SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

Corner Bonaero Drive and Cote D Azur Avenue
Kempton Park 1622, South Africa

P. O. Box 16001, Doornfontein 2028 – South Africa
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All correspondence to be addressed: The Chief Executive Officer

Mr. Gwede Mantashe (MP)
Honourable Minister of Mineral Resources
Department of Mineral Resources
Travenna Building
PRETORIA
0122

Dear Honourable Minister

SUBMISSION OF THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR) AUDITED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS FOR 2022/2023 FINANCIAL YEAR.

We refer to the above-mentioned matter.

The SADPMR hereby submits to the Honourable Minister of Mineral Resources and Energy as per the Public Finance Management Act, (Act No. 1 of 1999), as amended, the following documents:

- Audited Annual Financial Statements of the 2022/2023 Financial Year, ending on the 31st of March 2023.
- Audited Annual Report for the 2022/2023 Financial Year, ending on the 31st of March 2023.

We hope the Honourable Minister finds the above in order.

Yours faithfully

______________________	30 August 2023
Mr. A Mngomozulu	**Date**
Board Chairperson	

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

AA	Accounting Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COID	Compensation on Occupational Injuries and Diseases
DMRE	Department of Mineral Resources and Energy
GIDZ	Gauteng Industrial Development Zone
MQA	Mining Qualification Authority
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
SADPMR	South African Diamond and Precious Metals Regulator
TETA	Transport Education Training Authority
TVET	Technical Vocational Education and Training

GENERAL INFORMATION

Controlling Entity	Department of Mineral Resources and Energy
Financial Statements relate to	SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
Domicile, Legal Form and Jurisdiction	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.
Nature of Business and Principal Activities	Regulating control over the possession, purchase, sale, processing and the export of diamonds as well as the implementation, administration and controlling of all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.

Members of the Accounting Authority

Mr Abiel Mngomezulu	Chairperson
Mr C Khosa *	Chief Executive Officer
Mr E Blom	Member
Ms N Zikalala-Mvelase	Member
Ms K Macingwane	Member
Mr KG Serokane	Member
Ms M Mosing	Member
Adv N Van Rooyen	Member
Major General H Mokoena #	Member
Ms L Madiba	Member
Mr S Mokoena	Member
M C Nevhutanda	Member
Adv M Malebe	Member
Mr. M Mnguni #	Member
Mr V Magan #	Member
Ms N Munyai	Member
Mr K Menoe	Member
Mr Z Fihlani	Member
Adv. M Moloto	Member
Mr R Nkambule ##	Member

* Executive director

Resigned during the year
Alternate member

Business Address	**Postal Address**
C/o Bonaero Drive and Cote D'Azur Avenu	P O Box 16001
Kempton Park	Jewel City
1622	Doornfontein
	2028

Website: http://www.sadpmr.co.za

Bankers

Nedbank

Head Office Address

135 Rivonia Road
Sandton
2196

Auditors

Auditor-General of South Africa

Head Office Address	**Postal Address**
4 Daventry Street	PO Box 446
Lynnwood Bridge Office Park	Pretoria
Lynnwood Manor	0001
Pretoria, SA	

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

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

The members of the Accounting Authority 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 reasonable, and not absolute, assurance against material misstatement.

The Accounting Authority has reviewed the SADPMR’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 SADPMR has or has access to adequate resources to continue in operational existence for the foreseeable future.

The SADPMR is dependent on government grants, licenses, penalties and service fees for the continued funding of its operations. The annual financial statements are prepared on the basis that the SADPMR is a going concern and that the Accounting Authority is primarily responsible for the financial affairs of the entity. The Regulator is supported by the entity’s internal auditors.

The annual financial statements set out on pages 6 to 50, were prepared on the going concern basis, approved by the accounting authority on 31 May 2023 and signed on its behalf by:

Mr. C Khosa	**Mr A. Mngomezulu**
Chief Executive Officer	**Chairperson**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Note	Year 2023 R	Year Restated 2022 R
ASSETS			
Current Assets		**91,905,457**	**76,958,759**
Inventories	1	990,793	836,683
Prepayments	2	1,980,150	1,024,301
Receivables from Exchange Transactions	3	350,466	513,013
Statutory Receivables from Exchange Transactions	4	2,089,689	1,850,369
Investments	5	-	37,085,257
Cash and Cash Equivalents	6	86,494,359	35,649,136
Non-Current Assets		**22,304,003**	**21,272,998**
Property, Plant and Equipment	7	20,530,933	19,639,062
Prepayments	2	150,402	298,706
Intangible Assets	8	1,247,436	1,335,230
Long-term Receivables	9	375,232	-
Total Assets		**114,209,460**	**98,231,757**
LIABILITIES			
Current Liabilities		**14,928,367**	**12,397,091**
Provisions	10	2,994,568	-
Payables from Exchange Transactions	11	7,238,977	10,515,446
Unspent Grant	12	558,720	-
Operating Lease Liabilities	13	3,876,457	1,649,234
Finance Lease Obligations	14	259,645	232,411
Non-Current Liabilities		**1,243,783**	**3,190,615**
Finance Lease Obligations	15	116,970	376,615
Post-employment Health Care Benefits.	16	1,126,814	2,814,000
Total Liabilities		**16,172,150**	**15,587,706**
NET ASSETS		**98,037,310**	**82,644,051**
Accumulated Surplus	17	98,037,310	82,644,051
Total Net Assets and Liabilities		**114,209,460**	**98,231,757**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year 2023 R	Year Restated 2022 R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received		62,894,000	62,027,000
Revenue from Exchange Transactions			
Rendering of Services		56,181,812	54,194,549
Interest Earned	**18**	4,801,578	2,558,735
License Fees		3,749,000	3,078,000
Other Revenue		784,378	860,153
Total Revenue		**128,410,768**	**122,718,437**
EXPENDITURE			
Employee Related Costs	**20**	82,683,368	79,468,496
Depreciation and Amortisation	**21**	1,691,807	1,510,018
Bad Debt Written-off	**22**	199,819	-
Impairment Losses	**22**	(75,533)	(182,415)
Finance Costs	**23**	250,168	104,988
Repairs and Maintenance	**24**	866,469	1,063,052
General Expenses	**25**	27,190,642	27,566,885
Total Expenditure		**112,806,740**	**109,531,024**
OPERATING SURPLUS/(DEFICIT)FOR THE YEAR		**15,604,028**	**13,187,413**
OTHER REVENUE / EXPENDITURE INCURRED			
(Losses) / Gains on Other Operations:			
Fair value adjustment on Investments	**5**	(12,439)	19,206
Gains / (Losses) on Foreign Exchange		48,328	(233,869)
Loss on Disposal of Assets		(246,673)	(1,260,351)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(210,784)**	**(1,475,014)**
SURPLUS/(DEFICIT)FOR THE YEAR		**15,393,244**	**11,712,399**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

Description	Accumulated Surplus / (Deficit)	Total
	R	R
Balance at 31 March 2021	70,931,652	70,931,652
Balance at 01 April 2022	**70,931,652**	**70,931,652**
Surplus for the year	11,712,399	11,712,399
Balance at 31 March 2022	**82,644,051**	**82,644,051**
Surplus for the year	15,393,244	15,393,244
Balance at 31 March 2023	**98,037,310**	**98,037,310**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year 2023 R	Year Restated 2022 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies		62,894,000	76,027,000
Rendering of Services		56,074,609	52,575,863
Licences		3,749,000	3,078,000
Interest Received		4,842,884	2,487,058
Other Receipts		1,207,936	963,619
		128,768,429	**135,131,540**
Payments			
Employee Related Costs		(79,915,760)	(81,569,556)
Interest Paid		(54,168)	(54,990)
Cash paid to suppliers		(29,768,720)	(22,876,989)
		(109,738,648)	**(104,501,535)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**28.**	**19,029,781**	**30,630,005**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7.**	(2,747,886)	(5,448,000)
Purchase of Intangible Assets	**8.**	-	(178,826)
Proceeds on Disposal of Property, Plant and Equipment		5,330	72,512
Non-current Investments		37,072,818	(1,456,591)
Long-term Receivables		(375,232)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**33,955,030**	**(7,010,905)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		(232,411)	531,609
Defined Employee Benefits Paid / Settled		(1,907,186)	(224,196)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(2,139,599)**	**307,410**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT		**50,845,223**	**23,926,517**
Cash and Cash Equivalents at Beginning of Period	**6.**	35,649,136	11,722,619
Cash and Cash Equivalents at End of Period	**6.**	86,494,359	35,649,136

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Description	Original / Final Budget	Actual	Variance	Actual Outcome as % of Final Budget
	R	R	R	R
FINANCIAL PERFORMANCE				
Revenue from Non-exchange Transactions				
Government Grants and Subsidies Received	62,894,000	62,894,000	-	0.00-
Penalties	200,000	-	(200,000)	(100)
Revenue from Exchange Transactions				
Rendering of Services	47,256,288	56,181,812	8,925,524	19
License Fees	1,875,500	3,749,000	1,873,500	100
Interest Earned	2,047,009	4,801,578	2,754,569	135
Other Revenue	187,196	784,378	597,182	319
Total Revenue	114,459,993	128,410,768	13,950,775	112
Expenditure				
Employee Related Costs	84,207,293	82,683,368	1,523,925	2
Depreciation and Amortisation	1,564,915	1,691,807	(126,892)	(8)
Bad Debt Written-off	-	199,819	(199,819)	(100)
Impairment Losses	-	(75,533)	75,533	100
Finance Costs	253,801	250,168	3,633	1
Repairs and Maintenance	838,879	866,469	(27,590)	(3)
General Expenses	27,486,350	27,190,642	295,708	1
Administrative Fees	218,537	231,517	(12,980)	(6)
Advertising	3,154	-	3,154	
Auditors' remuneration	3,033,060	3,126,398	(93,338)	(3)
Accounting Authority Costs	1,225,356	1,337,608	(112,252)	(9)
Cleaning	290,342	293,875	(3,533)	(1)
CSR Programmes	8,000	8,000	-	-
Document Storage	253,593	250,822	2,771	1
Domestic Travel	1,011,576	1,048,509	(36,933)	(4)
Hiring	58,000	40,250	17,750	31
Hospitality	63,987	62,639	1,348	2
Inspection	263,820	96,626	167,194	63
Insurance	778,321	667,062	111,259	14
International Travel	341,585	228,463	113,122	33
Inventory Expense	432,346	434,955	(2,609)	(1)
Kimberley Process	150,000	141,376	8,624	6
Legal Expenses	1,134,629	1,081,930	52,699	5
Actuarial remeasurements	-	24,000	(24,000)	(100)
Motor Vehicle Expenses	341,312	327,078	14,234	4
Office Lease Expenses	7,695,109	7,735,651	(40,542)	(1)
Organisational Change Management	8,807	-	8,807	100
Strategic Planning	224,100	220,462	3,638	2
Postage And Courier	38,674	6,341	32,333	84
Public Relations	871,813	855,326	16,487	2
Recruitment And Selection	67,752	52,456	15,296	23
Relocation Cost	-	173,918	(173,918)	100
Security	1,168,445	1,165,448	2,997	0
Software Expenses	2,602,850	2,597,256	5,594	0
Staff Recognition	56,000	53,082	2,918	5
Staff Welfare	208,590	199,631	8,959	4
Subscription And Membership	116,003	109,467	6,536	6
System Support Fees	323,679	316,690	6,989	2
Telecommunication	3,344,519	3,059,016	285,503	9
Training And Development	1,015,381	1,061,489	(46,108)	(5)
Transformation	60,807	60,634	173	0
Venue And Facilities	76,201	71,692	4,509	6
Total Expenditure	114,351,238	112,806,740	1,544,498	
Surplus/(Deficit)	**108,755**	**15,604,028**	**15,495,273**	
Gains / (Losses) on Other Operations	-	35,889	35,889	(100)
Loss on Disposal of Property, Plant and Equipment	-	(246,673)	(246,673)	(100)
Surplus/(Deficit for the Year	**108,755**	**15,393,244**	**15,284,489**	

The budget is for the period 1 April 2022 to 31 March 2023, prepared and presented on accrual basis. The budget is in line with the financial period.

A difference of 10 % or more between budget and actual amounts is regarded as material and explained in the variance explanation below.

Note
Percentage expenditure variance :
() indicates overspending

Revenue
Penalties (100%)

The billing of penalties was discontinued during 2021/22 financial year andafter the budget was already approved.

Rendering of Services 19%

The SADPMR derives its income from the services that are rendered in terms of regulation 10(2) b of the Diamonds Act. The positive variance results from increase in the dollar value and the stronger US dollar (US$) value compared to the South African Rand (ZAR).

Licence fees 100%
The variance is due to the unexpected number of new precious metals refining licences and authorised representative certificates for the period.

Interest Earned 135%

Interest exceeds budget due to higher than anticipated cash surplus resulting from higher revenue compared to budget , higher bank balance resulting from the cash retained as well as increased interest rates.

Other Revenue 319%

The increase is due to study fees recoverable from employees who did not meet the basary contract obligations. Other income recognised as a results of penalties reversed to other income

Expenditure

Bad debts written off (100%)

The variance relates to bad debts written off where all reasonable steps have been taken to recover without any success.

Impairment loss (100%)

Impairment loss relates to provisions for impairments recognised on outstanding receivables where there are indications that the debt is not recoverable. The SADPMR does not budget for impairment loss.

Hiring 31%

The savings results due to the machine hired not being available for the full year.

Inspection 63%

It is part of the SADPMR financial sustainability strategy to save costs by conducting some of the inspections virtually where possible and well as austerity measure put in place during the year.

Insurance 14%
The savings results from the discount offered by the insurer as a claim free bonus for not claiming during the previous insurance period.

International travel 33%

Savings in results from the implementation of the financial sustainability strategy some activities are conducted virtually resulting in reduced travel cost. Austerity measures e.g.sending less delegates for international trips were put in place resulting in reduced costs.

Actuarial remeasurements 100%
Actuarial loss is due to the remeasurement of post medical aid liability not budgeted for because the amount can not be reliable estimated.

Organisational change management 100%

The organisational change management was conducted through internal resources with guidance from the Optimal utilisation project.

Recruitment and selection costs 23%

The savings results from the use of social media when advertising other vacant posts.

Relocation Cost (100%)

The variance results from expenditure funded from reserves.

Gains / (Losses) on Other Operations (100%)

Variance is due to the exchange difference and the SADPMR which cannot be reliable estimated during the budgeting process.

Loss on Disposal of Property, Plant and Equipment (100%)

Variance is due to the loss on disposal of the redundant and obsolete assets not budgeted for.

Postage and courier (84%)

Variance due to discontinuation of license billing

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance and issued by the Accounting Standards Accounting Authority and guidelines issued by National Treasury.

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 Presentation currency and functional currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 Changes in Accounting Policy

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 Comparative information

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 Use of estimates and judgements

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.4.1 Impairment of Trade Receivables

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

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 Impairment of Other Financial Assets

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired.

In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

1.4.3 Defined Benefit Plan Liabilities

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement Health Benefit Obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 Useful lives of Property, Plant and Equipment and Intangible Assets

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable

1.5 Going Concern Assumption

Management and the Accounting Authority have made the assessment that SADPMR is a going concern and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months.

1.6 Materiality and aggregation

In terms of GRAP omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use.

Inventory is recognised as an asset if, and only if,

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) the cost of the inventories can be measured reliably.

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

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

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

(a) distribution through a non-exchange transaction; or

(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In that case they are subsequently measured at the lower of cost and current replacement value

Inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

3. 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

3.1 Financial Assets

A financial asset is cash; residual interest of another entity; or contractual right to receive cash or another financial asset.

Financial assets are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, including transaction costs, with the exception of financial assets measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other receivables from exchange transactions

Trade receivables comprise of receivables from the sales of good and service in the ordinary course of business. Other receivables consists of deposits relating to the leasing of premises and legal fees.

Trade and other receivables from exchange transactions are subsequently stated amortised cost, which, due to their short term nature, closely approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits held on call. Cash and cash equivalents are subsequently stated at amortised cost, which, due to their short term nature, closely approximate their fair value.

Investment at fair value

Investments at fair value are subsequently measured at fair value and the fair value adjustments are recognised in the surplus or deficit.

Impairment of financial assets

At the end of each reporting period the SADPMR assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The carrying amount of the receivable is reduced through the use of an allowance account. Impaired financial assets are derecognised when they are assessed as irrecoverable.

For amounts due to the entity, significant financial difficulties of the debtor e.g.defaulting on payment terms are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised.

Offsetting

Financial assets have not been offset in the Statement of Financial Position.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

3.2 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially measured at fair value, including transaction costs, with the exception of financial liabilities measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other payables from exchange transactions

Trade and other payables from exchange transactions comprise of obligations to make payments for goods delivered and services rendered.

Trade and other payables from exchange transactions are subsequently measured at amortised cost which due to their short term nature, closely approximate their fair value.

Accruals

Accruals relates to payment obligations for services rendered and goods delivered for which invoices have not yet been received. The amount of accrual is the present value of the expenditure required to settle the obligation.

Accruals are recognised as liabilities when the SADPMR has taken receipt of the related goods or services without a corresponding payment.

Offsetting

Financial liabilities have not been offset in the Statement of Financial Position.

Derecognition

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the sum of the paid for it is included in the surplus or deficit for the period.

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash. Statutory receivables arise from exchange and non exchange transactions.

Stautory receivables represents oustanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Statutory receivables are recognised :

(a) when the definition of an asset is met

(b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity

(c) the transaction amount can be measured reliable.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

(a) interest or other charges that may have accrued on the receivable (where applicable);

(b) impairment losses; and

(c) amounts derecognised.

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable

4.1 Impairment

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licenses and insurance for diamonds.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received. Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short term nature closely approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production and supply of goods and services 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:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and

(b) the cost or fair value of the item can be measured reliably.

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 the date of acquisition.

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years		Asset Class	Years
Owned			**Leased**	
Furniture and Fittings	25 to 50			
Motor Vehicles	12		Office Equipment	Shorter of the lease term or useful life
Office Equipment	15 to 25		Improvements	
Computer Equipment	5 to 25			
Security Equipment	15 to 50			

SADPMR derecognises property, plant and equipment assets when it disposes off the assets or when no economic benefit or service potential are expected from those assets.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 Impairment of Property Plant and Equipment

An 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.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licenses and computer application licenses.

An intangible asset is recognised when:

(a) It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR and

(b) The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The amortisation rates are based on the following estimated useful lives:

Asset Class	Years		Asset Class	Years
Software developed	30		Software purchased	10 to 15

SADPMR derecognises intangible assets when it disposes off the assets or when no economic benefit or service potential are expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.4 Impairment of Intangible Assets

An 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 amortisation.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding lease commitments are recognised 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

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 on the remaining balance of the liability.

8.2 Operating Leases

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

9. PROVISION AND CONTINGENCIES

9.1 Provision

A provision is a liability of uncertain timing or amount.

A provisions is recognised when:

(a) The SADPMR has a present legal or constructive obligation as a result of a past event

(b) It is probable that an outflow of economic benefits or service potential will be required to settle

(c) A reliable estimate can be made of the amount of the obligation

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.

All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 Contingent Liability

Contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the SADPMR.

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 Contingent asset

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

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is

10. EMPLOYEE BENEFIT

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

10.1 Short-term Employee Benefits

Short-term employee benefits include items such salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees rendered the service

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Leave pay provision is treated as an accrual and is based on the total leave days accrued at year-end.

10.2 Post-employment Benefits

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR currently provide post medical aid benefit to 3 retired employees, the details are disclosed in the notes to the financial statements.

Statement of financial position

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date as determined by the actuarial valuation.

Statement of financial performance

Recognise the net total of current service costs, interest costs, actuarial gains/losses and effect of the asset ceiling in surplus for deficit.

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

12. NET ASSETS

12.1 Accumulated Funds

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

13. REVENUE RECOGNITION

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.

13.1 Revenue from exchange transactions

Revenue from exchange transactions is recognised only when:

(a) It is probable that economic benefits or service potential will flow to the SADPMR; and

(b) The amount can be measured reliably

Revenue from exchange transactions consists of the following:

Service fees

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

Licence Fees

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

Interest income

Interest received is recognised on a time proportionate basis using the effective interest rate method.

Sale of diamond books and registers

Revenue from the sale of diamond books and registers is recognised at the date of sale.

13.2 Revenue from non-exchange transactions

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

Grant from the Department of Mineral Resources and Energy (DMRE)

Transfer payments from the Department of Mineral Resources and Energy (DMRE) are recognised as income in terms of the allocation letter received from DMRE.Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets.

14. PRINCIPAL - AGENT ARRANGEMENT

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

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

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

A 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.

SADPMR is identified as an agent in the arrangement if all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the transaction

(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own

(c) It is not exposed to variability in the results of the transaction

The grant is recognised as it becomes due in terms of the contractual arrangements.

15. EXPENDITURE

Expenditures are presented by nature and are recognised in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

16. BUDGETS

Budget information in accordance with GRAP 1 and 24, has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

Variances between budget and actual amounts are regarded as material differences when a 10% and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

17. ACCOUNTING PRONOUNCEMENTS

17.1 Standards and interpretations effective and newly adopted in the current year

In the current year, there were no new standards that became effective that are relevant to SADPMR's operations.

17.2 Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

Standard	Description	Effective date
GRAP 104	Financial Instruments	01 April 2025
GRAP 25	Employee Benefits	01 April 2023
GRAP 1	Presentation on Financial Statement	01 April 2023
iGRAP 7	Limit On Defined Benefits Assets	To be determined
iGRAP 21	The Effect Of Past Decisions On Materiality	To be determined

GRAP 104 - Financial instruments

This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

(a) simplify the recognition, measurement and disclosure of financial instruments; and

(b) accommodate the types of financial instruments entered into in the public sector

It is not expected that this standard will significantly impact future disclosures.

GRAP 25 - Employee Benefits

This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact the current accounting policies or disclosures.

GRAP 1 - Presentation on Financial Statements

Changes to GRAP 1 mainly relates to the disclosure of the entity's assement of going concern. It is not expected that this standard will have significant impact on future disclosures.

18. MATERIAL LOSSES

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.
The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

19. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) The Public Finance Management Act, or

(b) State Tender Accounting Authority Act, 1968

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that –

(a) the matter is free of fraudulent, corrupt or other criminal conduct.

(b) disciplinary action was taken against the responsible employee(s);

(c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;

(d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and

(e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de-recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

21. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

22. 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

A person as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/ or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm's length or not in the ordinary course of business.

23. EVENTS AFTER THE REPORTING DATE

Events after the 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.

23.1 Adjusting Events

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

23.2 Non-Adjusting Events

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

24. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

26. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management has concluded that the segmented information will not be included in the financial statements.

	Year 2023 R	Year Restated 2022 R
1. INVENTORIES		
Inventory comprises:		
Brokers notes, certificates and registers	162,039	120,815
Office stationery and cartridges	421,102	229,867
Tamper proof stationery	407,652	486,001
Total Inventories	990,793	836,683

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

No write down of inventory to net realieable value were required.

2. PREPAYMENTS

	Year 2023 R	Year Restated 2022 R
Current Prepayments	1,980,150	1,024,301
Non-Current Prepayments	150,402	298,706
Total Prepayments	2,130,552	1,323,007

Prepaid expenses represent the prepayments for insurance,licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2023			
Interest Receivable	184,231	-	184,231
Staff Debtors	109,724	-	109,724
Other Receivables	113,095	56,584	56,511
Total Receivables from Exchange Transactions	407,050	56,584	350,466

As at 31 March 2023, trade and other receivables of R56 584 (2022: R0) were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelyhood of recovery.

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2022			
Accrued Income	54,500	-	54,500
Interest Receivable	225,537	-	225,537
Creditors with Debit Balances	144	-	144
Staff Debtors	89,641	-	89,641
Other Receivables	143,191	-	143,191
Total Receivables from Exchange Transactions	513,013	-	513,013

Staff debtors consist of study fees recovery where the bursary contract terms were not met.

Other receivables related to rental deposits for leased property.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2023			
Exchange Statutory Receivables	2,089,689	-	2,089,689
Total Statutory Receivables from Exchange Transactions	**2,089,689**	**-**	**2,089,689**

None of the statutory receivables were impaired for 2023 (2022: R132 117). Factors taken into account when considering impairment included the age of the debt and the likelyhood of recovery.

