defined contribution plans	(188 426)	-	-	-
Long-service awards	248 190	-	220 260	162 000
COVID-19 Allowance	6 500	-	6 500	48 000
Shift allowances	413 184	-	25 850	14 850
Provident Fund	10 116 930	-	9 921 484	9 836 322
Leave provision movement	48 321	-	-	-
Other Payments	5 022 227	-	5 022 227	3 339 083
	108 613 042	**-**	**67 336 521**	**63 906 985**

24. Conditional grants expenses

Conditional grants expenses	1 120 201	-	1 120 201	13 415 382

25. Depreciation and amortisation

Property, plant and equipment	14 547 108	-	5 277 589	5 274 744

26. Impairment loss

Impairments				
Property, plant and equipment	-	-	-	(27 686)

27. Finance costs

Trade and other payables	2 913 236	-	6 235	4 740
Late payment of tax	1 174	-	-	-
	2 914 410	**-**	**6 235**	**4 740**

28. Auditors' remuneration

Fees	12 030 307	-	4 891 548	2 878 169

29. Debt impairment

Debt impairment	3 704 953	-	3 704 953	3 982 441

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

30. General expenses

Advertising	917 285	-	160 400	91 360
Assessment rates & municipal charges	913 445	-	913 445	884 012
Auditors remuneration	12 030 307	-	4 891 548	2 878 169
Bank charges	925 931	-	96 427	101 265
Cleaning	2 346 755	-	1 666 350	1 198 542
Commission paid	1 220 393	-	1 157 493	1 183 380
Computer expenses	1 166 894	-	1 098 722	1 821 568
Consulting and professional fees	3 579 662	-	448 194	509 971
Consumables	2 112 572	-	445 006	617 300
Delivery expenses	663 808	-	-	-
Entertainment	5 936 870	-	5 936 870	4 302 759
Flowers	134 917	-	134 240	24 405
Gifts	442 536	-	-	-
Hire	458 688	-	-	-
Insurance	349 948	-	349 948	-
Conferences and seminars	22 760	-	22 760	17 380
IT expenses	414 647	-	246 960	215 089
Promotions and sponsorships	484 091	-	-	-
Levies	356 809	-	356 809	336 030
Medical expenses	263 187	-	-	-
Motor vehicle expenses	293 627	-	-	-
Pest control	213 810	-	199 370	174 056
Fuel and oil	1 060 600	-	241 040	209 311
Placement fees	276 336	-	276 336	597 815
Postage and courier	22 652	-	-	-
Printing and stationery	1 794 095	-	1 514 715	1 508 247
Promotions	12 943 788	-	12 943 788	5 657 308
Repairs and maintenance	431 644	-	-	-
Research and development costs	150 000	-	150 000	198 052
Security (Guarding of municipal property)	2 499 028	-	2 491 086	2 957 303
Staff welfare	2 171 786	-	353 453	408 027
Subscriptions and membership fees	493 630	-	436 331	420 594
Telephone and fax	804 510	-	587 358	580 267
Transport and freight	2 128 055	-	2 128 055	1 648 572
Training	1 037 977	-	1 037 977	1 280 122
Travel - local	394 375	-	-	-
Electricity	8 651 907	-	4 527 432	3 835 820
Sewerage and waste disposal	11 964	-	-	-
Water	1 286 751	-	-	-
Refuse	44 770	-	-	-
Uniforms	866 896	-	866 896	540 812
Covid 19 Expenditure	44 454	-	-	-
Loose tools	632 817	-	533 539	467 279
Refunds	599 387	-	114 849	80 724
Laundry services	989 908	-	392 671	187 319
Learnerships	10 890	-	-	120 000
Guest supplies	138 238	-	138 238	54 132
Banquenting cost	49 709	-	-	-
Hostel charges	1 104 144	-	1 104 144	931 294
Manufacturing expenses	20 964	-	20 964	489 130
	75 910 217	-	**47 983 414**	**36 527 414**

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

31. Cash generated from (used in) operations

Deficit	(27 923 907)	-	(14 805 544)	(8 194 644)
Adjustments for:				
Depreciation and amortisation	14 547 108	-	5 277 589	5 274 744
Gain on sale of assets and liabilities	13 199	-	13 199	462 467
Income from equity accounted investments	(6 502 286)	-	-	-
Impairment reversals	-	-	-	(27 686)
Debt impairment	3 704 953	-	3 704 9533	982 441
Movements in retirement benefit assets and liabilities	4 332 018	-	14 372	(264 442)
Other non-cash items	(76 820 259)	-	(4 009 375)	62 382
Changes in working capital:				
Inventories	(1 860 608)	-	(208 284)	(42 718)
Receivables from exchange transactions	(17 154 226)	-	2 938 256	(4 819 797)
Other receivables from non-exchange transactions	(83 175)	-	(64 744)	(15 501)
Payables from exchange transactions	99 246 429	-	834 616	532 980
VAT	1 688 944	-	-	-
Taxes and transfers payable (non-exchange)	2 491 946	-	(541 895)	2 274 838
Unspent conditional grants and receipts	14 229 073	-	(600 000)	2 202 158
	9 909 209	**-**	**(7 446 857)**	**1 427 222**

32. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	19 804 600	19 804 600
Receivables from non-exchange transactions	83 175	83 175
Cash and cash equivalents	9 060 229	9 060 229
	28 948 004	**28 948 004**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	99 869 989	99 869 989
Payables from non-exchange transactions	2 491 946	2 491 946
Unspent conditional grants and receipts	14 208 872	14 208 872
Loan from NWDC	61 094 226	61 094 226
	177 665 033	**177 665 033**

Controlling entity - 2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	11 147 835	11 147 835
Receivables from non-exchange trasactions	81 866	81 866
Cash and cash equivalents	6 757 958	6 757 958
	17 987 659	**17 987 659**

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

32. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	13 449 663	13 449 663
Payables from exchange trasactions	2 491 946	2 491 946
unspent conditional grant	14 208 872	14 208 872
	30 150 481	**30 150 481**

Controlling entity - 2022

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	11 012 361	11 012 361
Receivables from non-exchange transactions	18 421	18 421
Cash and cash equivalents	15 053 794	15 053 794
	26 084 576	**26 084 576**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	13 227 378	13 227 378
Payables from non-exchange transactions	3 033 841	3 033 841
Unspent conditional grants and receipts	14 829 073	14 829 073
	31 090 292	**31 090 292**

33. Commitments

A capital commitment was made during March 2019 for the construction of a guard house at the Mafikeng Hotel School entrance gate (Montoza Engineering Projects 10CC). The project commenced with construction during April 2019 and has been completed. The value thereof has been disclosed above.
A retention of 10% has been withheld for the current year and is disclosed under current liabities note 10 in the amount of R34 444 (2020: R34 444)..

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	6 670 246	-	-	-
- in second to fifth year inclusive	26 680 987	-	-	-
- later than five years	113 394 198	-	-	-
	146 745 431	-	-	-

GL Resort SOC has entered into oprerating lease with NWPTB in 2001 and with contract period of 45 years with an initial payment of R150 000 per annum and with escalation clause of 10% per annum or CIPX whichever is greater.

The Madikwe River Lodge operates under a Leasehold. The leasehold agreement was signed on 16 October 1995 for a 50 year tenure. The land belongs to Northwest Parks Board. The balance represents the leasehold improvements. In terms of companies Act, 2008 as amended details of the Leasehold are kept at the companies registered office and these details can be made available at the users' request.

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

34. Contingencies

THITO ENTERPRISES (PTY) LTD

Thito Enterprises (Pty) Ltd were allegedly appointed to render cleaning and fumigations services in May/June 2019. The required supply chain management processes were not followed in this regard. The service provider claimed services rendered at exorbitant amounts; the NWTB is contesting the value of the alleged services rendered. The matter is currently following a legal dispute process and the outcome thereof cannot be presently determined; a contingent liability is estimated at the amount of R 600 000 (2022: R 600 000). This includes legal costs and disbursements.

MERLITE INVESTMENT (PTY) LTD

The North West Tourism Board rented offices from Merlite Investments (Pty) Ltd and the contract ended in March 2020. Merlite Investments (Pty) Ltd alleges that some of the assets that were part of the building at inception of the contract with the former North West Parks and Tourism Board were unaccountable for and/or damaged post the North West Tourism Board vacating the offices.

Summons have been issued for the delivery of the Plaintiffs' property or the payment of the sum of R 75 169,06 in lieu of the delivery of the property. This matter is still pending and the outcome cannot presently be determined, no provision has been made in the financial statements. The total estimated costs of these claims are R 75 169,06.

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North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

35. Related parties

Relationships	
Members	Refer to members' report note
Ultimate controlling entity	National Deparment of Tourism
	North West Development Corporations
	North West Parks Board
	CATHSSETA
	North West DEDECT
	Golden Leopards Resports (Pty) Ltd
	North West Provincial Department of Public Work

Related party balances

Amounts included in Trade receivables regarding related parties				
CATHSSETA			845 977	863 977
North West DEDECT			2 529 354	2 318 557
North West Provincial Department of Public Work			46 201	46 201
North West Parks Board			67 635	71 416
Golden Leopards Resports (Pty) Ltd			3 604 862	3 681 411
Amounts included in (Trade payables) regarding related parties				
North West Parks Board			(501 644)	(620 195)
Golden Leopards Resorts (Pty) Ltd			(423 772)	(461 394)