	Balances R	Impairment R	Balances R
As at 31 March 2022			
Exchange Statutory Receivables	1,982,486	132,117	1,850,369
	-	-	-
Total Statutory Receivables from Exchange Transactions	**1,982,486**	**132,117**	**1,850,369**

Statutory receivables comprise outstanding balances from clients for service fees

	Year 2023	Year 2022
4.1 Reconciliation of Provision for Impairment		
Balance at beginning of year	132,117	314,531
Impairment Losses Recognised	-	(103,301)
Impairment Losses Reversed	(132,117)	(79,113)
Balance at end of year	**-**	**132,117**

Ageing of the SADPMR's receivable is as follow:

	2023		
	Gross	**Impaired**	**Net Balance**
0 - 30 days	2,061,872	-	2,061,872
31 - 60 days	10,451	-	10,451
61 - 90 days	2,617	-	2,617
91 - 120 days	1,256	-	1,256
121 + days	13,493	-	13,493
	2,089,689	**-**	**2,089,689**

	2022		
	Gross	**Impaired**	**Net Balance**
0 - 30 days	1,800,696	-	1,800,696
31 - 60 days	10,204	-	10,204
61 - 90 days	3,017	-	3,017
91 - 120 days	5,374	-	5,374
121 + days	163,195	132,117	31,078
	1,982,486	**132,117**	**1,850,369**

5. INVESTMENTS AT FAIR VALUE

Opening balance	37,085,257	35,609,461
Additions / (Withdrawals)	(37,896,234)	(0)
Interest Received	823,416	1,456,590
Fair value adjustment	(12,439)	19,206
Total Investments		**37,085,257**

Investment at fair value represents an investment held with Stanlib.

Specific valuation methodologies

The price of each security is retrieved on a consistent basis and at valuation point on each pricing day in a manner which is consistent with the deed.

Wherever possible and practical the price of each security is validated for reasonability by, among others –

(a) Comparing multiple sources; and

(b) Reviewing the price against the price that was determined at the previous valuation point;

The fair value hierarchy levels:

For Collective Investment Scheme funds, FSCA NAV Conduct Standard is followed, instruments will fall into the first two categories, with a majority of our universe under Level 1 i.e. use of market prices to determine fair value;

Level 1 as detailed in the standard is for securities that can be observed or quoted without any adjustment. This means it is readily available and determined by the exchange applicable to source that security's price. Level 1 instruments are associated with low risk of liquidity, meaning the market determines the price based on the market activities on the exchange. The price is used as provided by the respective exchange; on the basis they are highly liquid due to frequent exchange trading.

Level 2 includes the securities in level 1 as stated above. However, those securities are thinly traded or suspended on the exchange. In addition to those, included in Level 2 are securities which are unlisted on the exchange and the price of which is agreed upon by counterparties over the counter. These securities fair value is determined by applying a model because the price cannot be easily or readily observed. However, a key requirement is that the inputs in the model are observable and not adjusted, with limited assumptions overlay applied. These Level 2 instruments are illiquid in nature and expose the security to liquidity risk which thereby ranks them "medium risk", above Level 1 instruments.

Level 3: Stanlib does not have any level 3 instruments in Collective Investment Schemes that require a high degree of assumptions/judgment with few observable inputs. Naturally these are the high valuation risk instruments.

6. CASH AND CASH EQUIVALENTS

Current Investments	85,356,472	34,972,782
Bank Accounts	1,126,702	665,229
Cash-on-Hand	11,185	11,125
Total Bank, Cash and Cash Equivalents	**86,494,359**	**35,649,136**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks.

Treasury Regulations 31.3.3 states that unless exempted by the National Treasury, public entities that are listed in Schedule 3A or 3C of the Public Finance Management Act (PFMA) must invest surplus funds with the Corporation for Public Deposits (CPD). The SADPMR as an entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits.

In March 2022 SADPMR received an instruction to comply with the National Treasury requirements and that the exemption previously granted was withdrawn. As a result, SADPMR complied with the requirements of the instruction at year end and all surplus funds are invested at the CPD.

6.1 Current Investment Deposits

Call Deposits	85,356,472	34,972,786
Total Current Investment Deposits	**85,356,472**	**34,972,786**

The increase in investments results from the closure of the Stanlib investment and funds transferred to the call account in compliance with the National Treasury instruction.

6.2 Bank Accounts

Cash in Bank	1,126,702	665,229
Total Bank Accounts	**1,126,702**	**665,229**

6.3 Cash-on-Hand

Cash Floats and Advances	11,185	11,121
Total Cash-on-Hand in Cash Floats, Advances and Equivalents	**11,185**	**11,121**

7. PROPERTY AND EQUIPMENT

31 March 2023

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,194	3,708,715	3,334,882	5,217,513	733,168	-	30,462,185
Accumulated Depreciation:	(4,630,807)	(2,195,005)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,125)
Acquisitions:	**1,047,868**	**49,336**	**151,608**	**-**	**1,165,739**	**-**	**333,334**	**2,747,886**
- At Cost	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,886
Depreciation:	**(591,847)**	**(81,332)**	**(216,423)**	**(268,224)**	**(216,693)**	**(243,584)**	**(14,875)**	**(1,632,979)**
- Standard Depreciation	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,979)
Carrying value of Disposals:	**(36,195)**	**(121,359)**	**(4,279)**	**-**	**(61,203)**	**-**	**-**	**(223,035)**
- Cost	(456,357)	(207,993)	(20,210)	-	(279,222)	-	-	(963,783)
- Accumulated Depreciation	420,162	86,634	15,932	-	218,019	-	-	740,748
Carrying values at 31 March 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)

31 March 2022

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2021	**7,527,140**	**2,497,466**	**1,017,224**	**2,501,008**	**3,341,485**	**61,534**	**30,465**	**16,976,322**
Cost	12,815,752	4,766,377	4,444,117	3,494,609	5,815,269	738,416	1,464,871	33,539,411
Accumulated Depreciation:	(5,288,612)	(2,268,911)	(3,426,893)	(993,601)	(2,473,784)	(676,882)	(1,434,406)	(16,563,089)
Acquisitions:	1,675,995	62,551	2,944,167	(0)	32,122	733,165	0	5,448,000
- At Cost	1,675,995	62,551	2,944,167	(0)	32,122	733,165	0	5,448,000
Depreciation:	(561,322)	(82,096)	(100,121)	(255,580)	(232,273)	(204,092)	(16,925)	(1,452,409)
- Standard Depreciation	(561,323)	(82,096)	(100,121)	(255,580)	(232,273)	(204,092)	(16,925)	(1,452,410)
Carrying value of Disposals:	(293,906)	(183,732)	(634,439)	(8,978)	(198,258)	-	(13,540)	(1,332,853)
- Cost	(1,513,034)	(339,737)	(3,679,568)	(159,727)	(629,879)	-	(1,464,870)	(7,786,816)
- Accumulated Depreciation	1,219,128	156,005	3,045,130	150,749	431,621	-	1,451,330	6,453,963
Carrying values at 31 March 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,195	3,708,715	3,334,882	5,217,513	733,168	-	30,462,188
Accumulated Depreciation	(4,630,807)	(2,195,006)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,128)

SADPMR has no restriction or encumbrances on their assets.

The SADPMR had contractual commitments of R748 252 at year-end for acquisitions of property and equipment.

	Year 2023 R	Year Restated 2022 R

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Expenditure incurred to Repair and Maintain Property, Plant and Equipment

The following specific costs included in the amount of Repairs and Maintenance were incurred by Entity during

	2023 R	2022 R
Computer Equipment and Accessories	148,100	48,960
Equipment and Furniture	91,532	194,915
Leased Building	424,800	366,268
Pool Cars	64,343	20,774
Other Assets	137,694	432,135
Total Expenditure incurred to Repair and Maintain	**866,469**	**1,063,052**

8. INTANGIBLE ASSETS

	2023 R	2022 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**1,247,436**	**1,335,229**

The movement in Intangible Assets is reconciled as follows:

Computer Software:

	2023 R	2022 R
Carrying values at 01 April	**1,335,229**	**1,214,015**
Cost	4,680,225	4,501,399
Accumulated Amortisation	(3,344,996)	(3,287,384)
Acquisitions:	-	178,826
Purchased	-	178,826
Amortisation:	(58,825)	(57,611)
- Standard Amortisation	(58,825)	(57,611)
Disposals:	(28,968)	-
At Cost	(37,000)	-
At Accumulated Amortisation	8,032	-
Carrying values at 31 March	**1,247,436**	**1,335,229**
Cost	4,643,225	4,680,225
Accumulated Amortisation	(3,395,789)	(3,344,996)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 21.)

All of the Entity's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Entity.

9. LONG-TERM RECEIVABLES

	2023 R	2022 R
Rental deposit	375,232	-
	375,232	**-**

Long term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

	Year 2023	Year Restated 2022
10. PROVISIONS		
Provision for COID	138,050	-
Provision for Staff Bonusses	2,856,518	-
Total Provisions	**2,994,568**	**-**

The movement in provisions are reconciled as follows:

	Year 2023	Year Restated 2022
Provision for COID		
Balance at beginning of year	-	-
Contributions to provision	138,050	-
Expenditure incurred	-	-
Balance at end of year	**138,050**	**-**
Provision for Staff bonus		
Balance at beginning of year	-	-
Contributions to provision	2,856,518	-
Expenditure incurred	-	-
Balance at end of year	**2,856,518**	**-**

	Year 2023	Year Restated 2022
11. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	59,321	596,556
Accruals	2,124,196	4,434,593
Other Creditors	326,289	579,141
Payroll third party payables	24,375	30,691
Staff Bonus Accrual	484,570	428,661
Staff Leave Accrual	4,220,226	4,445,804
Total Payables	**7,238,977**	**10,515,446**

Trade Creditors:

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied.

Accruals:

Accruals relates to known amounts owed for which invoices have not been processed at end of the period.

Other Creditors

Other payables relates to debtors with credit balances for clients who elect to pay in advance and unallocated receipts at the end of the period.

Salary Related Payables:

Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the period.

Staff Bonus Accrual:

Employees may elect to structure bonus as part of their total package. This accrual relates to bonuses that have accrued at year-end.

Staff Leave Accrual:

The Leave Accrual relates to the value of vacation leave earned by staff at year-end.

12. UNSPENT GRANTS

TETA Grant	558,720	-
Total Unspent Grant	**558,720**	**-**

The grant relates to the project where the conditions are not yet fulfilled at year end.

SADPMR entered into a principal-agent arrangement with TETA, in terms of the arrangement, SADPMR acting as the Agent has to provide TVET work experience training to Interns on behalf, and for the benefit of TETA. TETA acting as the Principal will pay SADPMR the grant to fund training of the Interns including Stipend.

For the 2022/23 financial year, TETA transferred R558 720 to SADPMR to cover costs related to the training including stipend for the interns. No expenditure has been incurred as at year end in relation to the training.

13. OPERATING LEASE LIABILITIES

	Year 2023	Year 2022
Total Operating Lease Liabilities	**3,876,457**	**1,649,234**

At the Reporting Date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

Head office	**55,353,155**	**59,326,268**
No later than one year	4,908,786	3,973,112
Later than one year and not later than five years	23,974,680	22,253,663
Later than five years	26,469,689	33,099,493

The SADPMR entered into a ten year lease agreement for the head office in Kempton Park. The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs and 8.5% annual escalation on operating costs.

Kimberly Office	**856,126**	**1,663,792**
No later than one year	856,126	807,666
Later than one year, less than five years	-	856,126

The SADPMR entered into a 5 year lease agreement for the rental of the Kimberley office. The lease commenced on 01 April 2019 and terminates on 31 March 2024. The lease provides for an escalation of rental of 6% per annum.

Total lease obligations		
No later than one year	5,764,912	4,780,778
Later than one year, less than five years	23,974,680	23,109,789
Later than five years	26,469,689	33,099,493
	56,209,281	**60,990,060**

14. LONG-TERM LIABILITIES

Finance Lease Liabilities	259,645	232,411
Total Long-term Liabilities	**259,645**	**232,411**

15. Finance Lease Obligations

Finance Lease Liabilities	116,970	376,615
Total	**116,970**	**376,615**

15.1 Summary of Arrangements

Finance Leases:

SADPMR leases certain items of office equipment and related software under finance lease. The lease is for the photocopiers ,it started in September 2021 and is for a period of three years.

The obligations under Finance Leases are as follows:

Amounts payable under finance leases:		
Not later than one year	259,645	232,411
Later than one year and not later than five years	116,970	376,615
	376,615	609,026
Reconciliation minimum lease payments and the present value of lease payments		
Minimum lease payments	**405,076**	**691,012**
No later than one year	285,936	285,936
Later than one year and not later than five years	119,140	405,076
Future finance charges	(28,461)	(81,986)
Present Value of Minimum Lease Obligations	376,615	609,026

Summary of Arrangement

16. Post Retirement Medical Aid

SADPMR has an obligation to provide medical benefits to certain pensioners and dependents. These liabilities have been provided for in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of this obligation is carried out by an independent actuary, the latest being 31 March 2023.These employees came from the old Diamond Accounting Authority.

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan is as follow:

Post-retirement Health Care Benefits Liability - Long term portion	1,126,814	2,814,000
Total Employee Benefit Liabilities	**1,126,814**	**2,814,000**

16.1 Reconciliation of liability

Balance at beginning of Year	2,814,000	704,000
Interest cost	196,000	50,000
Remeasurement	24,000	2,284,196
Contribution payments	(209,037)	(224,196)
Settlement	(1,698,149)	-
Total Post-retirement Health Care Benefits Liability	**1,126,814**	**2,814,000**

Net expense recognised in the statement of financial performance

Interest	196,000	50,000
Remeasurement	24,000	2,284,196
Total	**220,000**	**2,334,196**

The remeasurement amount is included under other operating expense and interest is included interest expense in the statement of financial performance.

Valuation method

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses.

The most significant assumptions used for the current valuation are outlined below.

The principal assumptions used for the purposes of the actuarial valuations were as

Consumer price inflation	5.78%	6.56%
Discount Rate - Continuation Members	10.05%	10.58%
Health Care Cost Inflation Rate - Continuation Members	7.28%	8.06%
Real discount rate	2.58%	2.33%

The actuaries have used the zero-coupon South African government bond yield curves to set the financial assumptions used to project future employer benefit payments.

The nominal yield curve is regarded as an estimate of the investment return that can be achieved from investing in risk free assets, and is therefore used to set the discount rate.

The actuaries have assumed that healthcare cost inflation exceeds CPI on average by 1.5% per annum over the long term and have therefore applied healthcare cost inflation of 7.28%.

Sensitivity testing

Assumption	Variation	Change in accrued liability	Change in annual expense
Post-retirement mortality	PA(90)	-4.5%%	-4.8%%
	PA(90) -2	4.60%	5%%
Healthcare cost inflation	1%%	5.50%	5.9%%
	-1%%	-5%%	-5.4%%
Discount rate	1%	-5%%	4%%
	-1%	5.60%	-4.50%

Trend information

	2023	2022	2021	2020	2019
Present Value of Defined Benefit Obligation	1,126,814	2,814,000	704,000	678,000	674,000
Fair Value of Plan Assets	-	-	-	-	-
Present value in excess of plan assets	**1,126,814**	**2,814,000**	**704,000**	**678,000**	674,000
Experience adjustments (Actuarial gain and losses before change in assumptions):	24,000	(2,284,196)	(97,889)	(90,976)	(677,445)
In respect of present value of obligation	-	-	-	-	-
In respect of fair value of plan assets	-	-	-	-	-

Contributions expected to be paid to the plan beginning after the reporting date	66,993	269,000

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	1,960	500
Effect on the defined benefit obligation	11,268	28,140
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(1,960)	(500)
Effect on the defined benefit obligation	(11,268)	(28,140)

17. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus due to the results of Operations	98,037,310	82,644,051
Total Accumulated Surplus	**98,037,310**	**82,644,051**

	Year 2023 R	Year Restated 2022 R
18. INTEREST EARNED		
External Investments:		
Interest from investments	823,415	1,102,145
Interest on bank accounts	3,978,163	1,456,590
Total Interest Earned	**4,801,578**	**2,558,735**
19. OTHER REVENUE		
Administration fees	-	547
Sale of diamond books and registers	78,145	73,650
Other income	677,443	721,882
Bad debts recovered	1,100	61,574
Recovery of expenses	27,690	2,500
Total Other Revenue	**784,378**	**860,153**

	Year 2023 R	Year Restated 2022 R
20. EMPLOYEE RELATED COSTS		
Employees:		
Basic Salaries	69,161,702	66,769,063
Once off incentive	-	3,113,530
Performance and Other Bonuses	2,856,518	-
Allowances	192,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)	10,607,445	10,314,925
Leave Accrual	(134,297)	(921,021)
Total Employee Related Costs	**82,683,368**	**79,468,497**

	Year 2023 R	Year 2022 R
21. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	1,632,982	1,452,407
Amortisation: Intangible Assets	58,825	57,611
Total Depreciation and Amortisation	**1,691,807**	**1,510,018**
22. IMPAIRMENT LOSSES AND BAD DEBTS		
22.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	**56,584**	**(103,301)**
Receivables From Exchange Transactions	56,584	-
Statutory Receivables from Exchange Transactions	-	(103,301)
Impairment Losses Reversed:	**(132,117)**	**(79,113)**
Statutory Receivables from Exchange Transactions	(132,117)	(79,113)
Total Impairment Losses	**(75,533)**	**(182,414)**
Bad Debts Written-off:	**199,819**	**-**
Bad Debts Written-off against Operating Account	199,819	-
23. FINANCE COSTS		
Supplier interest	642	-
Defined Benefit Liabilities	196,000	50,000
Finance Leases	53,526	54,988
Total Finance Costs	**250,168**	**104,988**

Finance costs relate to interest incurred on leasing of equipmente, Interest charged for late payment and finance costs for the Post Retirement Benefit Obligation.

	Year 2023 R	Year 2022 R
24. REPAIRS AND MAINTENANCE		
Computer Equipment and Accessories	148,100	48,960
Leased Assets	424,800	366,268
Office Equipment and Furniture	91,532	194,915
Other Assets	137,694	432,135
Pool Cars	64,343	20,774
Total Repairs and Maintenance	**866,469**	**1,063,052**

25. OTHER OPERATING EXPENSES

Included in General Expenses are the following:

Administrative fees	231,517	176,066
Audit fees	3,126,398	2,743,219
Accounting Authority costs	1,337,608	1,276,340
Cleaning	293,875	562,956
CSR programmes	8,000	5,000
Document storage	250,822	195,572
Domestic travel	1,048,509	313,739
Hiring	40,250	85,445
Hospitality	62,639	53,360
Inspection	96,626	10,525
Insurance	667,062	1,211,004
International travel	228,463	206,192
Inventory expense	434,955	480,438
Kimberley process	141,376	20,737
Legal expenses	1,081,930	1,462,035
Actuarial remeasurements	24,000	2,284,196
Motor vehicle expenses	327,078	220,000
Office lease expenses	7,735,651	7,097,719
Organisational Change Management	-	235,124
Strategic Planning	220,462	69,600
Postage and courier	6,341	20,631
Public relations	855,326	127,421
Recruitment and selection	52,456	172,161
Relocation of Offices	90,018	1,199,344
Relocation of Staff	83,900	65,997
Security	1,165,448	1,216,357
Software expenses	2,597,258	2,313,877
Staff recognition	53,082	2,977
Staff welfare	199,631	162,013
Subscription and membership	109,467	110,652
System support fees	316,690	223,632
Telecommunication	3,059,015	2,479,198
Training and development	1,061,489	697,869
Transformation	60,634	40,165
Venue and facilities	71,692	25,324
Total General Expenses	**27,139,667**	**27,566,885**
	(50,975.00)	

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.

25.1 Audit fees

External audit	2,877,472	2,743,219
Internal Audit	248,926	-
	3,126,398	**2,743,219**

25.2 Accounting Authority costs

Meeting fees	946,156	972,110
Other fees	271,453	304,230
Accounting Authority evaluation	120,000	-
	1,337,608	**1,276,340**

25.3 Office lease

Office lease - space and parking	6,699,588	5,233,988
Office lease - municipal services	475,705	1,403,243
Operating costs	560,358	460,488
	7,735,651	**7,097,719**

25.4 Telecommunication

Internet, email and data storage	1,625,519	1,136,333
Telephone and fax rental and usage	849,773	786,165
Cell phones and data	583,723	556,700
	3,059,015	**2,479,198**

26. GAINS AND LOSSES ON OTHER OPERATIONS

Fair value adjustment on Investments	(12,439)	19,206
Losses in Net Foreign Exchange	(48,328)	233,869
Net Other Gains and Losses	**35,889**	**(214,663)**

Gains and losses on **Fair Value Investments** disclosed above are attributable to continuing operations and forthcoming from changes experienced in market valuations.

	Year 2023 R	Year Restated 2022 R

27. PRIOR PERIOD ERRORS

During the 2022/23 financial period the disclosure note for Obligations under operating lease was not properly disclosure as required by GRAP 13 paragraph 32.

The effect of the error on the individual line items in the notes financial statements is as follows:

Decrease in not later than one year		(95,024)
Decrease in Later than one year and not later than five years		(32,947,203)
Increase later than five years		33,099,493

28. CASH GENERATED BY OPERATIONS

	2023 R	2022 R
Surplus / (deficit) for the Year	15,393,244	11,712,399
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Employee Related Costs	2,860,271	(921,021)
Depreciation and Amortisation	1,691,807	1,510,018
Impairment Losses on Financial Assets	(75,533)	(182,414)
Finance Costs	196,000	50,000
Actuarial remeasurements	24,000	2,284,196
Fair value adjustment	12,439	(19,206)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Loss on Disposal of Capital Assets	246,673	1,260,351
Operating surplus before working capital changes	**20,348,907**	**15,694,319**
(Increase)/Decrease in Inventories	(154,110)	(60,127)
(Increase)/Decrease in Receivables from Prepayments made	(807,545)	(749,910)
(Increase)/Decrease in Receivables from Exchange Transactions	105,963	13,877,932
(Increase)/Decrease in Statutory Receivables from Exchange Transactions	(107,203)	(1,464,828)
Increase in Payables from Exchange Transactions	(3,276,469)	965,009
(Decrease)/Increase in Conditional Grants and Receipts	558,720	-
Increase/(Decrease) in Operating Lease Liabilities	2,227,223	1,446,591
Contributions included in Payables from Exchange Transactions (leave provision adjustment	134,297	921,021
Cash generated by Operations	**19,029,783**	**30,630,007**

29. NON-COMPLIANCE WITH PFMA

	2023 R	2022 R
Irregular Expenditure	15,386	44,916
Fruitless and Wasteful Expenditure	-	-
29.1 Current Year	**15,386**	**44,916**

Irregular Expenditure

29.1.1 Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R2 366.70 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

29.1.2 Expenditure not authorised by delegated authority

Irregular expenditure amounting to R13 019.23 relates to the travel expenditure incurred without approved trip authorisation by the delegated authority. Consequence management in relation to this matter were taken.

29.2 Prior Year

Irregular Expenditure

29.2.1 Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R44 915.94 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

30. COMMITMENTS FOR EXPENDITURE

30.1 Commitments in respect of Operational Expenditure

Approved and Contracted for:-		
Operational Expenditure	12,883,597	6,847,626
Capital Expenditure	748,352	-
Total Operational Commitments	**13,631,949**	**6,847,626**

Operational Commitments relates to commitments for operating expenditure approved and contracted for.

31. FINANCIAL INSTRUMENTS

31.1 Classification

		Year 2023 R	Year 2022 R
FINANCIAL ASSETS:			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	184,231	225,537
Receivables from Exchange Transactions	Staff Debtors	109,724	89,641
Receivables from Exchange Transactions	Other Receivables	56,511	143,191
Cash and Cash Equivalents	Call Deposits	85,356,472	34,972,786
Cash and Cash Equivalents	Bank Balances	1,126,702	665,229
Cash and Cash Equivalents	Cash Floats and Advances	11,185	11,121
		86,844,825	36,107,505
Financial Assets at Fair Value:			
Investments		-	37,085,257
Total Financial Assets		**86,844,825**	**73,192,762**
FINANCIAL LIABILITIES:			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Leases	116,970	376,615
Payables from Exchange Transactions	Trade Creditors	59,321	596,556
Payables from Exchange Transactions	Accruals	2,124,196	4,434,593
Payables from Exchange Transactions	Other Creditors	326,289	579,141
Payables from Exchange Transactions	Salary Control	24,375	30,691
Payables from Exchange Transactions	Staff Bonus Accrual	484,570	428,661
Payables from Exchange Transactions	Staff Leave Accrual	4,220,226	4,445,804
Current Portion of Long-term Liabilities	Finance Leases	259,645	232,411
Total Financial Liabilities		**7,615,592**	**11,124,472**

31.2 Financial Risk Management Objectives

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

31.3 Significant Risks

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

The SADPMR has exposure to the following risks from its operations in Financial

(a) Market Risk.

(b) Liquidity Risk; and

(c) Credit Risk;

(d) Foreign Currency Risk

Risks and exposures are disclosed as follows:

31.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

A significant part of the market risk encountered arises from financial instruments that are managed by other financial institutions.

31.4.1 Foreign Currency Risk

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

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to Microsoft software license, Rapaport subscription and risk international insurance contract.

It is not policy for the SADPMR to hedge outstanding foreign currency transactions due to the fact that these transactions take place on an ad hoc basis.

The SADPMR had no exposure to foreign currency risk at 31 March 2023 as all foreign currency transactions were settled during the financial year.

31.4.2 Interest Rate Risk

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The material change to SADPMR's exposure to interest rate risk from the previous year to the current year is due to the transfer of the Stanlib investment to the SA Reserve Bank.

The maximum exposure to interest rate risk is as follows:

	2023	
	Amount	**Effective interest rate**
Nedbank Ltd - Call account	30,270,869	7.10%
Investec Ltd - Call account	4,054,101	7.60%
SA Reserve Bank - Call account	51,031,502	7.42%
	85,356,472	

	2022	
	Amount	**Effective interest rate**
Nedbank Ltd - Call account	31,144,649	7.10%
Investec Ltd - Call account	3,828,137	4.10%
SA Reserve Bank - Call account	-	-
	34,972,786	

31.5 Liquidity Risk

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

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There were no material changes to SADPMR's exposure to liquidity risk from the previous year to the current year except for the movement in accruals.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

2023

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Trade payables	59,321	59,321	-	-	-
Finance lease	405,076	-	-	285,936	119,140
Accruals	2,683,808	-	-	2,683,808	-
	3,148,205	59,321	-	2,969,744	119,140

2022

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Trade payables	596,556	581,666	833	14,057	-
Finance lease	691,012	-	-	285,936	405,076
Accruals	4,434,593	-	-	4,434,593	-
	5,722,161	581,666	833	4,734,586	405,076

31.6 Credit Risk

Credit risk is the risk of financial loss to the SADPMR if a customer or other counterparty (including government and financial institutions) to a financial instrument fails to meet its contractual obligations.

The SADPMR is exposed to credit risk through holding call deposits, cash equivalents and trade receivables. Credit risk includes counterparty risk and delivery or settlement risk. Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the year of a transaction.

To manage the credit risk that the SADPMR is exposed to as a result of holding these classes of financial assets the following steps are generally taken:

Call deposits, cash and cash equivalents

The SADPMR limits its counterparty exposures from its call deposits and cash equivalents by only depositing cash with major banks and SA Reserve Bank with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables

Management evaluates credit risk relating to customers on an ongoing basis. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts through the debt management policy and restriction of services. Trade receivables are presented net of doubtful debts.

There were no material changes to SADPMR' exposure to credit risk from the previous year to the current year.

31.6.1 Credit quality

Credit quality is a measurement of an individual's or company's creditworthiness, or the ability to repay its debt due to the SADPMR.

Cash and cash equivalent

The credit quality of cash and cash equivalents are sound as SADPMR only make deposits at the well-established financial institutions.

Trade and other receivables

The credit quality of trade and other receivables are determined and monitored with reference to historical payment trends. Based on the evaluation of the historical payment trends, customers are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

	Year 2023	Year 2022
The maximum exposure to credit risk is as follows:		
Receivables from Exchange Transactions	407,050	513,013
Investments	-	37,085,257
Bank, Cash and Cash Equivalents	86,494,359	35,649,136
Maximum Credit Risk Exposure	**87,276,641**	**73,247,406**

Bank and Cash Balances			
Nedbank Ltd	Current	1,126,267	664,794
Nedbank Ltd	Call	30,270,869	31,144,649
Nedbank Ltd	Call - Salary savings	435	435
SA Reserve Bank	Call	51,031,502	-
Investec Ltd		4,054,101	3,828,137
Cash on hand		11,185	11,121
Other		-	-
Total Bank and Cash Balances		**86,494,359**	**35,649,136**

	Year 2023 R	Year Restated 2022 R

32. CHANGES IN PRESENTATION AND CLASSIFICATION

32.1 Changes in Presentation

32.1.1 Statement of Financial Position

During 2021/22 financial year, accruals, Provision for 13th cheque and Provision for leave were aggregated in the accruals line. During 2022/23 financial year these items were separated in order to easily reconcile the cash flow statement. The effect of this change is as follows:

	2022	
	After Change	**Before change**
Accruals	9,309,054	9,309,054
Staff Bonus Accrual	(428,661)	-
Staff Leave Accrual	(4,445,804)	-
	4,434,589	9,309,054

During 2021/22 financial year, Provision for 13th cheque was grouped into accruals, during 2022/23 financial these items were presented separated in order to easily reconcile the cash flow statement. The effect of this change is as follow:

	2022	
	After Change	**Before change**
Staff Bonus Accrual	428,661	-
Provision for leave	4,445,804	-

During 2021/22 financial year, Debtors with with credit balances and other payables were presented separately on the Payables from exchange transaction, these items were grouped into Other creditors during the 2022/23 financial year. Third party payables were incorrectly deducted from Unallocated deposits during 2021/22 financial year.The effect of these changes on the note is as follow:

	2022	
	After Change	**Before change**
Unallocated deposits	54,984	54,984
Third party payables	1,725	-
Debtors with credit balances	522,436	-
Total other payables	579,145	54,984

Payroll third party payables were incorrectly deducted from Unallocated deposits during 2021/22 financial instead of deduction from Payroll third party payables. The effect of this change on the note is as follow:

	2022	
	After Change	**Before change**
Payroll third party payables	32,416	32,416
Payroll third party payables with debit balances	(1,725)	-
	30,691	32,416

32.1.2 Statement of Financial Performance

During 2021/22 financial year, repairs and maintenance was grouped into other operating expenses in the Statement of Financial Performance, in the current financial year repairs and maintenance have been presented separately on the face of the Statement of Financial Performance. The effect of this change in presentation on the individual line items on the Statement of Financial Performance is as follow:

Repairs and Maintenance	2022	
	After Change	**Before change**
Other Operating Expenses	27,566,885	28,629,937
Repairs and Maintenance	1,063,052	-
	28,629,937	28,629,937

Basic salaries, Bonus-13th cheque and Once off incentives were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped under Basic salaries in the financial statements for 2022/23. The effect of this change on the employee cost note is as follow:

	2022	
	After Change	**Before change**
Basic salaries	65,421,612	65,421,612
Bonus - 13th Cheque	1,347,452	
	66,769,064	65,421,612

Housing allowances and Travel allowances were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped as Allowances on the Employee cost note in the financial statements for 2022/23 financial year. The effect of this change on the employee cost note is as follow:

	2022	
	After Change	**Before change**
Allowances	-	-
Housing allowance	96,000	-
Travel allowance	96,000	-
	192,000	-

Medical aid, Pension,Unemployment Insurance Fund, Skills Development Levy, Compensation of Injuries and Diseases and Disability cover were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped as Social contributions on the Employee costs note in the financial statements for 2022/23. The effect of this change on the employee cost note is as follow:

	2022	
	After Change	**Before change**
Social contributions	-	-
Medical aid	2,881,836	-
Pension	5,313,593	-
Unemployment Insurance Fund (UIF)	236,547	-
Skills development Levy (SDL)	716,201	-
Compensation Of Injury and Disease (COID)	129,338	-
Disability Cover	1,037,358	-
	10,314,873	-

During 2021/22 financial year, Accrued income and Other debtors were grouped into Other receivables on the Receivables from exchange transactions note, these line items have been presented separately on the Receivables from exchange transactions note during 2022/23 financial year. The effect of this change on the Receivables from exchange note is as follow:

	2022	
	After Change	**Before change**
Other receivables	143,189	197,689
Accrued income	54,800	-
	197,989	197,689

32.1.3 Cash Flow Statement

During 2021/22 financial year, cash receipts from customers were grouped under Other receipts on the Cash Flow Statement, in the current financial year receipts from customer have been presented according to the significant classes of receipts. The effect of this change in presentation on the individual line items on the cash flow statement is as follow:

Other Receipts	2022	
	After Change	**Before change**
Other Receipts	963,621	56,617,483
Rendering of Service	52,575,862	-
License Fees	3,078,000	-
	56,617,483	56,617,483

32.2 Changes in Classification

Cash Flow Statement

Provision for 13th Cheque and Third party payables was incorrectly excluded from the calculation of cash paid to employees in the Statement of Cash Flow during 2021/22 financial year. A portion of Provision for leave was incorrectly over allocated to cash paid to employees during 2021/22 financial year. The effect of these reclassification on the individual line items of the cash flow statement is as follow:

Cash Paid to Employees	**(81,542,842)**
Provision for 13th Cheque	(52,092)
Third party payables	(1,722)
Provision for Leave	27,099
	(81,569,557)

Long term receivables, Provision for 13th Cheque and Third party receivables were incorrectly included in the calculation of cash paid to suppliers in the Statement of Cash Flow during 2021/22 financial year. A portion of leave provision adjustment was incorrectly included in the calculation of cash paid to suppliers during 2021/22 financial year. The effect of these reclassifications on the individual line items of the cash flow statement is as follow:

Cash Paid to Suppliers	**(22,903,702)**
Long Term Receivables	298,706
Provision for 13th Cheque	52,092
Third Party Receivables	1,722
Provision for Leave	(27,099)
	(22,578,280)

Long term receivables have been disclosed as a separate line under cash flow from investing activities.

33. RELATED PARTY TRANSACTIONS

33.1 Controlling Entity

The Department of Mineral Resources and Energy is the controlling party.

	2023		2022	
Controlling entity	**Total transactions**	**Amounts owed by/(to)**	**Total transactions**	**Amounts owed by/(to)**
Department of Mineral Resources and Energy	62,894,000	-	62,027,000	-

The transactions relate to the transfer payment (grant) from the Department of Mineral Resources and Energy and recorded as revenue from non exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban office officials. Both these offices have one official from SADPMR.There is no reliable estimates to recognise services in kind at year end .

There were no balances owed by or due to DMRE at the end of the year under review nor commitments.

33.2 National government

The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1

The transactions relates to purchases with other government entities and were concluded at arm's length.

33.3 Other public entities

33.3.1 Transport Education Training Authority (TETA)

SADPMR entered into a principal-agent arrangement with TETA, in terms of arrangement SADPMR acting as the Agent has to provide TVET work experience training to interns on behalf, and for the benefit TETA. TETA acting as the Principal will pay SADPMR the grant to fund training of Interns including Stipend.

The contract was concluded in March 2023 with the experiential training starting from April 2023 to September 2024. At year end SADPMR owed TETA the amount reported in the table above.

	2023		2022	
	Total transactions	**Amounts owed by/(to) related party**	**Total transactions**	**Amounts owed by/(to) related party**
Transport Education Training Authority	-	(558,720)	-	-

33.3.2 Mining Qualification Authority (MQA)

The SADPMR receives grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills Plan (WSP).

	2023		2022	
	Total transactions	**Amounts owed by/(to) related party**	**Total transactions**	**Amounts owed by/(to) related party**
Mining Qualification Authority (MQA)	115,652	-	140,284	-

33.4 Members of Management of the entity

There were transaction with management as dicslosed below:

33.4.1 Executive Management Remuneration

	2023					
	Basic Salary	Acting Allowance	Disability cover	Once off payment	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,357,470	-	37,687	-	265,357	2,660,514
Y Lusibane - Chief Financial Officer: Appointed (01 /07/2022))	1,327,516	-	12,658	-	117,031	1,457,205
L Nkhumishe - GM: Corporate Services	1,752,072	-	28,291	-	213,691	1,994,054
C Mlondo - GM: Diamond Trade	1,694,507	-	28,345	-	275,299	1,998,151
T Motloung - GM: Regulatory Compliance	1,671,624	-	27,741	-	256,004	1,955,369
P Motsepe - GM: Governance	1,744,906	-	27,741	-	182,705	1,955,352
B Mahlungulu - Acting Chief Financial Officer: Acting until 30 June 2022	270,856	114,088	3,995	-	37,729	426,668
Totals	**10,818,951**	**114,088**	**166,458**	**-**	**1,347,816**	**12,447,313**

	2022					
	Basic Salary	Acting Allowance	Disability cover	Once off payment	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,229,499	-	31,087	105,608	251,632	2,617,826
CE Simpson - Chief Financial Officer: Resigned 02/02/2022)	1,440,877	-	20,796	77,593	127,040	1,666,306
B Mahlungulu - Acting Chief Financial Officer: Acting from (01/02/2022)	240,573	50,913	4,168	24,655	35,645	355,954
L Nkhumishe - GM: Corporate Services	1,655,993	-	23,336	79,141	203,585	1,962,055
C Mlondo - GM: Diamond Trade	1,603,367	-	23,380	79,293	260,052	1,966,092
P Motsepe - GM: Governance	701,951	-	8,971	42,513	69,953	823,388
M Mononela - GM Legal and Compliance: Retired 31/05/2022)	271,589	-	3,706	-	283,073	558,368
N Mothabe - Acting Company Secretary: Acting from June 2020	458,740	79,689	6,006	-	41,380	585,815
Totals	**8,602,589**	**130,602**	**121,450**	**408,803**	**1,272,360**	**10,535,804**

33.4.2 Non- executive members of the Accounting Authority and Other Committees

	2023		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	128,560	75,208	203,768
Mr E Blom	83,050	28,035	111,085
Ms N Zikalala-Mvelase	116,886	28,035	144,921
Mr G Serokane	77,654	28,035	105,689
Ms M Mosing	73,649	8,010	81,659
Adv N Van Rooyen	69,644	24,030	93,674
Mr S Mokoena	83,050	-	83,050
Ms K Macingwane	96,625	20,025	116,650
Ms N Dikwayo * $	44,764	12,015	56,779
Ms N Munyai	82,200	20,025	102,225
Mr Z Fihlani: Appointed: (22/10/2022)	21,416	8,010	29,426
Mr V Magan (Resigned: 31/08/2022)	68,658	20,025	88,683
TOTAL NON-EXECUTIVE REMUNERATION	**946,156**	**271,453**	**1,217,609**

$ Independent member of the Finance , Audit and Risk Committee

	2022		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	143,244	109,830	253,074
Mr E Blom	106,902	19,440	126,342
Ms N Zikalala-Mvelase	132,924	85,536	218,460
Mr G Serokane	99,780	11,664	111,444
Ms M Mosing	92,004	34,992	126,996
Adv N Van Rooyen	94,814	3,888	98,702
Mr S Mokoena	69,330	7,776	77,106
Ms K Macingwane	109,712	11,664	121,376
Mr V Magan	123,400	19,440	142,840
TOTAL NON-EXECUTIVE REMUNERATION	**972,110**	**304,230**	**1,276,340**

34. CONTINGENT LIABILITIES

34.1 Surplus funds

The SADPMR as a schedule 3A public entity is required to surrender any surpluses to the relevant revenue fund (via its designated department). The public entities will identify the surpluses as at the reporting date as defined in this National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and The surplus is calculated in terms of National Treasury Instruction No. 12 of 2020/2021.

Contingent liability subject to approval by National treasury.	**76,136,699**	**26,938,434**

35. CONTINGENT ASSETS

35.1 High Court ruling in favor of SADPMR

There is a Pretoria High Court matter between the SADPMR and 4 of its former employees who were seeking an order to compel the SADPMR to pay their performance bonuses and salary increases. The former employees withdrew the case from Pretoria High Court without tendering costs. The cost order has been awarded in favour of SADPMR, however, no reliable estimate of the cost order amount could be be made as at the reporting date.

36. GOING CONCERN ASSESSMENT

The Accounting Authority has reviewed the entity's cash flow statement for the year ending 31 March 2024 and is satisfied that with the current financial position and the forecast, that the entity has adequate resources to operate in the foreseeable future. SADPMR has an approved budget with the surplus for the following financial year.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

OTHER INFORMATION

1. B-BBEE Compliance Information

The SADPMR have submitted its 2021/2022 Audited Financial Statements to the B-BBEE Commission in terms of 13G (1) of the Broad-Based Black Economic Empowerment Act. The Regulator is a non-compliant B-BBEE entity at level 0. The areas where the entity could not score sufficient points relate to Skills Development, Enterprise and Supplier Development and Socio-Economic Development. The SADPMR have put measures in place to report on Social -Economic Development, internships and learner-ship and these will be included under Skills Development. The entity will constantly monitor compliance and report accordingly.

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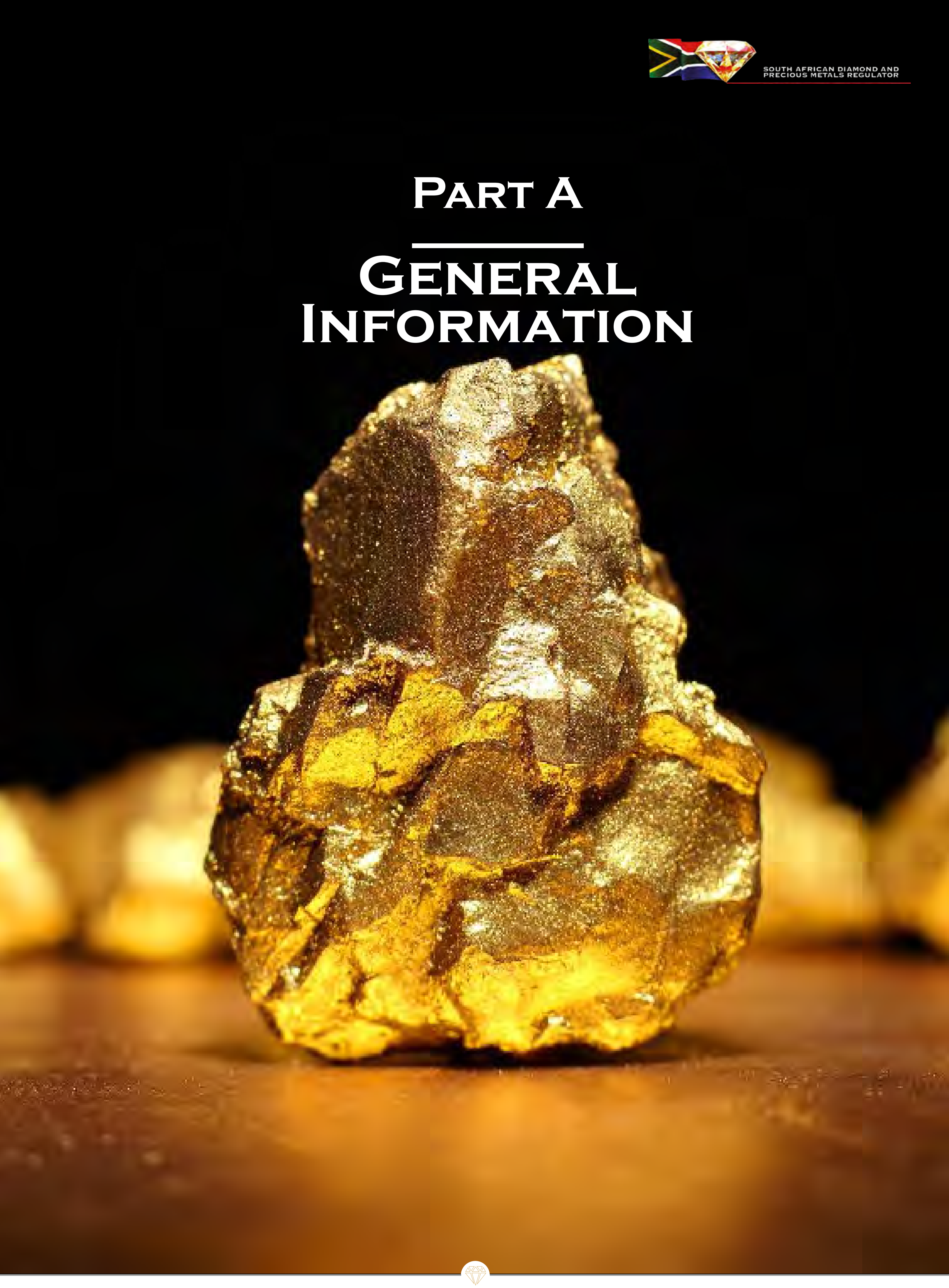
General Information



PUBLIC ENTITY'S **GENERAL INFORMATION**

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Banker's Information	Nedbank Ltd, Sivewright Road, Johannesburg, 2001
Company Secretary/GM: Governance	Advocate Paul Motsepe

ABBREVIATIONS AND **ACRONYMS**

AA	Accounting Authority
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
B-BSEEC	Broad-Based Socio-Economic Empowerment Charter
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COID	Compensation on Occupational Injuries and Diseases
DEEC	Diamond Exchange and Export Centre
DMRE	Department of Mineral Resources and Energy
EU	European Union
FY	Financial Year
GDV	Government Diamond Valuator
GIDZ	Gauteng Industrial Development Zone
HDP	Historically Disadvantaged Persons
HDSA	Historically Disadvantaged South Africans
HR	Human Resources
ICT	Information and Communication Technology
KP	Kimberley Process
KPCS	Kimberley Process Certification Scheme
KPC	Kimberley Process Certificate
MISS	Minimum Information Security Standards
MPSS	Minimum Physical Security Standards
MSP	Master Systems Plan
NACH	National Anti-Corruption Hotline
NVS	National Vetting Strategy
OHSA	Occupational Health and Safety Act
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PPC	Parliamentary Portfolio Committee
PPPFA	Preferential Procurement Policy Framework Act
SADPMR	South African Diamond and Precious Metals Regulator
SEZ	Special Economic Zone
SDT	State Diamond Trader
TVET	Technical Vocational Education and Training
WSP	Workplace Skills Plan
$	US Dollar (unless otherwise specified)
UAE	United Arab Emirates
USA	United States of America
ZAR	South Africa Rand

FOREWORD BY THE CHAIRPERSON

In our first Annual Report as the Board of the South African Diamond and Precious Metals Regulator (SADPMR) for the financial year 2020/2021, I indicated that our task is two-fold, namely to help the SADPMR achieve all its goals in being the most efficient regulator and to collaborate with the now ailing industry we serve, to bring it back to life and introduce measures that will ensure sustainability within the sector and the SADPMR.

In pursuit of these goals, we firstly embarked on a long outstanding optimum utilization of human resources project. The result of this project, done in full cooperation and full participation of all employees, resulted in a new structure of the SADPMR. Staff needs of all divisions were reviewed and restructured with an advice of a professional. The project was completed without any retrenchments but with reskilling of employees who would have been redundant in the new organisational structure. I have to commend the spirit in which all employees conducted themselves throughout the project. Results from the project highlight that the core business of the institution is fully capacitated and we have dramatically reduced the turnaround time in issuing licences to almost half the prescribed time. This has been the biggest achievement in years as far as efficiency of the SADPMR is concerned.

Secondly, we kick-started collaboration with the industry by holding meetings with the different groupings of the industry we serve. This helped us in understanding their needs and also for them to better understand the legislative framework. Thereafter, we embarked on a journey of reducing unnecessary red tape in the way we do things. We have dealt with all the unnecessary red tape that was within our scope. What is currently remaining are issues that need amendments to the legislation, which we have forwarded to the DMRE to deal with. Our relationship with our stakeholders has improved, resulting in us jointly incubating a number of enterprise development projects in a collaborative manner, which are successful. This collaboration has successfully created a platform of opportunities for Enterprise Development Project recipients. Voluntary participation in the development of the Historically Disadvantaged South Africans (HDSA) without any policy stands out as one of the major achievements of this collaboration.

In the current year the SADPMR has showed more sustainability as we recorded a significant increase in revenue generated from service and licence fees. The actual own revenue generated for the year under review totals to R65,5 million compared to R60,6 million in 2021/22 financial year which translates to an 8% increase. Surplus has increased by 18% to R15,5 million in the 2022/23 financial year compared to the previous financial year. This is mainly due to effective cost containment measures and procurement processes. However, due to the move of office to the OR Tambo precinct, more requirements of a Capex nature are still required by the SADPMR.