Related party transactions

Purchases from (sales to) related parties				
North West Parks Board			6 837	618 304
Golden Leopards Resorts (Pty) Ltd			-	(3 603 080)
Transfer revenue received from (paid to) related parties				
CATHSSEA Learnership funding			1 843 500	485 865
Golden Leopards Resorts (Pty) Ltd			30 807 406	(13 000 000)
North West DEDECT funding			125 373 547	114 940 114
National Department of public work			14 360	-

Remuneration of management

North West Tourism Group
Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand

35. Related parties (continued)

Management class: Board members

2023

Name	Directors feed	Travel and other allowances	Total
BI Monare	235 572	72 989	308 561
V Phusoane	-	46 353	46 353
SM Lekhu	272 058	138 232	410 290
F Losaba	145 311	39 801	185 112
L Sello	219 986	61 372	281 358
Adv OB Kgomo	171 130	24 949	196 079
A Kyerech	83 080	17 412	100 492
Mr RE Boikanyo	235 256	-	235 256
Mr MC Kgatwane	176 080	-	176 080
M Matuba	40 880	-	40 880
BK Membe	57 801	-	57 801
T Pule	67 778	-	67 778
S Mogami	248 698	98 570	347 268
M Komane	50 321	-	50 321
	2 003 951	**499 678**	**2 503 629**

2022

	Directors fees	Travel Allowances and other allowances	Total

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

Name			
Phusoane V (Chairperson)	166 963	78 011	244 974
Kgomo OB (Deputy Chairperson)	83 439	21 874	105 313
Lekhu S	134 348	23 523	157 871

Figures in Rand

35. Related parties (continued)

Sello LM	158 246	86 131	244 377
Mabebe KE	87 324	31 812	119 136
Mogami SZ	207 982	93 583	301 565
Monare BI	174 672	62 329	237 001
Adv Tsineng M (Ex Officio - Acting)	-	79 684	79 684
Kyereh A (Independent Chairperson - Audit & Risk Committee)	67 114	20 575	87 689
	1 183 380	**521 045**	**1 704 425**

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

35. Related parties (continued) Management class: Executive management

2023

Name	Basic salary	Car Allowance	Bonus (13th Cheque	Acting Allowance	Disability Cover	Cellphone Allowance	Provident fund Contributionss	UIF	Funeral Cover	Total
MBK Mathews	379 797	-	27 000	103 543	4 737	-	87 204	2 125	412	604 818
LE Samson	587 289	105 791	60 000	110 601	8 678	-	209 887	2 125	412	1 084 783
MA Molema	559 100	52 003	28 000	147 555	7 101	12 000	209 887	2 125	412	1 018 183
ST Nchabeleng	464 656	74 922	-	-	5 285	-	76 246	2 125	412	623 646
MJL Motshegoa	699 312	258 892	15 000	147 555	8 698	12 000	125 493	2 125	412	1 269 487
JN Mabunda	798 656	207 748	6 000	154 356	9 605	12 000	138 590	2 125	412	1 329 492
A Dacey	520 725	-	-	-	-	-	-	-	-	520 725
E Mulaudzi	361 648	-	-	-	-	-	-	-	-	361 648
M Phalatse	379 678	-	-	-	-	-	-	-	-	379 678
E Mosito	360 835	-	-	-	-	-	-	-	-	360 835
DS Mooketsi	75 521	-	-	-	899	-	12 967	177	40	89 604
S Tshehla	1 058 264	-	-	-	-	-	-	-	-	1 058 264
S Motlhasedi	344 631	-	-	-	-	-	-	-	-	344 631
KJ Selebalo	684 617	-	-	-	-	-	-	-	-	684 617
DC Mngadi	548 542	-	-	-	-	-	-	-	-	548 542
Van Rooi FW	494 261	-	-	-	-	-	-	-	-	494 261
	8 317 532	**699 356**	**136 000**	**663 610**	**45 003**	**36 000**	**860 274**	**12 927**	**2 512**	**10 773 214**

2022

Name	Basic Salary	Car Allowance	Bonus (13th Cheque)ts	Acting Allowance	Disability Cover	Cellphone allowance	Provident fund Contributions	UIF	Funeral Cover	Total
MJ Motshegoa	671 072	247 466	15 000	214 626	8 168	12 000	122 421	2 069	321	1 293 143
M Molema	544 759	81 497	18 000	160 969	6 669	12 000	127 514	2 069	321	953 798
C Jacobs	176 744	-	-	72 853	1 917	4 500	4 807	475	475	261 771
K Matakanya	90 597	20 376	-	26 828	1 128	3 000	21 740	297	51	164 017
MIP Modika	538 377	120 821	78 903	-	7 575	8 000	145 970	1 547	204	901 397