We continued with our role of providing oversight by ensuring that the SADPMR attains its Strategic Plan and Annual Performance Plan (APP) targets successfully. The Board continued to support the Regulator in attaining its stated APP objectives, namely: An effective, efficient, developmental and innovative orientated regulator; Competitive and compliant diamond and precious metals industries; Sustainable economic growth through local mineral beneficiation and skills development; and Transformed diamond and precious metals industries. Through our APP for the 2022/23 financial year, job creation and skills development interventions were initiated, focusing mainly on women, youth and other Historically Disadvantaged Persons. In this regard I am pleased to announce that, during the year under review, the SADPMR achieved 93% of its APP targets, which in itself indicates that we are moving in a right direction towards attaining our mandate. In the same vein, we also managed to review all of the Regulator's Policies and developed a chart that indicates the deadlines by which the policies have to be reviewed and this chart is always flighted in our meetings.

However, the year under review has not gone without its own challenges and one notably being resignation from the Board by three of our members. This resulted in the Board having to request the Shareholder to promptly fill in these vacant positions, so as to minimise the impact of an uncomplemented Board. Through the support of the DMRE, these vacant positions were filled successfully.

Despite the challenges we faced during the year under review, the Board, through its Finance, Audit and Risk Committee, focused on the SADPMR's top ten strategic risks, thereby successfully implementing control measures that mitigated the likelihood of occurrence and/or minimised the impact thereof. One such a strategic risk is the failure to detect undeclared synthetic diamonds at our Diamond Exchange and Export Centre (DEEC). In mitigating this huge risk that has international implications to the diamond industry, the SADPMR has procured advanced modern technology synthetic diamond detecting machines, which we are confident that will encourage our licensees to voluntarily comply in declaring their synthetic diamonds when placing their parcels for tender at the DEEC.

Furthermore, the SADPMR continues to strive to become a litigation free entity and thus far, the entity has significantly reduced its litigation cases. These successes would not have been possible if it was not for the continuous assistance, support and partnership with the various stakeholders. Therefore, it is important to acknowledge everyone for their contributions.

On behalf of the Board, I would like to extend our appreciation to the Minister of the Department of Minerals and Energy, Honourable Gwede Mantashe, for entrusting us with such a task of providing a strategic leadership to the SADPMR. Our appreciation is further extended to all our diamond and precious metals industry stakeholders, the employees of the SADPMR led by the Chief Executive Officer, Mr Cecil Khosa, for their dedication in ensuring that this noble entity remains in the forefront, where it belongs.

In conclusion, as the outgoing SADPMR Board, we will be leaving an organization with a new solid foundation that if maintained will make the organization one of the best in the DMRE stable. To my fellow Board members, thank you for the support and for doing our best to leave the organization in a better position.

It is therefore in this premise, that we will forever be appreciative for the opportunity we were afforded to serve the Regulator and the public of the Republic of South Africa.

Mr A Mngomezulu
Board Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

I am pleased to present the 2022/23 Annual Report of the South African Diamond and Precious Metals Regulator (SADPMR). The Entity delivered an outstanding performance in 2022/23, executing its Strategy as planned for the financial year. Having achieved an overall performance of 93%, the SADPMR managed the daunting task of achieving its annual target of issuing 100% of all Diamond and Precious Metals licences within the legislated sixty (60) days' timeframe. This was despite the challenges experienced by the South African Police Criminal Record Centre to issue the necessary police clearance certificates (an ancillary document required for licence applications) timeously.

To give effect to the objectives of the Diamonds Act and the Precious Metals Act, the SADPMR works in collaboration with other law enforcement agencies to monitor and enforce compliance of the law by licence holders. During the year under review, the number of inspections increased from one-thousand, two hundred and twelve (1 212) in the previous year to one-thousand, two hundred and thirty-six (1 236). Thirty (30) precious metal joint inspections and seventeen (17) diamond joint inspections were conducted with law enforcement agencies to curb illicit trading, especially in precious metals. The huge increase in inspections was attributed to the successful internal human resources realignment process to ensure alignment of structure and resources with the Entity's strategic objectives. To intensify compliance enforcement, the SADPMR issued one-thousand and forty-four (1 044) non-compliance notices to inculcate a culture of compliance in the industries regulated.

In order to facilitate local beneficiation of precious metals, a total of forty-nine (49) Export Approval Evaluations were conducted on export approval applications to ensure that the legislative obligation to cater for local demand is satisfied.

South Africa's production of gold and platinum group metals has seen a decline in 2022 compared to 2023, attributed to lower ore grades, and the ongoing power crisis in the country, among other factors. Although export sales of gold decreased to 88.1 tons worth R84.9 billion ($5.2 billion) in 2022 from 106.6 tons worth R93.0 billion ($6.3 billion) in 2021; the robust Rand export value in 2022 has sustained the industry due to higher Rand gold prices over the year. The SADPMR recorded South Africa's total gold jewellery fabrication at 1 482 kg in 2022, which was a moderate increase on the 1180 kg recorded in

2021. The consumption of PGMs in this sector grew marginally to about 26.5 tons in 2022. The use of platinum in jewellery in South Africa recovered to 121 kg in 2022 from under 50 kg in 2021.

Despite the North Gauteng High Court's setting aside of the applicability of the Mining Charter to diamond and precious metal licences on 21 September 2021, the SADPMR continued to collect data from licensees to assess transformation in the downstream diamond and precious metals industries. Licensees have shown full cooperation by submitting the necessary data, and for that we commend the industry's support in our pursuit to achieve transformation within the industry.

We believe that facilitating access to mineral resources, funding, markets, and technical skills for entrepreneurs and SMMEs will assist in creating jobs and contributing to alleviating the challenges of unemployment, poverty and inequality facing South Africa. During the year under review, the SADPMR continued to work tirelessly with industry partners to enhance the existing enterprise development programmes. I am privileged to announce that during the period under review, six (6) enterprise development projects focusing on women and youth saw a total of 42 black entrepreneurs being assisted. Amidst the continuous challenges of acquiring the much-needed funding, the SADPMR, during the year under review, engaged with various State-owned financing agencies and other development financiers to establish working relationships that can assist in addressing the challenges. Two candidates who are part of this programme were also provided with an opportunity to attend and market their jewellery at the African Mining Indaba held in Cape Town in February 2023.

In the calendar year 2022, diamond production dropped slightly to 9,6 million carats compared with 9,7 million carats in 2021. The number of clients accessing the DEEC increased from 1684 to 2784 and the increase was attributed to the increase in small parcels offered at the DEEC and the special tenders held for the benefit of local diamond beneficiators.

The Diamond Valuator (DV) values or verifies diamonds presented for diamond tenders, exports, imports and provides opinions on objects that were suspected to be illegally obtained diamonds confiscated by the South African Police Service (SAPS). Undisclosed and undetected synthetic diamonds/lab-grown diamonds remain a high risk within the diamond industry. An additional measure in the form of advanced synthetic diamond detection equipment has been introduced to enhance the SADPMR's ability to detect undisclosed synthetic or lab-grown diamonds, thereby protecting integrity of the trade.

During the year under review, revenue collection from service fees increased to R56,2 million (R8.9 million above that budgeted) due to the higher Rand/US dollar exchange rate during the year and also to the higher average dollar/carat value of diamond exports licence fees collected doubled during the year, resulting from the high number of applications for precious metals refining licences and authorised representative certificates. The budget for the year for licence fees was R1,8 million but the actual amount collected of R3,7 million was significantly higher.

During the year, the SADPMR obtained approval from National Treasury to retain the cash surplus reported at the end of the 2021/22 financial year for acquisition of capital assets and implementation of the Enterprise Development Plan (Project) approved by its Board. We contributed towards facilitating Historically Disadvantaged Individuals (HDIs) by implementing processes of increasing the involvement of HDIs in our procurement processes. Hundred percent (100%) of contracts awarded in the period under review were to B-BBEE-compliant companies, of which 67% were at levels 1 and 2 B-BBEE. On average, tenders were awarded within 77 days after the close of the tender advertisement, this was to ensure efficiency is supporting the business of the Entity. Payments to suppliers have significantly improved. It took an average of 18 days to settle all valid invoices to suppliers and service providers of the Entity.

The Entity completed the implementation of the project on Optimal Utilisation of Resources Project by capacitating the core divisions and filling strategic vacant positions within senior management. We continued to implement skills development initiatives during the year by enrolling eleven (11) interns and learners within our internship programme. A decision was taken during the period to increase the intake to 12 interns and 16 learners for the 2023/24 financial year. Regarding the latter, we are indebted to the Transport Education Training Authority (TETA) for funding the Work Integrated Learning programme. Twenty-two (22) bursaries were awarded to staff members during the period under review, compared to 5 in the previous year.

Stakeholder engagement as well as brand awareness are the strong points for our organisation that enable us to recognise and engage with local and international stakeholders. We have started a process of leveraging available technologies to introduce automated business processes throughout our business chain. It is in this context that the SADPMR successfully migrated to a Microsoft environment to provide the organisation with a hybrid work model where employees are able to work remotely as well in the office. Our ICT division also developed two (2) online submission registers to cater for clients within the diamond and precious metals industries.

In the previous financial year, we announced that the SADPMR had relocated to the Gauteng Industrial Development Zone (GIDZ) at the OR Tambo International Airport special economic zone (SEZ) in Kempton Park. As this precinct is nearing its completion, we are very hopeful that the presence of industry will bring to fruition the benefits the SEZ intended to achieve.

We take pride in the achievements we made during the past year. I would like to thank all our stakeholders and business partners for moving with us throughout this wonderful journey to where we are today.

The 2022/23 financial year was another successful year for the SADPMR as we also celebrate the achievement of a clean audit following a rigorous audit process by the Auditor-General. The level of success attained in this financial year would not be possible without the dedicated staff, management and the support of the industry. I wish to thank, in particular, the Board for their commitment and support over the past year to foster a culture of high performance and turned the organisation around. Together we can do so much more.

Mr Cecil Khosa
Chief Executive Officer

STATEMENT OF RESPONSIBILITY FOR THE PERFORMANCE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

To the best of our knowledge and belief, we confirm that:

- all information and amounts disclosed throughout the annual report are consistent.
- the annual report is complete, accurate and free from any omissions.
- the annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.
- the Annual Financial Statements (Part E) have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the relevant frameworks and guidelines issued by National Treasury.

The CEO is responsible for the preparation of the public entity's performance information and for the judgements made on this information.

The CEO is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the operations of the public entity for the financial year ended 31 March 2023.

Ms Yalekile Lusibane	**Mr Cecil Khosa**	**Mr Abiel Mngomezulu**
Chief Financial Officer	Chief Executive Officer	Board Chairperson

STRATEGIC **OVERVIEW**

1. VISION

To make diamonds and precious metals synonymous with South Africa.

2. MISSION

To regulate and promote the diamonds and precious metals industries in the best interests of the people of South Africa by:

- Transforming the downstream diamond and precious metals industries;
- Ensuring equitable access to diamonds and precious metals resources;
- Promoting local beneficiation of diamonds and precious metals;
- Collaborating with the industry and other stakeholders;
- Identifying initiatives that will develop and support black industrialists;
- Enforcing compliance with legislation;
- Advancing Intra-Africa trade;
- Promoting business development support and growth;
- Supporting skills development in the diamond and precious metals industries;
- Promoting and marketing diamonds and precious metals; and
- Conducting research.

3. VALUES

- Ethical culture
- Service culture
- Transparency
- Teamwork
- Respect
- Integrity
- Consistency

LEGISLATIVE MANDATE **OF SADPMR**

The SADPMR is an organ of the state deriving its constitutional mandate from section 239 of the Constitution of the Republic of South Africa, 1996, in terms of which it is defined as an institution performing public function in terms of the legislation.

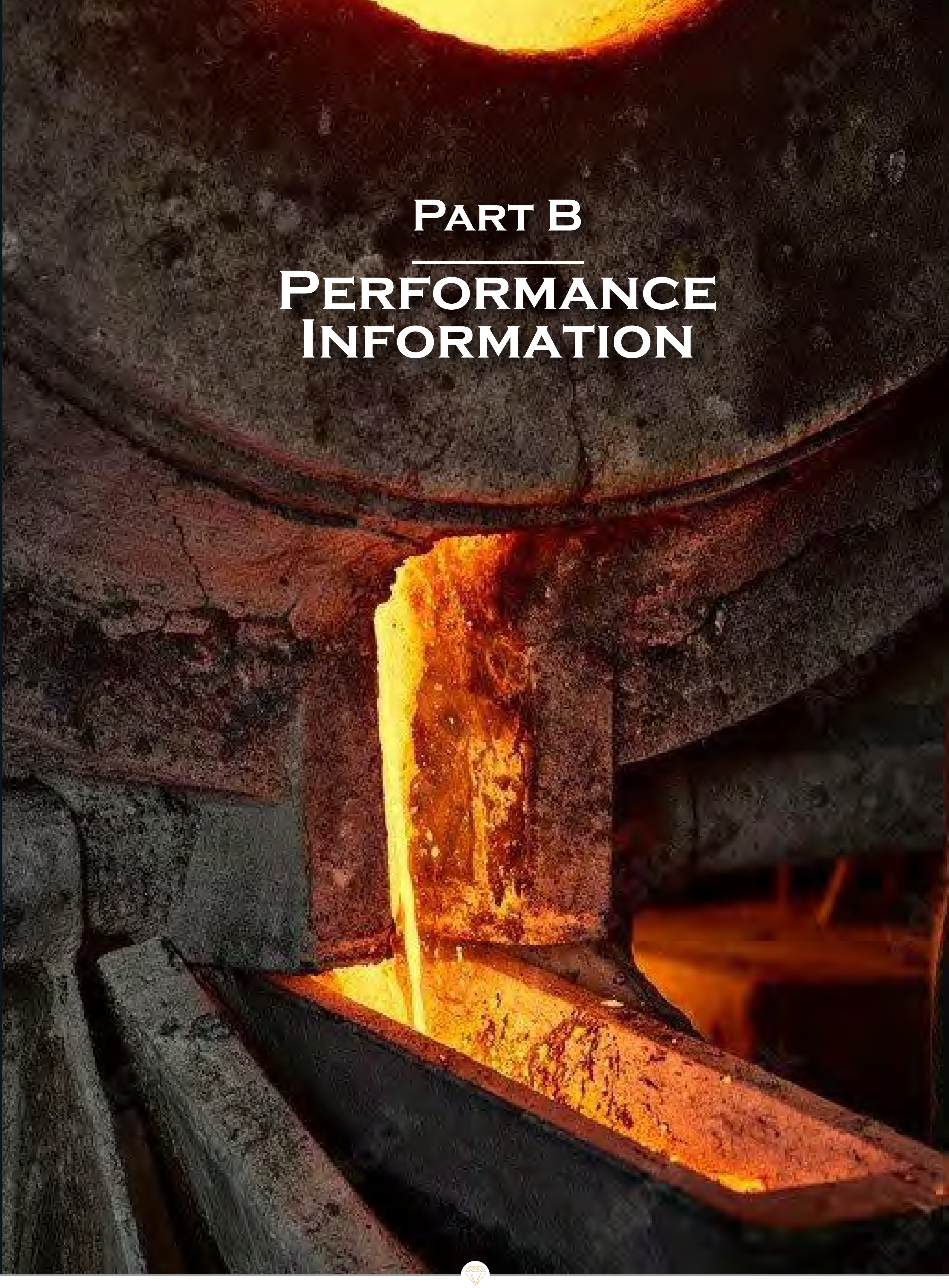
The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended. The entity was established in terms of Section 3 of the Diamonds Act (Act No. 56 of 1986), as amended.

The SADPMR's mandate is to implement and enforce the provisions of the Diamonds Act and Precious Metals Act (Act No. 37 of 2005), the Diamond Export Levy Administration Act (Act No.14 of 2007) and the Diamond Export Levy Act (Act No.15 of 2007). The abovementioned pieces of legislation are implemented in conjunction with other legal frameworks that directly and indirectly affect the role and mandate of the organisation.

Organisational **Structure**

Part B

Performance Information



AUDITOR-GENERAL'S **REPORT**

1. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to provide the SADPMR with reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings reported under the Predetermined Objectives heading in the report as well as under the rubric of other legal and regulatory requirements of the AGSA's report.

The AGSA report is included with the Annual Financial Statements (AFS).

2. SITUATIONAL **ANALYSIS**

2.1 SERVICE DELIVERY ENVIRONMENT

The SADPMR managed to turn the tide by ensuring that its annual target of issuing 100% of all Diamond and Precious Metals licences, particularly beneficiation licences within the legislated sixty (60) days period is achieved. The achievement of the target was against the backdrop of the constraints experienced by the South African Police Criminal Record Centre to issue the necessary police clearance certificates timeously. To address the challenge, the SADPMR devised a stop gap measure to ensure that its legislative mandate of issuing licences timeously is not compromised.

Central to the SADPMR's mandate is to monitor and enforce compliance with the Diamonds Act and the Precious Metals Act by both applicants and licence holders. To that end, during the year under review, the number of inspections increased marginally from 1 212 in the previous year to 1 236 for the year under review as a direct result of the implementation of a hybrid inspection system.

Most notably, during the year under review, the SADPMR commenced with the issuance of non-compliance notices as part of a comprehensive strategy to intensify enforcement of compliance. Consequently, a total of 1 044 non-compliance notices were issued. It is envisaged that the implementation of the enforcement of compliance process, following the cancellation of the levying of penalty fees, will inculcate a culture of compliance, particularly because recalcitrant licensees face the prospects of their licences being suspended or cancelled.

Notwithstanding the setting aside of the Broad-Based Socio-Economic Empowerment Charter, 2018 (Mining Charter) by the North Gauteng High Court on 21 September 2021, the SADPMR has continued to collect data from licensees for purposes of assessing the extent to which both the downstream diamond and precious metals industries are transformed. The assessment of transformation against the backdrop of a Mining Charter that was set aside should be understood as a mechanism to determine the extent to which the diamond and precious metals industries have voluntarily embraced transformation imperatives. The continued assessment of transformation by the SADPMR has continued with full co-operation of industry players by submitting the necessary data, and for that we truly commend the industry's support.

SADPMR believes that enterprise development, in partnership with progressive industry partners, is the most effective method of facilitating access to technical skills and funding to aspirant entrepreneurs in order to create a cohort of sustainable enterprises that create jobs and contribute to addressing the triple challenges of unemployment, poverty and inequality facing South Africa. To that end, during the year under review, six enterprise development projects, with a focus on women and youth, saw the advancement of 42 black entrepreneurs.

Lack of access to funding, markets and affordable small parcels of diamonds experienced by both existing licensees and aspirant entrepreneurs, particularly those from historically disadvantaged background, represents a significant barrier of entry to the diamond and precious metals industry. During the year under review, the SADPMR engaged with various development financiers and State-Owned Financiers with a view to establishing a working relationship that can be leveraged to assist in addressing the aforementioned challenges. In addition, the SADPMR assisted two candidates who are part of the Enterprise Development Programme to market their jewellery at the South African Mining Indaba 2023 held at the Cape Town International Convention Centre in March 2023 as part of its efforts to address the lack of access to markets.

In the calendar year 2022, the diamond production remained constant at 9,6 million carats when compared to 9,7 million carats in 2021. This consistency in production is attributed to the consistent demand of rough diamond that is coupled with increased value of dollar per carat. The dollar per carat was at an average of $139.92 in 2021 when compared with $159.53 in 2022. The increase is attributed to the last quarter of 2022 where rough diamonds prices increased drastically due to the uncertainty of markets as a result of the prolonged war between Ukraine and Russia coupled with concerns that more restriction might be imposed against diamonds produced in Russia. The increase in dollar per carat has boosted the revenue collected for services rendered by the SADPMR.

The global diamond trade remained resilient in the first two quarters of the financial year. The second half of the financial year experienced a reduction in trade, which was coupled with a decline in diamond prices. The Diamond Exchange and Export Centre (DEEC) recorded a decline in diamonds submitted for local sales and exports. This decrease in carats submitted in the DEEC did not affect the number of clients accessing its services, instead the number of clients increased from 1684 to 2784. The increase is attributed to small parcels offered at the DEEC and coupled with a special tender offered to the diamond beneficiators only.

The SADPMR as a focal point of the Kimberley Process Certification Scheme (KPCS) has ensured that South Africa remains compliant to the minimum requirements of the KPCS through processing of exports, imports of unpolished diamonds and submission of compliance reports.

2.2 ORGANISATIONAL ENVIRONMENT

The diamond and precious metals industries have improved subsequent to the effects of the COVID-19 pandemic. Although the diamond and precious metals industries performed well, the prevailing global economic conditions are making it difficult for some of the players within the industry to recover from effects of the pandemic. Given the challenges within the industries, the SADPMR continued to engage the clients/licensees to come up with possible solutions or interventions to the struggling industry. The rising cost of living exacerbated by the ever increasing inflation and borrowing costs affects the businesses within the industries.

The continuing conflict between Russia and Ukraine has a negative impact on commodities such as diamonds and potentially the precious metals.

During the year under review, the implementation of the Optimal Human Resource Utilization Project was successfully concluded. The primary objective of the project was to ensure that the organization is better structured and positioned to achieve its strategic objectives. The attainment of that milestone signified a turning point and provided the much-needed impetus for the SADPMR to discharge its legislative mandate effectively and efficiently. Most notably, the capacity of the SADPMR to monitor and enforce compliance with applicable legislation received a boost through a restructured inspectorate division that now reflects a multi skilled team of inspectors, supported by specialists in the Diamond and Precious Metals Beneficiation, Transformation and Enforcement.

2.3 REVENUE COLLECTION

SOURCES OF REVENUE	FY2022-2023				FY2021-2022			
	BUDGET R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000	%	BUDGET R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000	%
Service fees	47,256	56,182	8,926	19%	43,468	54,195	10,727	25%
Licence fees	1,876	3,749	1,874	100%	1,527	3,078	1,551	102%
Interest received	2,047	4,802	2,755	135%	2,730	2,559	(171)	-6%
Other income	187	784	597	319%	185	860	675	365%
Grant received	63,094	62,894	(200)	0%	62,552	62,027	(525)	-1%
Total revenue	**114,460**	**128,411**	**13,951**		**110,462**	**122,719**	**12,257**	

Revenue from services increased by R8.9 million, resulting from the strong dollar value and high dollar value per carat.

The licence fees doubled during the year, resulting from the new precious metals refining licences and authorised representative certificates for the period being higher than anticipated. SADPMR receives grant funding from DMRE.