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

Figures in Rand

35. Related parties (continued)

MSKE Tsogang	106 016	35 199	-	-	1 348	1 200	25 942	297	51	170 053
I Kgokong	-	-	-	36 132	-	-	-	-	-	36 132
E Khesa	-	-	-	29 588	-	-	-	-	-	29 588
N Novasi	-	-	-	103 559	-	-	-	-	-	103 559
	2 127 565	**505 359**	**111 903**	**644 555**	**26 805**	**40 700**	**448 394**	**6 754**	**1 423**	**3 913 458**

36. Prior period errors

During the current financial year expenditure relating prior year were erroneosly recorded in the current year. The correction of the error(s) results in adjustments as follows:

Statement of financial position				
Increase/(decrease in payables from exchange	-	-	-	19 839
Decrease/(increase) in receibles from exchange transactions	-	-	-	500 792
Decrease/(decrease) in PPE	-	-	-	(216 209)

37. Prior-year adjustments

Statement of financial position

Prior Error

The following prior period errors

adjustments occurred:

Error 1

Contigent Liabilities
The Taung Hotel School and Conference Centre land were incorrectly included in the contigent liabilities and there is possible liability.]

38. Risk management

Financial risk management

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

38. Risk management (continued)

Liquidity risk

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

Credit risk

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

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

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

Financial instrument	Economic entity - 2023	Economic entity - 2022	Controlling entity - 2023	Controlling entity - 2022
First National Bank	7 290 681	-	6 757 958	15 053 794
NEDBANK	172 449	-	-	-

Market risk

Interest rate risk

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

39. Going concern

We draw attention to the fact that at 31 March 2023, the Group had an accumulated surplus (deficit) of R 34 886 474 and that the Group's total assets exceed its liabilities by R144 134 400

The ability of the entity to continue as a going concern is dependent on several factors. The only change in legislation is the introduction of new legislation called North West Parks and Tourism Board (NWPTB) Act to give effect to the merger of NWPB and NWTB to form the new entity called North West Parks and Tourism Board (NWPTB) with effect from 01 April 2023.

Secondly, the merger of the two entities i.e. NWPB and NWTB does not have any negative impact on the going concern other than the implementation of GRAP 107: Mergers in respect of consolidation of all assets and liabilities of both entities. The conditions of our hotel schools are very bad, due to lack of funding for repairs and maintenance.

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40. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	119 767 807	-	28 555 230	13 306 293
Fruitless and wasteful expenditure	4 283 567	-	105 193	15 808
Closing balance	**124 051 374**	**-**	**28 660 423**	**13 322 101**

***Refer to reconciling notes in the annual report**

North West Tourism Group

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

41. Segment information

General information

Identification of segments

The economic entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The economic entity operates throughout the North West Province, it comprises of North West Tourism Board and Golden Leopard Resort Group. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout North West were sufficiently similar to warrant aggregation.

Information about geographical areas

The economic entity's operations are in the North West Province.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2023

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
North West Tourism Board	127 728 446	11 541 254	(154 075 244)	66 069 848
Golden Leopard Resorts Soc Group	3 340 091	43 225 551	(87 467 524)	250 508 602
Total	**131 068 537**	**54 766 805**	**(241 542 768)**	**316 578 450**

42. Budget differences

Material differences between budget and actual amounts

North West Tourism Group

Consolidated Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

42. Budget differences (continued) Note

1 Hotel income

Management set prudent budget estimates due to the deteriorating state of the hotel schools infrastrcuture; maintenance and refurbishments were planned for the 2023 financial year however due to financial assiatnce provided to GLR this project could not be implemented

Note 2 Application fees

The budget was set with the expectation that student enrollment for 2023 would be higher than previous years taking into consideration the end of the COVID-19 pandemic, however, this expectation was not realised.

Note 3 Academic Training income

The budget was set with the expectation that student enrollment for 2023 would be higher than previous years taking into consideration the end of the COVID-19 pandemic, however, this expectation was not realised .

Note 4 Rental income

The budget was set with the expectation that the rates charged to tenants would be revised and adopted however the process of assessing market related rates in order to propose an increase in the rates were not finalised during the 2023 financial year.

Note 5 Interest income

Interest received includes interest charged on customer accounts which is not budgeted for.

Note 6 Conditional grants revenue

Conditional grant funding is not budgeted for as it is dependent on available resources identified by DEDECT during the adustment budget process.

Note 7 Depreciationband amortisation

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

Note 8 Repairs and maintenence

Operations were halted from September 2022 to January 2023 due to cash flow challenges and as a result not all budgeted expenditure planned was incurred.

Note 9 Finance cost

Due to financial constraints experienced the budgeted expenditure was set at a more prudent amount and inflationary pressures were not fully considered

Note 10 General expeses

Due to financial constraints experienced the budgeted expenditure was set at a more prudent amount and inflationary pressures were not fully considered, especially rate increases in water, electricity, rates and taxes as well as commodities required in the operations of the hotel schools.

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