2.4 CAPITAL INVESTMENT

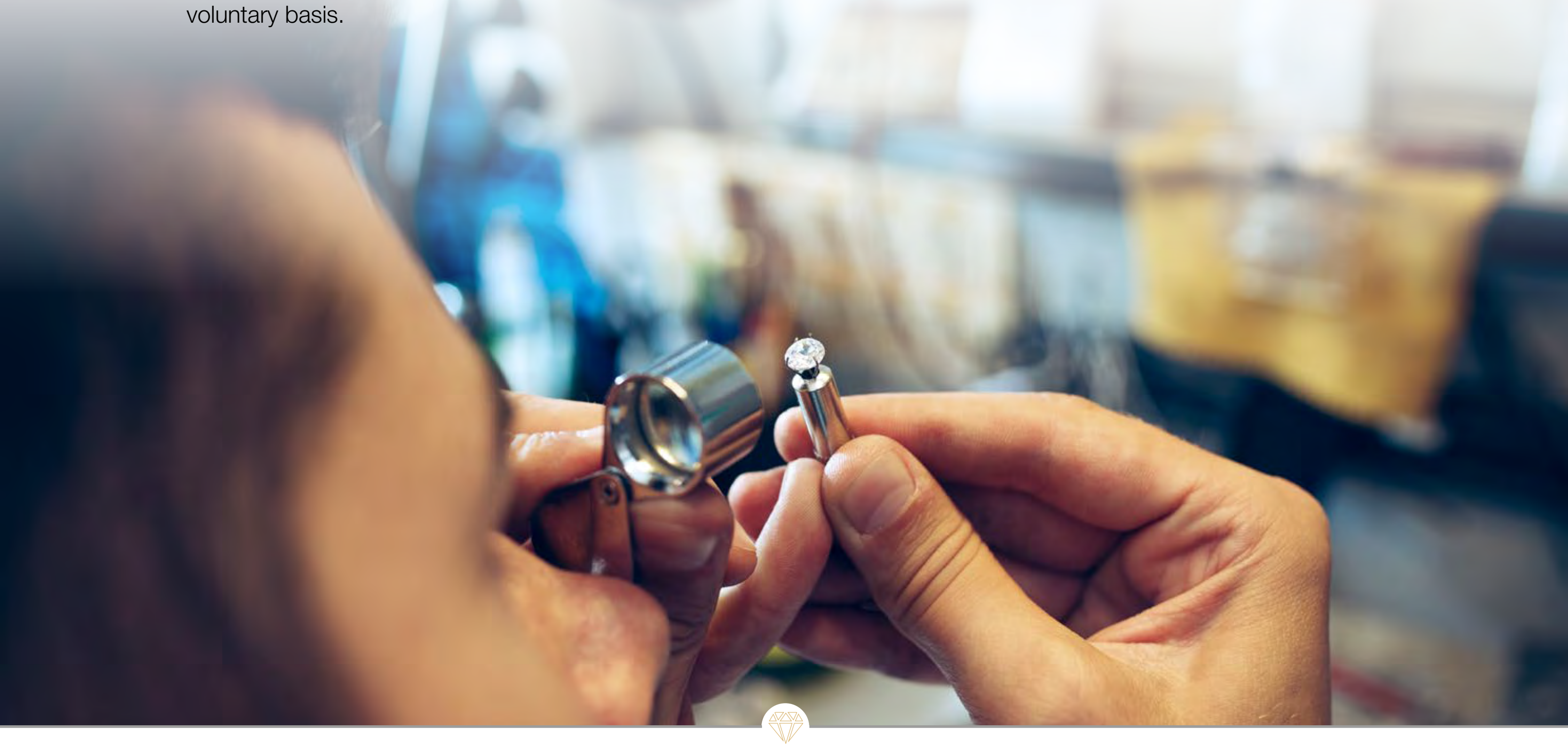
INFRASTRUCTURE PROGRAMME	FY2022-2023			FY2021-2022		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/ UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/ UNDER EXPENDITURE R'000
Computer equipment	-	1,048	(1,048)	-	1,675	1,675
Motor vehicle	700	-	700	-	-	-
Furniture and fitting	7,200	49	7,151	-	63	63
Leased office equipment	-	-	-	-	774	774
Leasehold improvements	-	333	(333)	-	-	-
Office equipment	1,279	1,166	113	-	32	32
Software	2,625	-	2,625	-	-	-
Security systems, machinery and safes	-	152	(152)	-	2,944	2,944
Total	**11,804**	**2,748**	**9,056**	**-**	**5,488**	**5,488**

The SADPMR funded the bulk of the CAPEX requirements from reserves. During the year, approval was obtained from National Treasury to retain funds for the capital expenditure requirements as approved by the Board.

2.5 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

On 21 September 2021, the Gauteng High Court passed a judgement setting aside some of the clauses in the Mining Charter 2018 ("the Charter"), which, inter alia, are upheld in relation to the applicability of the Charter on the Diamonds Act 1986 (as amended) and the Precious Metals Act, 2005. The legal implication of this judgement on the applicability of the Charter has negatively affected the SADPMR's objectives of ensuring effective transformation of the Diamonds and Precious Metals sectors as well as ensuring equitable access to the country's minerals through beneficiation.

The SADPMR, however, continues to encourage both the Diamonds and Precious Metals sectors to continue playing an active collaborative role in ensuring that the SADPMR's transformative objectives are promoted and given effect on a voluntary basis.



PROGRAMME 1: ADMINISTRATION

Purpose: To provide efficient administrative support by ensuring that human resources management, communication, and information and communications technology services are effectively operational and maintained at all times, while these are responsive to the needs and aspirations of the SADPMR's stakeholders.

Sub-Programmes: Finance, Corporate Services, Security Services and Legal Services.

1.1 SUB-PROGRAMME: FINANCE

Purpose: To provide overall financial and supply chain management support.

Highlights: The focus of the Finance and Supply Chain Management Division in the year under review was to improve turnaround times on procurement, payment of suppliers within 30 days and facilitate implementation of the financial sustainability strategy. The budget was closely monitored to guarantee alignment with approved projects and effective support to business. The Supply Chain division also contributed towards facilitating historically disadvantaged individuals (HDIs) by implementing processes of increasing the involvement of HDIs in its procurement processes.

1.2 SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT

Purpose: To maximize the productivity of the entity by optimizing the effectiveness of its employees.

Highlights: During the year under review, the Human Resources function completed execution of the project on Optimal Utilisation of Human Resources by capacitating the core division of the SADPMR, which is Regulatory Compliance. Subsequently, critical and strategic vacant positions within the Senior Management echelon were funded and filled. Furthermore, the SADPMR continued to implement skills development initiatives, which included an increased intake of interns and learners from 11 in the 2022/2023 financial year to 28 learners and interns for the 2023/2024 financial year. This was made possible by the funding received from Transport Education Training Authority (TETA) for Work Integrated Learning programme.

The SADPMR awarded 22 staff bursaries compared to five (5) that were awarded in the 2021/2022 financial year and five (5) employees graduated in the year under review. Furthermore, the SADPMR implemented a 5.7% cost of living adjustment for all employees as part of ensuring that employees are taken care of during the difficult economic climate. As part of improving good corporate governance, three (3) Human Resources policies were reviewed and approved by the Board for implementation. Amongst others, this included the Leave policy, Remuneration policy and Internship policy.

1.3 SUB-PROGRAMME: COMMUNICATION

Purpose: To promote stakeholder engagement as well as brand awareness to enhance diamond and precious metals industries.

Highlights: The Communication division continued to implement the approved communication and marketing strategy. During the year under review, the SADPMR organized and participated in 23 stakeholder engagements and brand promotion activities. Of these, nine (9) were career expos across the country, especially for schools with persons living with disabilities. Also, the SADPMR promoted its mandate through six (6) local and international conferences. The SADPMR also contributed to hosting five (5) workshops at institutions of higher learning in different provinces throughout South Africa. The SADPMR also facilitated and hosted three (3) stakeholder engagements with the Diamond and Precious Metals Sector. As part of disseminating information about the SADPMR, seven (7) articles promoting the SADPMR services and activities were published.

During the year under view, South Africa continued to participate in the Kimberley Process Certification Scheme (KPCS) where South African delegations attended the KP Plenary meeting that was held in Botswana from 01 – 04 November 2022. During the aforementioned plenary meeting, South Africa was appointed as the Vice Chair of the Ad Hoc Committee on Review and Reform (AHCRR), as well as the Team Leader for sub-committee on Technical Assistance and development of Diamond Communities.

1.4 SUB-PROGRAMME: INFORMATION COMMUNICATION AND TECHNOLOGY

Purpose: To align ICT strategy with business strategy and automation of business processes.

Highlights: During the year under review, the SADPMR successfully migrated to Microsoft Cloud based environment. The migration enables SADPMR to have the hybrid work model where employees are able to work remotely as well as from the office. Furthermore, the SADPMR continued to implement ICT security and business continuity measures which included disaster recovery (DR) testing. Also, the SADPMR implemented ICT Governance framework which included approved policies and procedures. As part of ensuring improved service delivery within the SADPMR, the ICT division developed two (2) online submission registers to cater for clients within the diamonds and precious metals Industries.

1.5 SUB-PROGRAMME: LEGAL SERVICES

Purpose: To provide efficient and effective general legal support by ensuring compliance with legislation; identify and mitigate legal risks; and provide well-informed legal advice.

Highlights: Legal Services has ensured that legal risks of the SADPMR are protected and minimized by vigorously defending all cases that were instituted against the entity. To date there are only two active litigation cases that are instituted against the SADPMR, which remain pending in the High Court. One of the aims and priorities of the SADPMR's Legal Services is to ensure that the SADPMR remains a litigation free entity.

1.6 SUB-PROGRAMME: SECURITY RISK MANAGEMENT

Purpose: To implement the minimum information security standards (MISSs), minimum physical security standards (MPSSs), national vetting strategy (NVS) and relevant pieces of legislation.

Highlights: The Security Risk Management Division continued to implement the provisions of the NVS, MISS and MPSS.

The SADPMR's Security Risk Management Division (SRM) continued to constantly evolve to tackle the ever-evolving threats and the security needs of the organisation. Since occupying its recently built offices, situated within the Jewellery Precinct of the Gauteng Industrial Development Zone (GIDZ) at the OR Tambo Airport in Kempton Park, the SADPMR through its SRM Division has intensified its security measures and continues to be vigilant by constantly monitoring and guarding against the ever-evolving security risks of the organisation. There were no security breaches, injuries or fatalities in terms of the Occupational Health and Safety regulations in the year under review.

1.7 SUB-PROGRAMME: CORPORATE GOVERNANCE

Purpose: To provide advice to the Board on compliance to the application of relevant legislations, training and development and administrative support.

Highlights: SADPMR Board approved the Budget, Strategic Plan and the Annual Performance Plan and submitted all required quarterly reports to the Shareholder (DMRE). The Board also submitted the 2021/2022 Annual Report as stipulated in section 55 of the PFMA. The Board also conducted the external assessment and drafted the action plan based on recommendations on the report. All meetings that were scheduled on the calendar were well attended by members.

SUB-PROGRAMMES AND OUTPUT INDICATORS

SUB-PROGRAMMES	OUTPUT INDICATORS
Finance Management	• Percentage of total contracts awarded to BBBEE Suppliers • Percentage of rand value of total BBBEE spend level 1 and 2 suppliers • No. of days for Tenders/Bids • No. of days for quotations • Number of days within which suppliers must be paid • No. of instances of Non-Compliance with PFMA • Developed, approved and implemented Financial Sustainability Strategy • Percentage (ratio) of total cost to company salary bill over total expenditure • Percentage of debtors impaired • Total income Rand value • Total cash reserve (R) • Automation of ERP systems
Human Resource Management	• Number of new bursaries awarded to staff • Number of graduates recruited into the Internship Programme • Number of leadership development programmes implemented • Number of skills development programmes implemented for women, youth and people with disabilities • Percentage of women in the organisation • Percentage of youth in the organisation • Percentage of employees with disabilities • Percentage of performance contracts and assessments done for qualifying employees • Number of organisational change management interventions implemented • Number of employee wellness interventions coordinated
Communication	• Number of engagements with stakeholders • Number of published articles on the Diamond and Precious Metals industries
Information and Communications Technology	• Number of disaster recovery tests implemented • Number of online Applications developed • Number of ICT security measures implemented
Security and Risk Management	• Number of security risk mitigation measures implemented • Number of occupational, health and safety initiatives implemented • Number of security breaches
Legal Services	• Percentage of referred matters addressed within 30 days • Percentages of written contracts or Service Level Agreements address within 30 days
Internal Audit	• Number of internal audits conducted • Reviewed and approved Internal Audit Charter • Approved three-year rolling Audit Plan and Annual Plan
Corporate Governance	• Number of Board Assessments Conducted • Number of Quarterly Reports (APP and Financials) submitted to the Shareholder • Number of Annual Reports submitted to the Shareholder • Reviewed and updated Board Charter and Committees Terms of Reference • Number of days for submission of Board and Committee packs

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS, GOVERNANCE - ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Increased participation of B-BBEE suppliers	% total contracts awarded to B-BBEE Suppliers	N/A	N/A	100	100	-	Achieved as planned.
	% rand value of total B-BBEE spend levels 1 and 2 suppliers	N/A	N/A	70	67	3	The rand value of levels 1 & 2 B-BBEE compliant companies were lesser. The SADPMR will implement the preferential procurement policy approved in March 2023.
Improved turnaround time on procurement	No. of days for Tenders/ Bids	N/A	N/A	90	77	-	Achieved as planned.
	No. of days for quotations	N/A	N/A	30	18	-	
	Number of days within which suppliers must be paid	N/A	N/A	30	18	-	
Ensured compliance to PFMA	No. of instances of Non-Compliance with PFMA	6	5	0	3	3	There were three (3) instances of irregular expenditure. Training has been provided to all employees and where applicable disciplinary action has been taken.
Financial Sustainability Strategy	Developed, approved and implemented Financial Sustainability Strategy	Strategy not approved	Strategy implemented	Implement	Implemented	-	Achieved as planned.
	% (Ratio) total cost to company salary bill over total expenditure	N/A	N/A	76	73	3	Exceeded due to savings realised in the salary bill because of posts which were filled later in the financial year.
	% debtors impaired	N/A	N/A	40	2	38	Exceeded due to penalty revenue contributed to high debt impairment in previous year. No penalties were levied during the year. This resulted in improved debt collection during the financial year and lower impairment.

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS, GOVERNANCE - ANNUAL PERFORMANCE PLAN (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
Financial Sustainability Strategy (continued)	Total income Rand value	N/A	N/A	112 809	128 064	15 255	Exceeded due to the strong dollar value and the high dollar value per carat.
	Total cash reserve (R)	N/A	N/A	55 600	59 587	3 987	Exceeded due to the increase in revenue generation and collection as well as approved surplus funds for the year.
Improved effectiveness and efficiency of the Enterprise Resource Planning (ERP) systems	Automation of ERP systems	Application renewal plan compiled	Implementation of the approved application system renewal plan	Implement	Implemented	-	Achieved as planned.
Developed Human Resources	No. of new bursaries awarded to staff	9	5	8	22	14	Exceeded due to the implementation of optimal utilisation project. More staff numbers applied for bursaries in year 2023.
	No. of graduates recruited into Internship Programme	10	8	10	11	1	Exceeded due to replacement of resigning Intern in the 2nd Month of the 1st Quarter.
	No. of leadership development programmes implemented	1	1	2	2	-	Achieved as planned.
	No. of skills development programmes implemented for women, youth and people with disabilities	2	2	2	3	1	Exceeded due to additional training provided for employee living with disabilities.
	% of women in the organisation	N/A	N/A	60	61	1	Exceeded due to increased number of appointed female staff members within the SADPMR.
	% of youth in the organisation	N/A	N/A	15	15	-	Achieved as planned.

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS, GOVERNANCE - ANNUAL PERFORMANCE PLAN (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
	% of employees with disabilities	N/A	N/A	[2]	[2]	-	Achieved as planned.
Ensured compliance of performance management and development system	% Performance contracts and assessments done for qualifying employees	96.6	100	100	100	-	
Ensured organisational development	No. of organisational change management interventions implemented	1	1	2	2	-	
Implemented employee wellness programme	No. of employee wellness interventions coordinated	3	2	4	5	1	Exceeded due to intensified initiatives to improve the well-being of employees after the implementation of Optimal Utilisation project.
Promoted SADPMR brand	No. of engagements with stakeholders	7	13	20	30	10	Exceeded due to an increased number of engagements with other stakeholders, especially schools for people living with disabilities.
	No. of published articles on the Diamond and Precious Metals industries	4	4	6	7	1	Exceeded due to the growing number of advocacy initiatives with stakeholders and the need to keep SADPMR clients informed.
Ensured business continuity	No. of disaster recovery tests implemented	2	2	4	4	-	Achieved as planned.
Developed business applications	No. of online Applications developed	N/A	N/A	1	1	-	
Secured ICT environment	Number of ICT security measures implemented	2	4	4	4	-	

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS, GOVERNANCE - ANNUAL PERFORMANCE PLAN (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
Ensured security of assets of the SADPMR and that of diamonds traded at DEEC	No. of Security Risk Mitigation Measures implemented	N/A	N/A	5	5	-	Achieved as planned.
Ensured security of assets of the Regulator to ensure that the work environment is safe and secure in line with health and safety requirements	Number of Security Breaches	N/A	N/A	0	0	-	
	Number of occupational health and safety initiatives implemented	N/A	6	6	6	-	
Provided effective and efficient legal support to the SADPMR	Percentage referred matters addressed within 30 days	100	100	100	100	-	
	% of written contracts or Service level Agreements addressed within 30 days	100	100	100	100	-	
Ensured sound Corporate Governance	No. of internal audits conducted	N/A	N/A	6	6	-	
	Reviewed and approved Internal Audit Charter	N/A	N/A	1	1	-	
	Approved Three-year rolling Audit Plan and Annual plan	N/A	N/A	1	1	-	
	Number of repeat audit findings	N/A	N/A	0	2	2	Non-compliance to procurement prescripts and material misstatements on the audited financial statements. Audit Action Plan was developed and implemented. Quality assurance of 2022/23 AFS is in progress.

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION TECHNOLOGY, COMMUNICATIONS, GOVERNANCE - ANNUAL PERFORMANCE PLAN (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
Ensured sound Corporate Governance (continued)	No. of Board Assessments Conducted	N/A	N/A	2	1	-	DMRE issued a directive which cancelled submission of Board internal assessment for 2023.
	No. of Quarterly Reports (APP and Financials) submitted to the Shareholder	N/A	N/A	4	4	-	Achieved as planned.
	No. of Annual Report submitted to the Shareholder	N/A	N/A	1	1	-	
	Reviewed and updated Board Charter and Committees Terms of Reference	N/A	N/A	1	1	-	
	No. of days for submission of Board and Committee packs	N/A	N/A	5	5	-	

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Consequence management was held to address areas of non-compliance with the PFMA, and National Treasury was requested to provide extensive training on irregular expenditure and fruitless and wasteful expenditure.

LINKING PERFORMANCE WITH BUDGETS

Programme reflects savings of R1.2 million in expenditure. The savings are in employee costs due to vacant posts, which were filled later in the year.

Table 1: Linking performance with budgets.

PROGRAMME/ ACTIVITY/ OBJECTIVE	FY2022-2023			FY2021-2022		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 1: Administration	71,355	70,157	1,198	69,039	72,988	(3,949)

PROGRAMME 2: **TRADE**

Purpose: The Trade Programme is responsible for the facilitation of local trade as well as exports and imports of diamonds in accordance with the KPCS and to ensure that diamonds are traded at fair market value.

Sub-Programmes: Diamond Valuator (DV), Diamond Exchange and Export Centre (DEEC).

2.1 SUB-PROGRAMME: DIAMOND VALUATOR (DV)

Purpose: To ensure that diamonds are traded at fair market value.

Highlights: The South African diamond industry remained resilient throughout the year, this is evident in steady diamond production and the stronger dollar per carat. South African diamonds quality remained high at a US$146,6 per carat. Diamond Valuator (DV) valuated 8.9 million carats during this financial year as compared to 8.7 million carats in the previous year. The lab-grown/synthetic diamonds remain the global risk in the trade platform. This risk, if not properly mitigated, may undermine the country's diamond trade integrity. The DV continues to value and verify all diamonds presented for diamond tenders, exports, and imports and also provided expert opinion on objects presented by the South African Police Service (SAPS).

All diamonds that were imported and exported were verified to ensure that they are traded at a fair market value. Undisclosed and undetected synthetic/lab-grown diamonds remain a high risk within the diamond industry. The measures to enhance detection's ability are being improved to protect the trade integrity by purchasing additional advanced synthetic diamond detection equipment.

The skills facilitation remains top priority for the DV hence the increase in new entrants trained, monitored, and valuated after finishing training. In the year under review, eight (8) new entrants were trained. They were trained in diamond planning, marking, sorting, valuation and pricing. The trainees included both young females and males. This training improved the skills and exposed them in usage of latest technology thus increasing the chances of employment and of subsequently becoming entrepreneurs in the future. Six (6) former trainees were valuated to identify future needs and possible improvements of the training and the information collected will be utilised to identify suitable intervention for the industry.

2.2 SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

Purpose: The Diamond Exchange and Export Centre (DEEC) is responsible for the facilitation of local trade as well as exports and imports of diamonds in accordance with the KPCS to promote local beneficiation.

Highlights: The DEEC continued to be a platform for equitable access to diamonds, this is evident from the diamonds traded during the financial year 2022/23. This is evident from increased number of all clients' categories accessing DEEC services. This achievement is attributed to the consistent marketing of the DEEC, increase in small parcels offered at the DEEC and special tenders for diamond beneficiators.

The volume of carats submitted for sale and export have decreased compared to the previous year. In the year under review, a total of 5,2 million carats were submitted to the DEEC compared to 6 million carats in 2021/22. In compliance with KPCS minimum requirements, the SADPMR submitted all quarterly trade statistical reports and annual diamond production statistical reports.

SUB-PROGRAMMES AND OUTPUT INDICATORS

SUB-PROGRAMMES	OUTPUT INDICATORS
DEEC	• No. of Beneficiators and dealers accessing the DEEC for the first time • No. of HDP Beneficiators accessing the DEEC for the first time • No. of quarterly imports, exports statistics reports and KP annual report submitted • No. of Bilateral Engagements • No. of Multilateral Engagements
GDV	• % of diamond verified for fair market value • % of polished diamonds subjected for verification • No. of trained new entrants • No. of trained new entrants monitored and evaluated post-training

INSTITUTIONAL OUTCOMES

- Job creation, skills development and value addition to precious metals and diamonds.
- Compliance to legislation by SADPMR licensee.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES: DIAMOND VALUATOR AND DIAMOND EXCHANGE AND EXPORT CENTRE - ANNUAL PERFORMANCE PLAN

<table>
<tr><th>OUTPUT</th><th>OUTPUT INDICATOR</th><th>AUDITED ACTUAL PERFORMANCE 2020 / 2021</th><th>AUDITED ACTUAL PERFORMANCE 2021 / 2022</th><th>PLANNED ANNUAL TARGET 2022 / 2023</th><th>AUDITED ACTUAL PERFORMANCE 2022 / 2023</th><th>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023</th><th>REASONS FOR DEVIATIONS FOR ALL INDICATORS</th></tr>
<tr><td colspan="8">OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO PRECIOUS METALS AND DIAMONDS</td></tr>
<tr><td rowspan="2">Trained new entrants in diamond planning, marking, sorting, valuation and pricing</td><td>No. of trained new entrants</td><td>5</td><td>7</td><td>6</td><td>8</td><td>2</td><td>Exceeded due to increased marketing of services rendered by the SADPMR</td></tr>
<tr><td>No. of trained new entrants monitored and evaluated post training.</td><td>N/A</td><td>N/A</td><td>5</td><td>7</td><td>2</td><td>Exceeded because more trainees availed themselves for valuation.</td></tr>
<tr><td colspan="8">OUTCOME: COMPLIANCE TO LEGISLATIONS BY SADPMR LICENCES</td></tr>
<tr><td>Verify the fair market value of diamonds</td><td>% of diamond verified for fair market value</td><td>100</td><td>100</td><td>100</td><td>100</td><td>-</td><td rowspan="2">Achieved as planned.</td></tr>
<tr><td>Detected undisclosed polished synthetic diamonds</td><td>% of polished diamonds subjected for verification</td><td>100</td><td>100</td><td>100</td><td>100</td><td>-</td></tr>
<tr><td rowspan="2">Ensured equitable access of diamonds in the DEEC</td><td>No. of Beneficiators and dealers accessing the DEEC for the first time</td><td>N/A</td><td>N/A</td><td>8</td><td>12</td><td>4</td><td rowspan="2">Exceeded due to an increase of small diamond parcels that were offered by diamond producers.</td></tr>
<tr><td>No. of HDP Beneficiators accessing the DEEC for the first time</td><td>N/A</td><td>N/A</td><td>2</td><td>7</td><td>5</td></tr>
<tr><td rowspan="3">Proper administration of KPCS</td><td>No. of quarterly imports, exports statistics reports and KP annual report submitted</td><td>N/A</td><td>N/A</td><td>5</td><td>5</td><td>-</td><td rowspan="2">Achieved as planned.</td></tr>
<tr><td>No. of Bilateral Engagements</td><td>N/A</td><td>N/A</td><td>3</td><td>3</td><td>-</td></tr>
<tr><td>No. of Multilateral Engagements</td><td>N/A</td><td>N/A</td><td>5</td><td>10</td><td>5</td><td>Exceeded because SADPMR was given extra task by KP which led to more engagements.</td></tr>
</table>

PROGRAMME PERFORMANCE

(I) SUB-PROGRAMME: DIAMOND VALUATION (DV)

The DV provides valuation services related to diamond exports, imports and diamond production offered to the State Diamond Trader (SDT) by producers in terms of the Diamonds Act to ensure that diamonds are traded at fair market value. The other function of the DV is to provide technical and expert opinion on diamonds in criminal investigations and judicial proceedings.

In the year under review, the diamond production increased from 8,7 million carats to 8,9 million carats compared to 2021/22. The increment was attributed to the new producer who contributed to the production. The SDT diamond purchases decreased by 18.6% carats in 2022/2023 compared to 2021/2022. The decrease was attributed to affordability by diamond Beneficiators, which has been made worse by an unstable market.

During the current financial year, the DV contributed in offering their Rough Diamond valuation skills to eight new Diamond Licensees. The group consisted of two women and six young males. This initiative will hopefully have positive impact in the diamond industry since more value will be added to their businesses. In the calendar year, the diamond production remained constant at 9,6 million carats in 2022 compared to 9,7 million carats in 2021.

Table 1: Overview of production from 2018 to 2022.

PRODUCTION			
PERIOD	VOLUME (CTS)	VALUE (US$)	US$ / CTS
2022	9 646 300.00	1 538 930 037.97	159.53
2021	9 717 641.00	1 359 667 615.24	139.92
2020	8 478 398.00	958 497 881.28	113.02
2019	7 180 952.00	873 000 997.54	121.57
2018	9 908 165.00	1 228 346 437.54	123.97

Table 2: Diamond Producers (in carats) of all unpolished diamonds verified by the DV in terms of Section 59B of the Diamond Act.

PERIOD	FY2022/2023		FY2021/2022	
	CARATS	VALUE (US$)	CARATS	VALUE (US$)
Diamond production presented to the SDT	8 966 821.73	1 314 972 290.84	8 724 003,88	1 168 005 571.87
10% purchased by the SDT	458 709.25	67 890 114.20	543 832,23	84 873 130.94

DIAMOND VALUATION SERVICES RENDERED TO SOUTH AFRICAN POLICE SERVICE

The DV provides a service to the South African Police Service (SAPS) for all objects (suspected to be diamonds) confiscated for the purpose of seeking expert opinion. Table 3 represents exhibits presented for valuation to the DV by SAPS. The South African legislation prohibits unlicensed individuals or companies to trade in unpolished diamonds. All contraventions of the law are handed over to the SAPS. SAPS then presents all the confiscated exhibits for identification and valuation to the Diamond Valuator. Out of a total of 1085 objects confiscated by the SAPS and presented to SADPMR for verification in 2023, 195 were found to be non-diamonds and 890 stones were found to be diamonds weighing a total of 307.28 carats valued at R429 938.07. Table 3 represents an overview of police confiscation for the years 2018 to 2022.

Table 3: Overview of Police confiscations from 2018 to 2022.

YEAR	OBJECTS PRESENTED	NON-DIAMONDS	DIAMONDS	CARATS	RAND VALUE
2022	1005	366	639	284.52	533 705.19
2021	987	199	788	298.86	302 706.50
2020	665	538	127	54.48	583 926.00
2019	4 401	680	3 721	621.21	492 812.60
2018	2 018	1 011	1 007	667.36	1 870 679.73

Table 4: Diamonds and non-diamonds valuated by DV on behalf of SAPS.

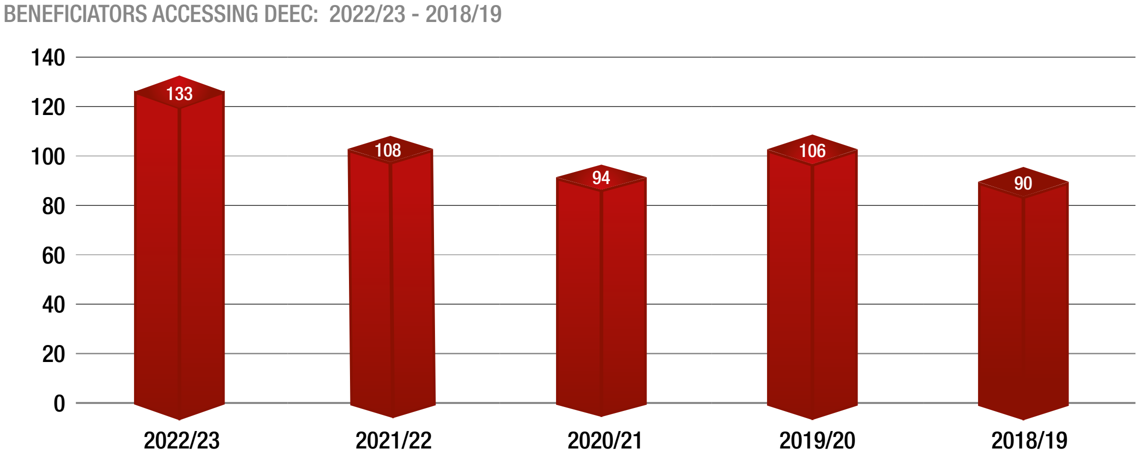
PROVINCE	2022/ 2023	EXHIBITS		TOTALS		2021/ 2022	EXHIBITS		TOTALS	
		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)
Gauteng	45	43	2	127.36	106 420.87	16	0	16	0	0.00
Free State	12	1	11	0.77	426.00	9	6	3	7.43	20 293.00
Northern Cape	611	487	124	118.72	297 685.00	650	417	233	179.41	1 746 582.32
Eastern Cape	0	0	0	0	0.00	0	0	0	0	0.00
North West	16	7	9	9.3	15 202.00	18	0	18	0	0.00
Mpumalanga	0	0	0	0	0.00	0	0	0	0	0.00
KwaZulu-Natal	0	0	0	0	0.00	2	2	0	0.79	24 170.00
Western Cape	401	352	49	51.13	10 204.20	596	448	148	124.46	1 360 404.00
Limpopo	0	0	0	0	0.00	0	0	0	0	0.00
Total	**1085**	**890**	**195**	**307.28**	**429 938.07**	**1291**	**873**	**418**	**312.09**	**3 151 449.32**

(II) SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

DIAMOND BENEFICIATORS ACCESSING THE DEEC DURING 2022/2023

The DEEC continued to implement beneficiation strategy by ensuring that the diamond Beneficiators are given priority during tender viewing in the DEEC. In the year under review, the DEEC services displayed resilience with an increase of diamond Beneficiators from 108 to 133. Figure 1 displays a positive trend whereby the number of Beneficiators significantly increased year after year. This is also attributed to special tenders and small parcels offered to Beneficiators during the year.

Figure 1: Diamond Beneficiators accessing the DEEC service in the past five years.



CLIENTS ACCESSING THE DEEC

The DEEC continued to market its services and that increased the number of clients accessing the DEEC services. This is shown by an increased number of clients from 1684 to 2784 in 2022/2023. The reduced sizes of parcels offered in the DEEC inspired this positive trend since they promote equitable access to diamonds.

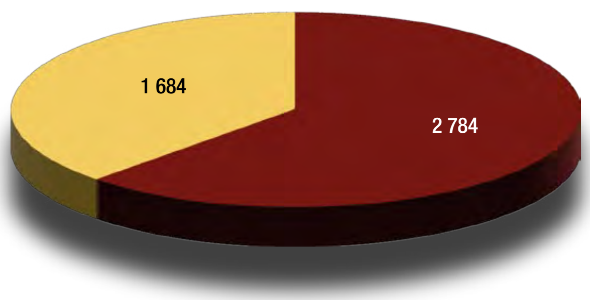
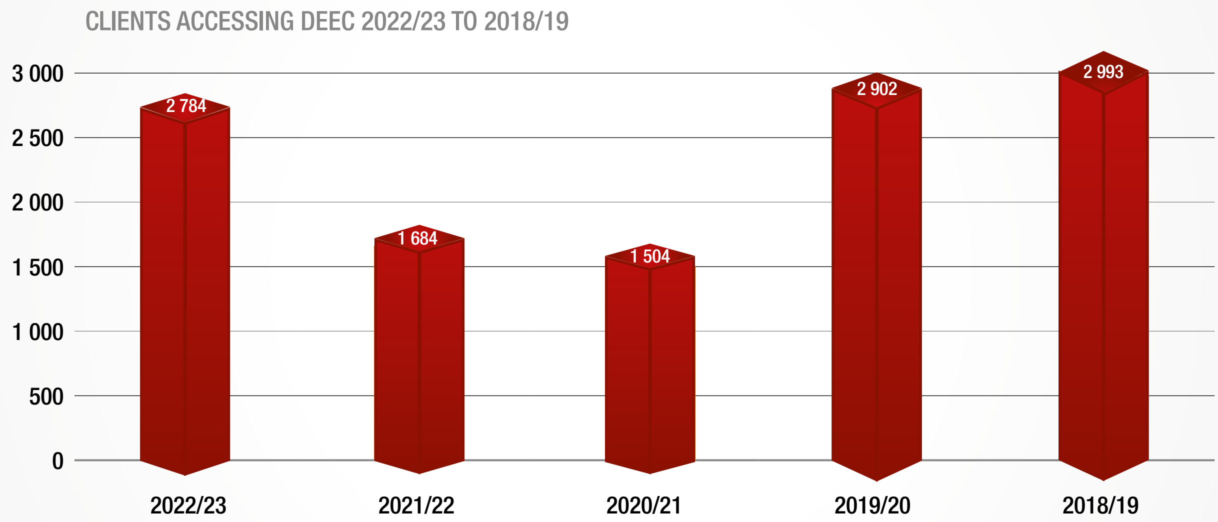


Figure 2: Clients accessing the DEEC.

Figure 3: Clients accessing DEEC in the past 5 years.



ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

The first two quarters of the year were positive in terms of trade, however, the third and fourth quarters were disappointing due to a decline in the demand of rough diamonds. Despite this decline, the Republic of South Africa (RSA) market was able to hold on hence the year closed with positive revenue collected from service fees.

Table 5 illustrates the rough diamond tender's activities facilitated at the DEEC during the 2022/2023 financial year. The DEEC received over 5,2 million carats valued at approximately US$1,2 billion. This is a noticeable decrease in the volume whilst the value remained steady compared to the previous financial year where the value was US$ 1,3 billion with a volume of 6 million carats. This decrease resulted from a low production at Venetia mine, which was more significant in the fourth quarter.

Table 5: Rough Diamond Trade Activities at the DEEC 2022/23 vs 2021/22.

	FY 2022/2023	FY 2021/2022
Total carats received	5,243,728.34	6, 078 ,921.17
Total US$ value received	1,258,579,783.81	1, 323, 263, 529.23
Total carats sold	964,213.37	6, 022 ,827.99
Total carats qualified for export	4,279,348.14	
Total US$ value sold	163,784,830.90	2,463 ,348 ,300.106
Total US$ value qualified for export	1,108,061,912.09	
Total carats withdrawn	166.83	56, 093.18

ROUGH DIAMOND EXPORTS

During the calendar year 2022, South Africa traded with 13 KP participants, which resulted in exports of 10,2 million carats of rough diamonds valued at more than US$1,5 billion. The exports volumes remained steady when compared to 10,4 million carats valued at US$1.7 billion reported during the year 2021. In 2022, 1% was traded with Australia, Canada, India, Israel, Switzerland, People's Republic of China, Namibia, Russian Federation, Singapore, Thailand, United States of America and United Kingdom.

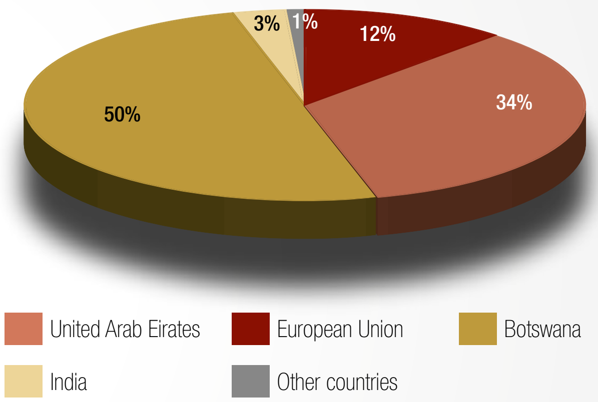


Figure 4: Rough Diamond Exports.

Table 6 demonstrates rough diamond exports between South Africa and other KP Participants in 2022/23.

Table 6: Rough Diamond Exports in 2022/23 (Calendar Year).

ROUGH DIAMOND EXPORTS				
	2023		2022	
PARTICIPANT	CARATS	VALUE ($)	CARATS	VALUE ($)
Australia	0	0	5	863
Botswana	5 117 112,54	595 283 682,33	4 274 653	420 307 481
Canada	13,30	241,42	3 314	108 784
China PR	14 498,84	9 279 679,18	424	2 217 749
European Union	1 294 917,60	221 367 949,11	3 036 742	477 453 268
India	317 391,17	30 601 745,55	235 561	78 366 249
Israel	36 394,39	48 907 429,29	44 069	47 117 382
Namibia	2 143,83	2 051 163,76	632	631
Lesotho	0	0	169	21 898
Russian Federation	0	0	713	553 884
Singapore	2 340,21	615 972,75	88 181	2 523 736
Switzerland	1 671,31	1 972 056,00	192	4 706 314
Thailand	1 103,32	1 034 763,00	1 727	1 002 340
United Arab Emirates	3 498 218,59	597 177 364,55	2 733 733	642 019 248
United State of America	5 475,79	13 203 782,91	3 761	24 242 592
United Kingdom	757,63	9 797 203,00	977	7 277 700
TOTAL	**10 292 038,52**	**993 241 869,09**	**10 424 853**	**1 707 919 849**

ROUGH DIAMOND IMPORTS

During the year 2022, South Africa imported 606 000 carats of rough diamonds valued at more than US$ 803 million traded with 12 KP Participants. The comparisons and analysis of statistical data for rough diamonds imports between 2021 and 2022 indicates a notable 25% decrease in volume when compared to 890 000 carats imported in 2021. In 2022, 3% was traded with the countries listed in figure 5.

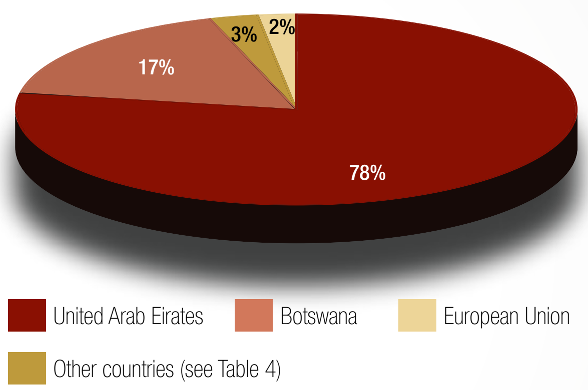


Figure 5: Rough diamond imports 2022 vs 2021 (Calendar Year)

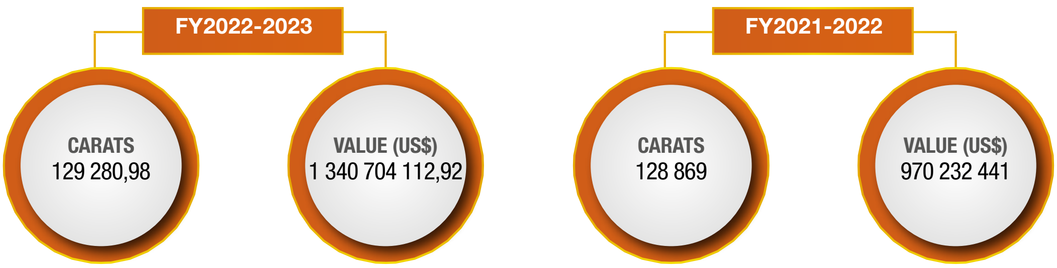
Table 7 Rough Diamond Imports 2022 vs 2021 (Calendar Year).

ROUGH DIAMOND IMPORTS				
PARTICIPANT	2022		2021	
	CARATS	VALUE ($)	CARATS	VALUE ($)
Sierra Leone	49,36	53 988,50	0	0
Botswana	101 574,02	241 085 023,30	122 147	207 034 220
Canada	35,47	4 551,95	0	0
DR Congo	0	0	232	38 882
China PR	2,14	270 480,00	0	0
European Union	10 362,28	18 891 524,17	50 755	27 242 477
India	1 230,58	289 392,64	5 727	1 851 253
Israel	3 436,52	12 658 060,66	13 933	15 904 744
Namibia	8 215,67	77 887 253,07	5 743	5 163 714
Switzerland	903,89	28 811 977,75	2 058	40 385 229
United Arab Emirates	472 032,25	335 975 147,51	671 988	263 358 953
United State of America	7 548,29	79 855 622,67	17 321	81 658 037
United Kingdom	676,00	7 276 271,56	979	7 258 401
TOTAL	**606 066,47**	**803 059 293,77**	**896 883**	**649 895 910**

POLISHED DIAMOND EXPORTS

A total of 129 000 carats of polished diamonds were declared for imports at the value of approximately US$ 1,3 billion. The value has increased significantly, while the volume remains steady compared to the previous financial year. Part of these diamonds were imported by local laboratories for certification.

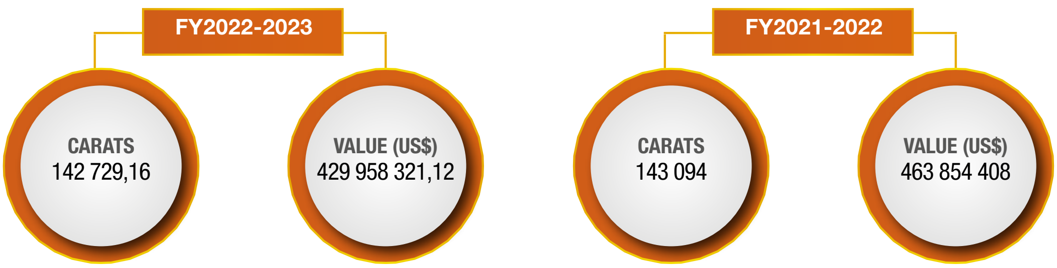
Figure 6 Polished diamond exports.



POLISHED DIAMOND IMPORTS

A total of 142 000 carats of polished diamonds were declared for imports at the value of approximately US$ 429 million. Some of these polished diamonds were imported into South Africa for consultation and certification purposes at local laboratories and re-exported back to their country of origin.

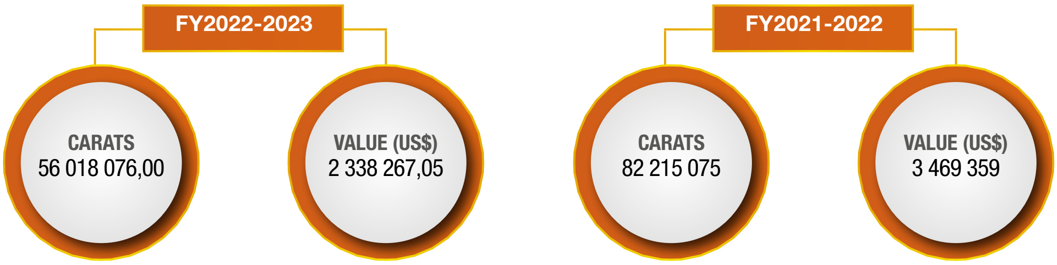
Figure 7: Polished diamond imports.



SYNTHETIC DIAMOND POWDER IMPORTS

The DEEC received and cleared over 56 million of carats of synthetic diamonds powder, valued at approximately US$ 2,3 million. The synthetic diamond powder was imported for the purposes of manufacturing diamond tools.

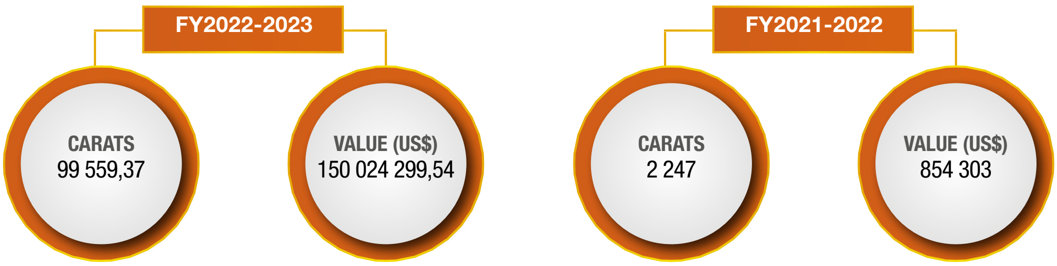
Figure 8: Synthetic diamonds imports.



SYNTHETIC DIAMOND IMPORTS/LAB-GROWN DIAMOND

A total of 99 thousand carats of synthetic diamonds valued at US$ 150 million was imported, this implies a significant increase when compared to the data for the previous financial year. This increase in synthetic/lab-grown diamonds is attributed to an increase in the demand for synthetic diamonds globally.

Figure 9: Synthetic diamonds imports.



KIMBERLEY PROCESS CERTIFICATION SCHEME (KPCS)

During the 2022 calendar year, SADPMR oversaw the administration and implementation of KPCS and KP participation by ensuring compliance with KPCS requirements and other relevant legislation. All reports were submitted according to KP requirements.

ISSUING OF KPCS CERTIFICATES

During the 2022 calendar year, 1433 KP certificates for exports were issued to 13 Kimberley Process Participants, while 263 KP certificates were received from 12 KP member countries. This shows a significant increase of 649 in the number of KP certificates issued for exports and 15 certificates received compared to the 2021 calendar year.

Table 8: Certificates issued and received from 2018 to 2022.

KPC COUNTS			
PERIOD	**IMPORT**	**EXPORT**	**TOTAL**
2022	263	1 433	1 696
2021	248	784	1 032
2020	134	648	782
2019	255	1 669	1 924
2018	225	1 723	1 948

SUBMISSION OF QUARTERLY REPORTS (STATISTICS)

Four (4) statistical reports were timeously submitted to the Kimberley Process working group on statistics.

SUBMISSION OF 2022 ANNUAL REPORT

The South African KP 2022 annual report was submitted in line with the Kimberley Processes minimum requirements.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There was no underperformance recorded this year.

LINKING PERFORMANCE WITH BUDGETS

Table 9: Linking performance with budgets.

PROGRAMME/ ACTIVITY/ OBJECTIVE	FY2022-2023			FY2021-2022		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 2: Diamond trade	15 008	13 218	1 791	15 433	13 294	2 139

PROGRAMME 3: REGULATORY COMPLIANCE

Purpose: To ensure compliance with the legislative requirements in the diamond and precious metals industries, to improve transformation, competitiveness, sustainable development and job creation in these industries.

Sub-Programmes: Regulations and Inspectorate.

3.1 SUB-PROGRAMME: REGULATIONS

Purpose: To receive, process and issue diamond and precious metals licenses, permits and certificates in line with the Diamonds Act, 1986 and the Precious Metals Act, 2005.

Highlights: During the period under review, the division surpassed the targets to issue all licenses within the prescribed regulatory period.

3.2 SUB-PROGRAMME: INSPECTORATE

Purpose:

- Monitor and enforce compliance with the Precious Metals Act, 2005, and the Diamonds Act, 1986;
- Monitor trade transactions through analysis of prescribed registers;
- Measure transformation and compile assessment reports on transformation in the diamond and precious metals industry;
- Facilitate access to industry by aspirant entrepreneurs in collaboration with industry through enterprise development programme; and
- Promote beneficiation through the implementation of the SADPMR Beneficiation Strategy.

Highlights: Monitoring of compliance
A total of one thousand two hundred and thirty-six (1 236) diamond and precious metals inspections were conducted during the period under review, compared to one thousand two hundred and twelve (1 212) during the preceding year, which translates to a 1% increase. Precious metals and diamond inspections targets were exceeded by 6% and 27% respectively. A total of forty-nine (49) Export Approval Evaluations were conducted on export approval applications to ensure that the legislative obligation to cater for local demand is satisfied.

TRANSFORMATION

Six (6) enterprise development projects with a focus on aspirant black entrepreneurs, women and youth were initiated with industry partners, which translated to advancement of forty-two (42) candidates.

Assessment of transformation was conducted on a total of two hundred and seventy-three (273) licensees.

ENFORCEMENT OF COMPLIANCE

Thirty (30) precious metal joint inspections and seventeen (17) diamond joint inspections were conducted with law enforcement agencies to curb illicit trading. During the year under review, SADPMR commenced with issuing non-compliance notices as part of a shift from levying penalties in order to clamp down on non-compliance. One-thousand and forty-four (1 044) non-compliance notices were issued to diamond and precious metals licence holders. Of these, 637 notices were issued to diamond licence holders and 407 were issued to precious metals licence holders. One (1) precious metals refining licence was cancelled for non-compliance with the Precious Metals Act, 2005.

INSTITUTIONAL OUTCOMES

- Job creation, skills development and value addition for the diamond and precious metals industries.
- Transformation in the diamond and precious metals industries
- Compliance to legislation.

SUB-PROGRAMMES AND OUTPUT INDICATORS

SUB-PROGRAMMES	OUTPUT INDICATORS
Regulations	• Percentage of fully completed licences issued (precious metals). • Percentage of fully completed licences issued (diamonds). • Percentage of beneficiation licences/permits issued. • Number of HDP licences issued.
Inspectorate	• Number of enterprise development/partnership created including women and youth. • Number of enterprises/partnerships monitored/maintained. • Number of licensees assessed. • Percentage of export approval applications evaluated to cater for local demand. • Number of inspections conducted (precious metals). • Number of precious-metal joint inspections with law enforcement stakeholders. • Number of inspections conducted (diamonds). • Number of reactivated diamond beneficiation licensees. • Number of reactivated precious metals beneficiation licensees. • Number of diamond joint inspections with law enforcement stakeholders. • Percentage of enforcement actions undertaken. • Approval and implementation of the SADPMR beneficiation strategy.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO DIAMOND AND PRECIOUS METAL INDUSTRIES							
Precious metals licences issued within legislated timeframes	% of fully completed licenses issued	76	65	100	100	-	Achieved as planned.
Diamond licences issued within legislated timeframes	%of fully completed licenses issued	73	65	100	100	-	
Diamond and precious metals beneficiation licences issued	% of Beneficiation license/ permits issued	100	100	100	100	-	

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE - ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO DIAMOND AND PRECIOUS METAL INDUSTRIES (CONTINUED)							
Diamond and Precious Metals Licences issued to HDP's including women, youth and people with disabilities	No. of HDP licences issued	N/A	N/A	2	72	70	Exceeded due to an increase in the number of applications received from HDPs.
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO DIAMOND AND PRECIOUS METAL INDUSTRIES (CONTINUED)							
Assisted inactive HDP diamond beneficiation licensees	No. of re-activated diamond beneficiation licensees	N/A	N/A	2	2	-	Achieved as planned.
Assisted inactive HDP precious metals beneficiation licensees	No. of re-activated precious metals beneficiation licensees	N/A	N/A	2	2	-	
Export approval evaluations to cater for local demand	% of export approval applications evaluated	23*	35*	100	90	10	Not achieved due to applications that were not approved which did not meet local demand.
Formulated and implemented SADPMR beneficiation strategy plan	Approval and implementation of the SADPMR beneficiation strategy	N/A	N/A	Approved SADPMR Strategy and Plan for 2022 to 2026	#Approved SADPMR Strategy and Plan for 2023 to 2027	-	Achieved as planned.
OUTCOME: TRANSFORMATION IN THE DIAMOND AND PRECIOUS METALS INDUSTRIES							
Assessment of the extent of transformation in the diamonds and precious metals industries	No. of licensees assessed	N/A	N/A	160	273	113	Exceeded due to the increase in the number of inspectors in the Inspectorate Division because of the Optimal Human Resources Utilization Project.
New enterprise development/ partnership projects created, monitored, and maintained	No. of enterprises developed/ partnerships created	N/A	N/A	6	6	-	Achieved as planned.
	No. of enterprises/ partnerships monitored/ maintained	N/A	N/A	7	7	-	

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE-ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020 / 2021	AUDITED ACTUAL PERFORMANCE 2021 / 2022	PLANNED ANNUAL TARGET 2022 / 2023	AUDITED ACTUAL PERFORMANCE 2022 / 2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022 / 2023	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPLIANCE WITH LEGISLATION BY SADPMR LICENSES (CONTINUED)							
Ensure compliance monitoring through inspections	No. of inspections conducted in licensed precious metals premises	328	458	450	481	31	Exceeded due to an increase in the number of requests for new premises inspections
	No. of inspections conducted in licensed diamond premises	469	754	550	755	205	
Improved compliance in accordance with the applicable procedure	% of enforcement actions addressed relative to non-compliance incidents identified	N/A	N/A	100	100	-	Achieved as planned
Reduced illicit trading in the Diamonds and Precious Metals	No. of precious metals joint inspections conducted with law enforcement stakeholders	1	5	20	30	10	Exceeded due to an increase in the number of requests for joint inspections with SARS and SAPS.
	No. of diamond joint inspections conducted with law enforcement stakeholders	1	4	15	17	2	

*The target was reported as a number in the 2021/2022 financial year.

#The actual strategy document that was approved was captured: Approved SADPMR Strategy and Plan for 2023 to 2027 as compared to the Annual Performance Plan which was captured as Approved SADPMR Strategy and Plan for 2022 to 2026

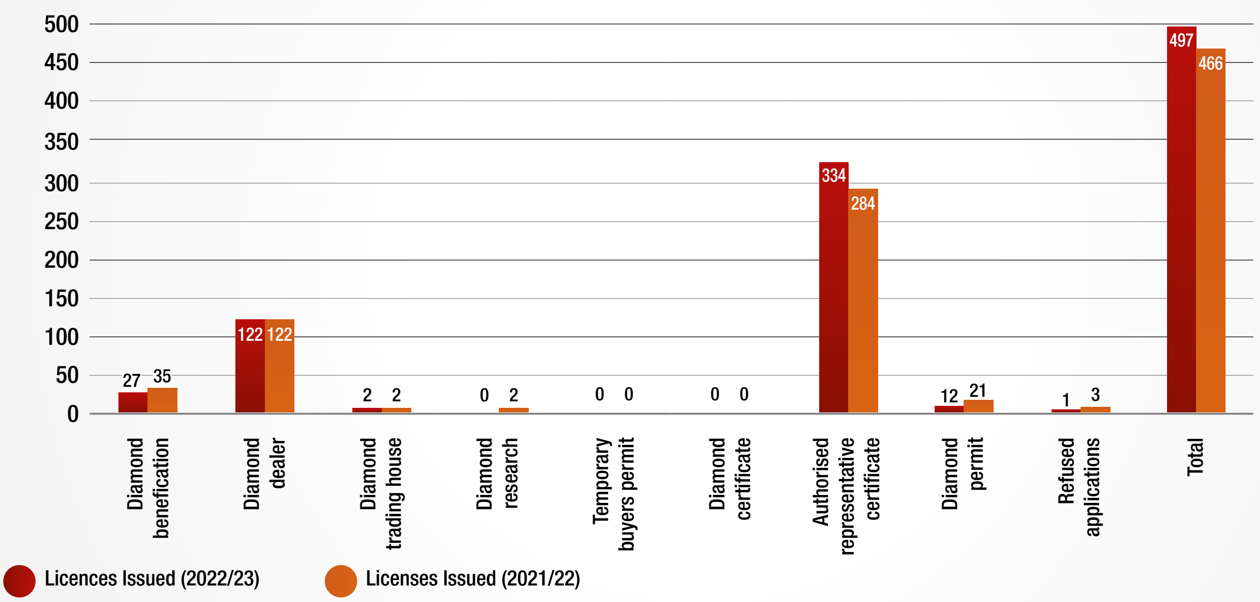
PROGRAMME PERFORMANCE

(I) SUB-PROGRAMME: REGULATIONS

DIAMOND LICENCES/ PERMITS ISSUED

During the period under review, a total of four hundred and ninety-seven (497) diamond licences were issued, compared to four hundred and sixty-six (466) issued for the previous financial year as indicated in Figure 1. The slight increase of the number of diamond licences issued this financial year is attributed to the fact that 2022-2023 financial year was not a renewal period. Furthermore, year-on-year comparison shows a decrease in all types of diamond licences issued consistent with the overall decrease, except for the diamond dealers' licence that increased marginally.

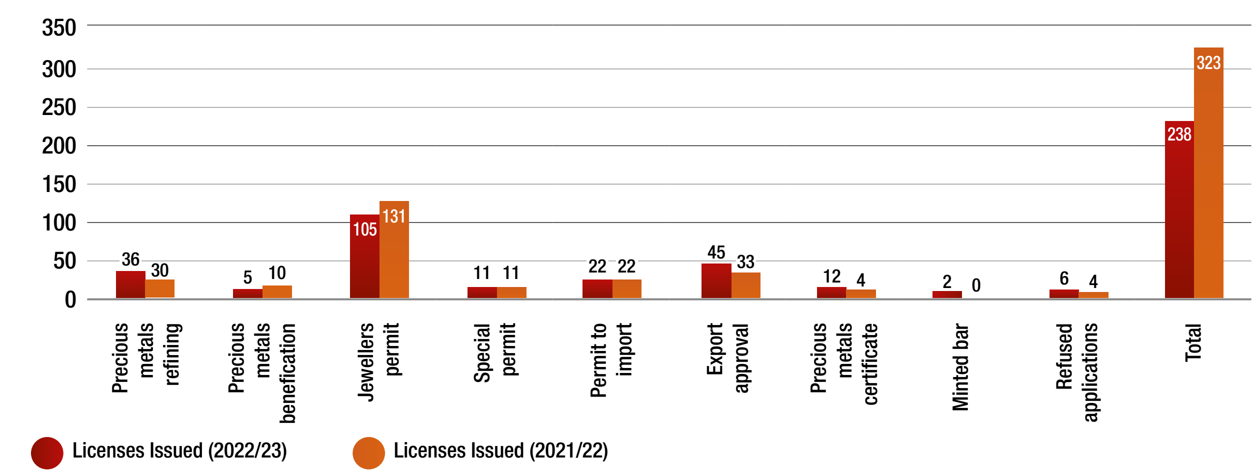
Figure 1: Diamond Licences/ Permits Issued.



PRECIOUS METALS LICENCES/ PERMITS ISSUED

During the period under review, a total of two hundred and thirty-eight (238) precious metals licences, permits and certificates were issued, compared to three hundred and twenty-three (323) issued for the previous financial year as indicated in Figure 2. The decrease in the number of precious metals licences issued is attributed to the fact that 2022/23 financial year was not a renewal period. Furthermore, year-on-year analysis shows a decrease in all types of precious metals licences issued consistent with the overall decrease.

Figure 2: Precious metals licences / Permits issued.



DIAMOND AND PRECIOUS METALS LICENCES ISSUED AS BASED ON HDP OWNERSHIP

During the period under review, a total of seven hundred and forty-two (742) licences were issued. Of that total, seventy-two (72) licences were issued to 100% HDP owned entities, compared to a total of fifty-six (56) issued to HDP owned entities in the 2021-2022 financial year. The gender composition of the licences issued to HDP owned entities is indicated in Table 1.

Table 1: Diamond and Precious Metals Licences Issued to HDP Owned Entities.

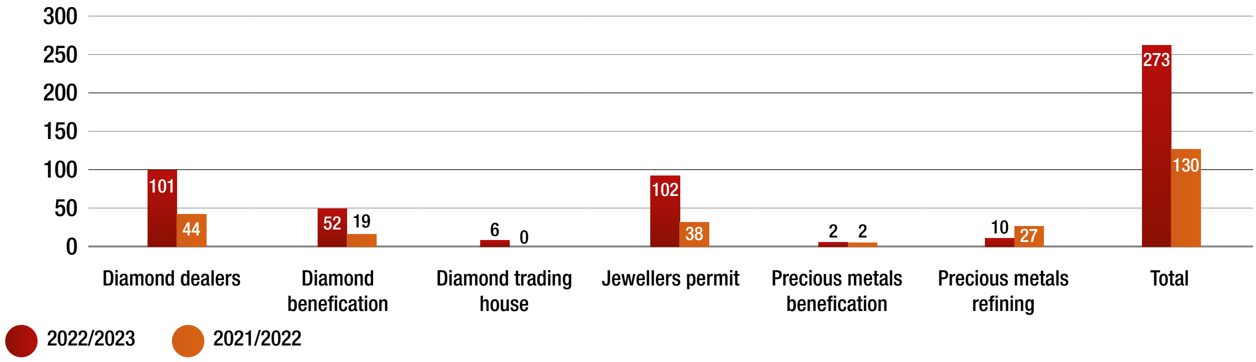
TYPE OF LICENCE	NO. OF LICENCES	100% HDP OWNERSHIP	
		MALE	FEMALE
Diamond dealers	19	11	8
Diamond beneficiation	6	2	4
Diamond trading house	1	1	0
Jeweller's permit	40	17	23
Precious metals refining	5	1	4
Precious metals special permit	1	1	0
Total	**72**	**33**	**39**

(II) SUB-PROGRAMME: INSPECTORATE

ASSESSMENT OF TRANSFORMATION: LICENCE TYPE

The SADPMR continues to assess the extent to which the diamond and precious metals industry embraces transformation imperatives on a voluntary basis through analysis of data submitted by licensees. The assessment is not conducted to ensure compliance because of the setting aside of the Mining Charter. Accordingly, during the year under review, a total of two hundred and seventy-three (273) diamond and precious metals licensees holding different types of licences were assessed, in contrast to one hundred and thirty (130) assessed the preceding year, as indicated in Figure 3. Data was received predominantly from Diamond Dealer and Jewellers Permits licensees.

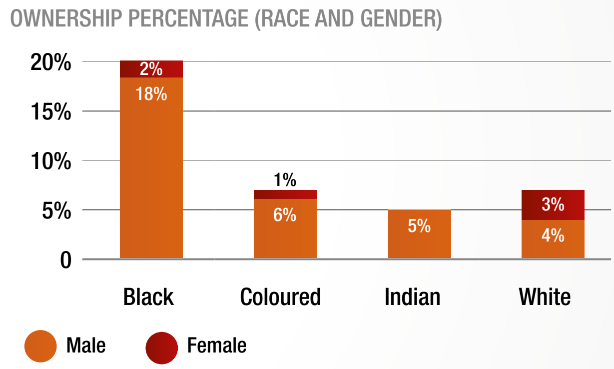
Figure 3: Assessment of Transformation.



ASSESSMENT OF TRANSFORMATION: OWNERSHIP PERCENTAGE (RACE AND GENDER)

Figure 4 depicts ownership percentage using race and gender metrics based on the two hundred and seventy-three (273) diamond and precious metals licensees assessed during the year under review. Ownership by Black males is at 18%, compared to 6% of Coloured males, 5% for Indian males and 4% for White males.

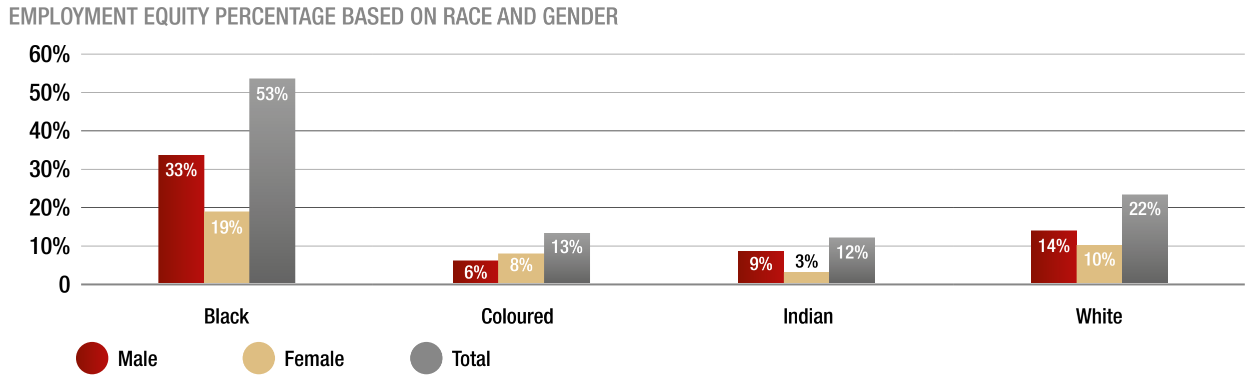
Figure 4: Ownership Percentage Based on Race and Gender.



ASSESSMENT OF TRANSFORMATION: EMPLOYMENT EQUITY PERCENTAGE (RACE AND GENDER)

During the assessment of 273 licence holders, a total of 1 206 people was recorded to be employed. Employment equity is an important indication of the employment capacity of the diamond and precious metals industries. Figure 5 illustrates that Black males followed by White, Indian, and thereafter Coloured males dominate the demographic compared to their female counterparts. Based off the statistics collected during this financial year and using descriptive statistics, the average licence holder will employ approximately four people, with black males being the likely demographic employed.

Figure 5: Breakdown of employment statistics based on race and gender.



ENTERPRISE DEVELOPMENT PROJECTS

During the period under review, enterprise development collaborations were forged between the SADPMR and various industry players to grow and support Small, Medium and Micro Enterprises (SMMEs) in the diamond and precious metals sectors. These collaborative projects are designed to invest time and capital to assist emerging black entrepreneurs establish, expand and improve their businesses through skills training and support in all aspects of the business start-up. The industry contributes towards the creation of an entrepreneurial culture in the diamond and precious metals sectors by investing in the next crop of black industrialists. The following are the details on the collaboration projects:

I. SILVER MENTORSHIP FLAGSHIP PROGRAMME

The programme launched in March 2021, in collaboration with Rand Refinery (PTY) Ltd, saw the hard work of the past two years paying off, with the graduation of all sixteen (16) candidates (6 female and 10 male students). The graduation took place on the 17th of March 2023 and was hosted by Rand Refinery. The top three winners of the programme were announced during the graduation ceremony, and they were awarded prizes to the value of R65 000 for first place, R50 000 for second place and R40 000 for third place. The first and second place winners were also awarded an expense paid trip to the South African Mining Indaba 2023.

II. DIBENYA TSA BAKGATLA PROJECT

The collaborative project between the SADPMR, Akapo Jewels, the DMRE, dtic and the Bakgatla Ba Kafela Community, intends to promote local beneficiation through the establishment of a skills training and manufacturing hub in the North-West Province, focusing on a near-mining community upliftment. On 8 September 2022, the project launched a pop-up store in Nelson Mandela Square (Sandton), which is currently selling jewellery items manufactured by the candidates participating in the project.

III. SKILLS AND ENTERPRISE DEVELOPMENT FOR MELEE DIAMONDS

This new project in collaboration with KGK diamonds (PTY) Ltd, intends to skill young graduates in all aspects of diamond polishing, with special emphasis on diamond polishing of melee (small diamonds) and diamonds that are deemed economically uncuttable in South Africa. This skill will unlock the ability of South Africa to manufacture diamonds that would normally be exported to another market for further beneficiation. The project started in January 2023 and will continue for an 18-month period.

IV. SPECIAL DIAMOND TENDER FOR HDP

The second new project established with the SADPMR and Alexander Bay Diamond Corporation aimed at assisting small diamond beneficiators, including women, youth and other HPDs to access small parcels of affordable rough diamonds through special tenders. Since the inception of the project in August 2022, the company has held two special tenders of this nature; which culminated in a total of three successful bids by small beneficiation licence holders.

Mr Cecil Khosa, CEO of the SADPMR together with Mr Samuel Manyisa, the Manager for the EkurhuleniJewellery Project (EJP).

Mr Manyisa with the 13 students from the Silver Mentorship programme who graduated from the programme.

MONITORING OF COMPLIANCE THROUGH INSPECTIONS (DIAMONDS)

The credibility of any regulatory authority or entity hinges on its ability to consistently monitor compliance with the prescribed rules stipulated in the relevant legislation. Accordingly, the SADPMR continued to monitor compliance during the year under review by undertaking monitoring of compliance through conducting inspections. During the year under review, a total of seven hundred and fifty-five (755) diamond inspections were conducted, one hundred eighty-four (184) of which were in respect of new diamond licence applications, and five hundred and seventy-one (571) were follow-up inspections on existing licences. The total number of inspections conducted for the period under review surpassed an annual target of 550, albeit a slight decrease compared to a total of seven hundred and forty-nine (749) achieved during the preceding financial year.

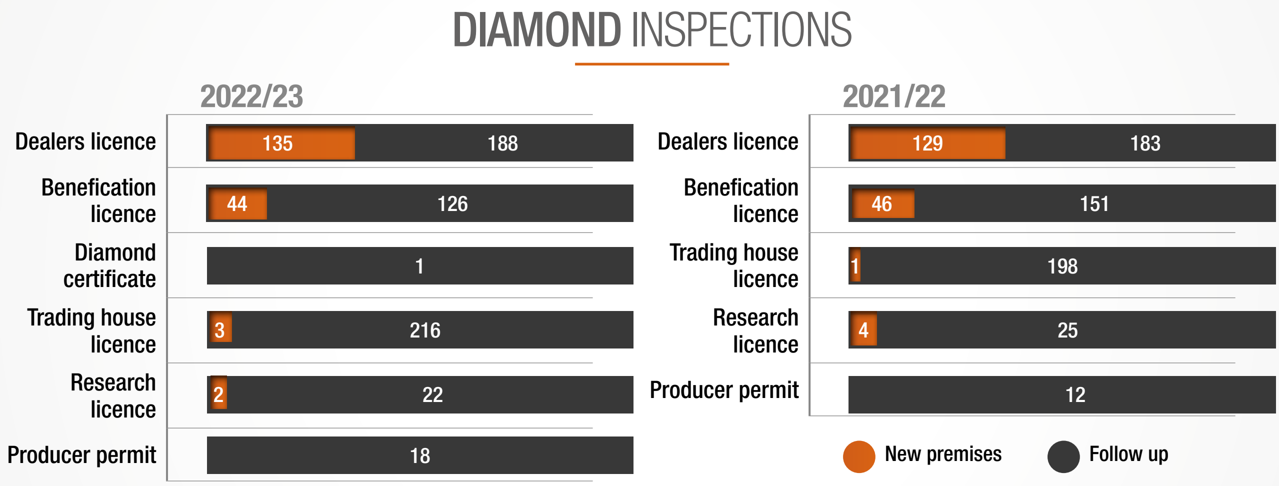
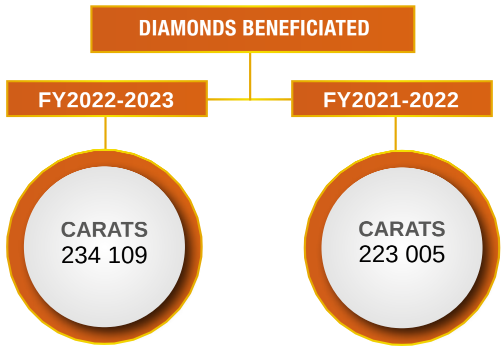


Figure 6: Breakdown of the Inspections Conducted by Licence/Permit Type.

DIAMOND BENEFICIATION (YEAR TO YEAR)

Diamond beneficiation for the period under review stands at two hundred and thirty-four thousand, one hundred and nine (234 109) carats, compared to two hundred and twenty-three thousand and five (223 005) for the previous financial year. It is worth noting that diamond beneficiation in South Africa has been on a consistent decline trajectory which is attributed to a number of factors, including amongst others, lack of the requisite skills to beneficiate low value small diamonds, lack of consistent access to affordable, small parcels of high value diamonds to local beneficiators, inability to beneficiate at competitive price relative to other jurisdictions such as India and China. Consequently, the SADPMR, together with industry and other relevant Government Departments have embarked on the implementation of a number of initiatives as part of a concerted effort to bolster the competitiveness of the diamond industry and thus stem the declining trends in diamond beneficiation. Some of the interventions include lobbying the National Treasury of South Africa to remove VAT on imported rough diamonds to bolster the cash flow position of beneficiators, particularly small- and medium-scale beneficiators.

Figure 7.



MONITORING OF COMPLIANCE (PRECIOUS METALS)

During the year under review a total of four hundred and eighty-one (481) precious metals premise inspections were conducted by SADPMR inspectors, two hundred and eight (208) of which were in respect of new precious metal licence/ permit applications, and the remaining two hundred and seventy-three (273), were follow-up inspections relating to existing licence/permit holders. Figure 8 indicates new and follow-up precious metals inspections by licence type conducted. The number of precious metals inspections conducted this financial year amounted to a 5% increase from the number of inspections conducted in 2021-2022. The increase in question is attributed to follow-up inspections.

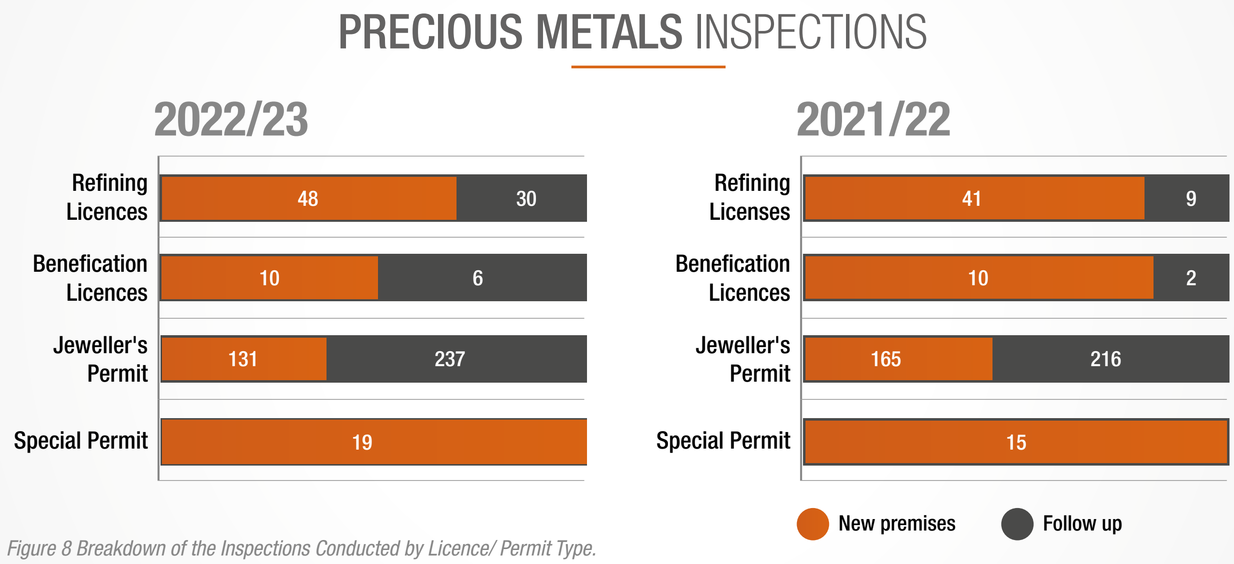


Figure 8 Breakdown of the Inspections Conducted by Licence/ Permit Type.

STAKEHOLDER ENGAGEMENT WITH LAW ENFORCEMENT AUTHORITIES

During the period under review, the SADPMR participated in the following stakeholder engagements with law enforcement authorities to enforce compliance/combat illegal activities in the Diamond and Precious Metals Industries.

NATIONAL COORDINATION STRATEGIC MANAGMENT TEAM (NCSMT)

Quartely meetings to strategise in fighting illegal mining and the illegal trafficking of precious metals, diamonds and other mineral resources. The team comprises 13 various Government departments and private sector stakeholders.

NATIONAL ORGANISING COMMITTEE (NOC)

- Meetings are conducted to oversee the implementation of illegal mining strategy and provide technical and regulatory support nationally. The committee comprises the following stakeholders:
- SAPS
- SSA, SARS, NPA
- DMRE, SADPMR
- FIC

PROVINCIAL ORGANISING COMMITTEE (POC)

- Meetings are conducted to oversee the implementation of illegal mining strategy and provide technical and regulatory support provincially. The committee comprises the following stakeholders:
- SANDF, SAPS
- SSA, SARS, NPA
- DHA, SADPMR
- Mine security

SARS/ SADPMR MEETING

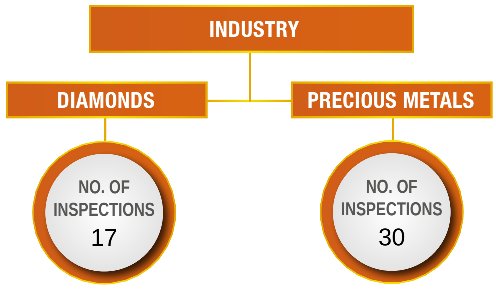
Meetings are conducted to identify gaps in legislation that are hampering enforcement as well as planning and conducting of joint inspection with SARS officials. Stakeholders are the policy makers; DMRE and National Treasury.

Figure 9: Breakdown of stakeholder interaction.

JOINT COMPLIANCE INSPECTIONS

The SADPMR conducts disruptive joint inspections together with relevant law enforcement agencies such as the South African Police Services (SAPS) and the South African Tax Revenue Services (SARS) as part of the strategic objective related to reducing illicit trading in the diamond and precious metals industry. During the year under review, a total of forty-seven (47) joint inspections were conducted as indicated in figure 10 to the right.

Figure 10.



ENFORCEMENT OF COMPLIANCE

On the back of the cancellation of the levying of penalties for non-submission of the prescribed registers, the SADPMR commenced with the issuance of non-compliance notices as part of a comprehensive strategy to intensify enforcement of compliance in accordance with the Enforcement of Compliance Procedure. Consequently, during the year under review, a total of one thousand and forty-four (1 044) non-compliance notices were issued. One (1) Precious Metals Refining Licence was cancelled due to non-compliance with the Precious Metals Act. Table 2 indicates the number and reasons of non-compliance notices issued as well as the applicable industry.

Table 2. Breakdown of non-compliance notice issued.

REASON FOR NON-COMPLIANCE	DIAMONDS	PRECIOUS METALS
Non-submission of Registers	634	352
Purchasing Goods From an Unlicenced Client	0	12
Operating Under a Deceased Persons Permit	0	1
Operating at an Unlicenced Premise	2	0
Operating with an Expired Permit	0	1
Conducting an Export Without Authorization (Export Permit)	0	1
Changes Premises Without Notification	1	2
Non-submission to FSL	0	38
Total	**637**	**407**

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

The Annual Performance Plan for 2022/2023 was amended following the judgment so as to measure transformation within the industry through voluntary submission of data by licence holders.

CHANGES TO PLANNED TARGETS

There were no changes to planned targets.

LINKING PERFORMANCE WITH BUDGETS

As for performing the key activities, the regulatory compliance spent R24.7 million against a budget of R26.1 million. The underspending mainly emanated from savings around inspection and travel costs.

Table 3. Linking performance with budgets.

	FY2022-2023			FY2021-2022		
PROGRAMME/ ACTIVITY/ OBJECTIVE	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 3: Regulatory Compliance	27 543	27 022	521	26 054	24 697	1 357

Part C

Governance

1. INTRODUCTION

The SADPMR was established in terms of section 3 of the Diamonds Amendment Act 29 of 2005 and is classified in terms of the PFMA, 1999, as a Schedule 3A state entity. The Diamonds Act of 1986, as amended:

As the enabling legislation of the SADPMR, this Act provides for the objectives, functions and role of the SADPMR. The Diamonds Act further makes provision for the appointment and composition of the Board of the SADPMR and the CEO as the accounting officer.

PFMA of 1999, as amended:

As a Schedule 3A state entity, the SADPMR's corporate governance is achieved through the application of the provisions contained in the PFMA read together with the King Report IV on corporate governance.

2. PARLIAMENTARY PORTFOLIO COMMITTEE (PPC)

Parliament has an oversight role on the overall performance of the SADPMR. The Parliamentary Portfolio Committee on Mineral Resources and Energy reviews and oversees all functions and duties of the SADPMR, including financial matters.

The SADPMR tabled its Annual Report for the FY 2021-2022 to the PPC on 11 October 2022 and also presented the Annual Performance Plan on 06 May 2022.

3. EXECUTIVE AUTHORITY (SHAREHOLDER)

The SADPMR accounts to the Minister of Mineral Resources and Energy as the executive authority of the entity. The SADPMR submitted the following compliance reports as required by the PFMA.

Table 1: Compliance report.

2021-2022	DOCUMENTS SUBMITTED	DUE DATE FOR SUBMISSION	DATE SUBMITTED BY THE SADPMR	STATUS
Quarter 1	Performance and financial results	30 July 2022	30 July 2021	Complete
Quarter 2	2022-2023 Budget and strategic plan	31 October 2022	31 October 2022	Complete
	2021/2022 Annual Report	31 October 2022	31 October 2022	Complete
	Performance and financial results	31 October 2022	31 October 2022	Complete
Quarter 3	Performance and financial results	31 January 2023	31 January 2023	Complete
Quarter 4	Performance and financial results	30 April 2023	28 April 2023	Complete

4. THE ACCOUNTING AUTHORITY

The SADPMR Board is duly appointed by the Minister of Mineral Resources and Energy in terms of section 6 of the Diamonds Act, as amended, as the Accounting Authority of the entity. The Board comprises non-executive members and the CEO of the SADPMR, the latter serves as an ex officio member of the Board. In terms of section 6(1) of the Diamonds Act, the Board must ensure that the functions of the SADPMR are performed. In so doing, the objects of the SADPMR are achieved. The Board is responsible for the strategic direction and financial management of the SADPMR in terms of the PFMA.

4.1. BOARD CHARTER

The SADPMR Board is governed by a Charter that is reviewed annually. The Board Charter outlines the Board's responsibilities towards the SADPMR as stipulated in the Diamonds Act, as amended, the PFMA, and the King Report on Corporate Governance. The Board oversees the Strategic Plan, Annual Performance Plan and Quarterly Performance Plans of the SADPMR and ensures that the entity achieves its strategic objectives as outlined in these plans.

4.2 COMPOSITION OF THE BOARD (Members of the Board and Committees)

The Board members of the SADPMR are non-executive directors, except for the CEO who serves as an ex officio member, as indicated. The Board is appointed by the Minister of Mineral Resources and Energy in accordance with the provisions stipulated in section 6 of the Diamonds Act, as amended. The Board was appointed with effect from 1 November 2020 for a three-year term ending October 2023. Mr Viren Magan who was the Chairperson of Finance, Audit and Risk Committee and Mr Mandla Mnguni resigned on 31 August 2022 and the Department of Minerals and Energy Minister appointed Mr Zola Fihlani and Mr Kagiso Menoe on 22 October 2022. The Board appointed Ms Ndivhuho Munyai as the Chairperson Finance, Audit and Risk Committeee. The Board also appointed Ms Nyawa Dikwayo on 5 May 2022 as an Independent Member of Finance, Audit and Risk Committee.

Members of the **Board and Committees**

Mr A Mngomezulu
Board Chairperson

Mr Cecil Khosa
Chief Executive Officer

Ms Ndivhuho Munyai
Chairperson of Finance, Audit and Risk Committee

Ms Ntombifuthi Zikalala-Mvelase
Chairperson of HR, Remuneration and Ethics Committee

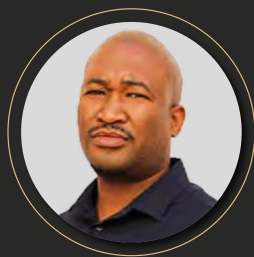
Mr Charles Nevhutanda
Chairperson of Transformation and Licensing Committee

Ms Kanyisa Macingwane
Non-Executive Board Member

Mr Ernest Blom
Non-Executive Board Member

Mr Kholofelo George Serokane
Non-Executive Board Member

Ms Mpho Mosing
Non-Executive Board Member

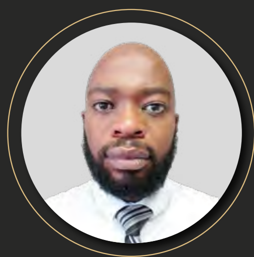


Mr Senna Mokoena
Non-Executive Board Member

Adv Nicolaas Van Rooyen
Non-Executive Board Member

Major-General Hazel Mokoena
Non-Executive Board Member

Ms Lebogang Madiba
Non-Executive Board Member



Mr Kagiso Menoe
Non-Executive Board Member

Ms Nyawa Dikwayo
Finance, Audit and Risk Committee Independent Member

Ms Mmadikeledi Malebe
Non-Executive Board Member

Mr Zola Fihlani
Non-Executive Board Member

Adv Paul Motsepe
Company Secretary

4.2 COMPOSITION OF THE BOARD (Continued)

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)
Mr A Mngomezulu	Board Chairperson	1 November 2020	• MSc (Engineering in Mining) • BSc Hons (Geology)	• Mining Value Chain • Governance	• Merafe Resources, Tshikululu Social Investment and Trust	• Chairpersons Committee
Ms Ntombifuthi Zikalala-Mvelase	Chairperson of HR, Remuneration and Ethics Committee	1 November 2020	• LLB • B Proc	• Legal	• ACSA, • Limpopo Jewellery Business Incubator, • JIA Piazza Park SOC, • Mintek, • AU Jewellery (Pty) Ltd	• HR, Remuneration and Ethics Committee • Chairpersons Committee
Mr Charles Nevhutanda	Chairperson of Transformation and Licensing Committee	1 November 2020	• B. Bus Sc (Economics), • CAIB (SA)	• Finance		• Transformation and Licensing Committee
Ms Ndivhuho Munyai	Chairperson of Finance, Audit and Risk Committee	16 July 2021	• MBA, • B Compt (Accounting Sciences) • SAICA Articles and SAIPA	• Finance		• Finance, Audit and Risk Committee
Mr Ernest Blom	Non-Executive Board Member	1 November 2020		• Diamond Industry	• Ernest Blom Diamonds • Ernest Blom Diamonds Cutting Works	• HR • Finance, Audit and Risk Committee • Transformation and Licensing Committee (invitee)
Ms Kanyisa Macingwane	Non-Executive Board Member	1 November 2020	• MBA, • Postgraduate Diploma (Management) • BCom	• Public Policy and Regulation		• Finance, Audit and Risk Committee
Mr Kholofelo George Serokane	Non-Executive Board Member	1 November 2020	• National Diploma in Jewellery Manufacturing and Design	• Jewellery manufacturing and designing	• Kholo Jewellery Manufacturing • Lekobjane Business Enterprise • Badirammogo Skills Development • Phuthanaga Projects NPO	• Transformation and Licensing Committee
Ms Mpho Mosing	Non-Executive Board Member	1 November 2020	• Master's Degree in Public Management, • LLB Hons	• Legal	• State Diamond Trader	• Transformation and Licensing Committee
Mr Viren Magan	Chairperson of Finance, Audit and Risk Committee	16 July 2021	• MBL • CA (SA) • Hons CTA • B Compt • Certified Internal Auditor	• Finance	• Agrement SA	• Finance, Audit and Risk Committee • Chairpersons Committee
Adv Nicolaas Van Rooyen	Non-Executive Board Member	1 November 2020	• LLB Degree • BA Law • Certificate Labour Dispute Resolution Practice	• Legal and Labour		• HR, Remuneration and Ethics Comm

4.2 COMPOSITION OF THE BOARD (Continued)

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)
Major-General Hazel Mokoena	Non-Executive Board Member	1 November 2020	• Hons (Safety and Security Executive Development) • B-Tech (Policing) • Diplomas (Criminal Justice and Forensic Investigation) • Certificate in Corporate Governance • Certificate in Compliance Management	• Legal Enforcement	• State Diamond Trader	• Transformation and Licensing Committee
Ms Lebogang Madiba	Non-Executive Board Member	1 November 2020	• Master's in Business Leadership (not completed) • MSc Finance in Economic Policy, • BCom Hons (Economics) • BCom • Executive Leadership Development Programme	• Finance	• Council for Geoscience	
Mr Senna Mokoena	Non-Executive Board Member (Main)	1 November 2020	• National Diploma Internal Auditing, • Labour Law Certificate	• Labour		• HR, Remuneration and Ethics Committee
Mr Gontse Mphake	Non-Executive Board Member (Alternate)	1 November 2020		• Labour		• HR, Remuneration and Ethics Committee (alternate)
Ms Mmadikeledi Malebe	Non-Executive Board Member (Main)	1 November 2020	• BJuris • LLB	• Mining and Law		
Ms Rebone Nkambule	Non-Executive Board Member (Alternate)	1 November 2020	• Masters in Extractive Industry in Africa, • BJuris, • Certificate in Prospecting and Mining Law, Executive Development Programme	• Mining	• Petroleum Agency of SA	
Mr Mandla Mnguni	Non-Executive Board Member – CEO State Diamond Trader	1 November 2020	• Masters (Philosophy in Corporate Governance), • B Admin Hons, • B Admin	• Governance		
Mr Kagiso Menoe	Non-Executive Board Member – CEO State Diamond Trader	22 October 2022	• BSc. (Eng) Chemical (Chemical Engineering)	• Mining		
Mr Zola Fihlani	Non-Executive Board Member	22 October 2022	• M. Com Tax • High Diploma in Tax Law • High Diploma in International Tax Law • CA (SA) • B.Compt (Hons) • B.Com in Accounting	• Finance		• Finance, Audit and Risk Committee

4.2 COMPOSITION OF THE BOARD (Continued)

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)
Ms Nyawa Dikwayo	Independent Member of Finance, Audit and Risk Committee	5 May 2022	• Chartered Accountant CA(SA) - SAICA • Master of Philosophy in Development Finance • Postgraduate Diploma in Applied Accounting Sciences • Bachelor of Commence in Accounting	• Finance		• Finance, Audit and Risk Committee
Mr Cecil Khosa	Chief Executive Officer	1 July 2019	• Masters (Earth Sciences in Mining) • BA Hons Geography), • BA (Geography) • MDP	• Earth Sciences and Mining	• Jomela Consulting (Pty) Ltd	• All Committees and Board

Resigned in August 2022

Resigned in January 2023

Appointed in October 2022

4.3 BOARD AND COMMITTEE MEETINGS ATTENDED

NAMES BOARD MEMBERS	TYPES OF MEETINGS				
	BOARD	CHAIRPERSONS COMMITTEE	FARC	TRANSFORMATION & LICENSING	HR,REMUNERATION & ETHICS
1. Mr Abiel Mngomezulu	6/6	6/6	N/A	N/A	N/A
2. Mr Ernest Blom	6/6	N/A	N/A	4/4	4/4
3. Ms Ntombifuthi Zikalala Mvelase	5/6	6/6	N/A	N/A	4/4
4. Ms Kanyisa Macingwane	6/6	N/A	9/10	N/A	N/A
5.Mr Kholofelo George Serokane	6/6	N/A	N/A	4/4	N/A
6. Ms Mpho Mosing	6/6	N/A	N/A	4/4	N/A
7. Adv Nicolaas Van Rooyen	5/6	N/A	N/A	N/A	3/4
8. Major General Hazel Mokoena	3/5	N/A	N/A	1/3	N/A
9. Ms Lebogang Madiba	3/6	N/A	N/A	N/A	N/A
10. Mr Senna Mokoena	6/6	N/A	N/A	N/A	4/4
11.Mr Charles Nevhutanda	6/6	4/6	N/A	4/4	N/A
12. Adv. Mmadikeledi Moloto	3/6	N/A	N/A	N/A	N/A
13.Mr Mandla Mnguni	2/3	N/A	N/A	N/A	N/A
14.Mr Viren Magan	1/3	3/6	4/6	N/A	N/A
15. Ms Ndivhu Munyai	5/6	3/6	10/10	N/A	N/A
16. Mr Zola Fihlani	2/2	N/A	2/2	N/A	N/A
17. Mr Kagiso Menoe	0/2	N/A	N/A	N/A	N/A
18. Ms Nyawo Dikwayo	N/A	N/A	7/10	N/A	N/A

4.4 BOARD COMMITTEES

COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAMES OF MEMBERS	
Transformation and Licensing Committee	4	5	• Mr C Khosa • Mr C Nevhutanda • Ms M Mosing	• Major General H Mokoena • Mr E Blom (invitee) • Mr G Serokane
HR, Remuneration and Ethics Committee	4	5	• Mr C Khosa • Ms F Zikalala-Mvelase	• Adv N Van Rooyen • Mr E Blom • Mr S Mokoena
Finance, Audit and Risk Committee	10	4	• Mr C Khosa • K Macingwane • Ms N Munyai	• Mr Z Fihlani • Ms N Dikwayo • Mr V Magan
Chairpersons Committee	6	5	• Mr C Khosa • Mr A Mngomezulu • Mr C Nevhutanda	• Mr V Magan • Ms F Zikalala-Mvelase

Resigned in January 2023

Appointed in October 2022

Appointed in May 2022 as an independent member of Finance, Audit and Risk Committee

Resigned in August 2022

Finance, Audit and Risk Committee had 4 special meetings

THE TRANSFORMATION AND LICENSING COMMITTEE

This Committee oversees the functions of the SADPMR as described in the following pieces of legislation, regulations and guidelines:

- The Diamonds Act No 56 (Act 56 of 1986), as amended
- Precious Metals Act No 37 (Act 37 of 2005)
- Diamond Export Levy Act No 15 (Act 15 of 2007)
- Diamond Export Levy Administration Act No 14 (Act 14 2007)
- Kimberley Process Certification Scheme
- Mining Charter 2018
- SADPMR Beneficiation Strategy

HUMAN RESOURCES, REMUNERATION AND ETHICS COMMITTEE

This committee monitors the effectiveness and applicability of all HR policies, codes of practice, employment reports, employee wellness and occupational health and safety matters. It reviews the development of codes of practice in relation to remuneration and advises the Board on issues arising from them. The committee further advises the Board on all labour relations and litigations that may impact on the entity as well as the shareholders. It monitors selection and recruitment of executive managers as well as the CEO's position as described in the SADPMR Recruitment and Selection policy. It monitors and oversees the SADPMR's marketing strategy to ensure healthy relationships with internal and external stakeholders, including public relations and communication. It advises the Board on ethics-related matters and recommends appropriate interventions for implementation by the management of the Regulator.

THE FINANCE, AUDIT AND RISK COMMITTEE

The main purpose of the Finance, Audit and Risk Committee is to support the functions of the SADPMR as described by the Public Finance Management Act, (PFMA). The committee aims to ensure the following:

- Alignment between the activities of the SADPMR to the provisions contained in the PFMA. The committee has oversight over SADPMR financial affairs, which includes operational planning and capital budgeting.
- Assisting management with their responsibility of creating and maintaining an effective control environment within the Regulator, including financial control, accounting systems and reporting, as well as identifying material risks and giving them the required attention.

The Audit Committee Charter is drawn in terms of paragraph 3.1.8 of the Treasury Regulations read with section 77 of the PFMA to assist the Board in relation to finance and associated matters.

4.5 REMUNERATION OF BOARD MEMBERS

NAMES	SCHEDULED MEETING REMUNERATION	OTHER ACTIVITIES REMUNERATION	TOTAL REMUNERATION
Mr MA Mngomezulu	128 560	75 208	203 768
Mr E Blom	83 050	28 035	111 085
Ms N Zikala-Mvelase	116 886	28 035	144 921
Mr G Serekoane	77 654	28 035	105 689
Ms M Mosing	73 649	8 010	81 659
Adv N Van Rooyen	69 644	24 030	93 674
Mr S Mokoena	83 050	-	83 050
Ms K Macingwane	96 625	20 025	116 650
Ms Dikwayo	44 764	12 015	56 779
Ms N Munyai	82 200	20 025	102 225
Mr Z Fihlani	21 416	8 010	29 426
Mr V Magan	68 658	20 025	88 683
Mr G Mphake (Alternate member)	-	-	-
M C Nevhutanda (Not remunerated)	-	-	-
Major General H Mokoena (Not remunerated)	-	-	-
Ms L Madiba (Not remunerated)	-	-	-
Mr R Nkambule (Alternate member)	-	-	-
Adv M Malebe (Not remunerated)	-	-	-
Mr K Menoe (Not remunerated)	-	-	-
Mr M Mnguni (Not remunerated)	-	-	-
Mr C Khosa (Not remunerated)	-	-	-
TOTAL	946 156	271 453	1 217 609

Alternate members

Members who are not remunerated

Other board activities include attending events, stakeholder and shareholder meetings, etc

5. RISK MANAGEMENT

The Risk Steering Committee met on quarterly basis under the financial review of both Strategic and operational risks. The review of Steering Committee were reported to Finance, Audit and Risk Committee on a quarterly basis and ultimately to the Board for noting. The SADPMR Management Committee is taking responsibility to monitor and continuously review the risks identified. The Operational Risks are also considered in conjunction with the Strategic Risks and the Board makes recommendations for reviews quarterly.

To minimize the risk of loss of diamonds, the SADPMR continues to ensure that the internal controls are complied with by ensuring that sufficient security systems and static security are in place. The increase of synthetic/lab-grown diamonds in the market remain a high risk and they may negatively affect the integrity of natural diamond trade if they are not detected. To mitigate this risk, SADPMR procured an advanced synthetic diamond detection equipment that can identify undisclosed synthetic diamonds in the trade platform.

Low beneficiation of diamonds reduces competitiveness of RSA in the global diamond industry. SADPMR is prioritizing access for diamond beneficiations at the DEEC and special tender for diamond Beneficiators has been introduced, which also includes small parcels. This has resulted in an increased number of parcels sold locally. However, VAT on imported diamonds still reduces competitiveness hence the SADPMR and the diamond industry is engaging SARS and National Treasury with the proposal of removing the VAT on rough diamond import.

Fraud and corruption plan remain a pillar of fighting and reducing crime in the institution. Regular awareness has been conducted throughout the period under review.

Reputational damage resulting from unfair audit outcome was highlighted as one of the risks that required to be managed by regular engagement with AGSA. This was introduced to promote a smooth working relationship with AGSA.

INTERNAL AUDIT AND FINANCE, AUDIT AND RISK COMMITTEE

OBJECTIVE OF INTERNAL AUDIT

The objective of the Internal Audit is to provide assurance that the internal control systems of the SADPMR are effective and efficient and that controls are implemented as required by section 51 and 77 of the PFMA under the guidance of the Finance, Audit and Risk Committee of the Board. Key activities are as follows:

- Assists management towards attaining objectives through assessing internal controls.
- Provides an assessment of the organisation's level of risk management, ensuring that controls and governance processes are operating effectively and efficiently.
- Examines and evaluates the adequacy and effectiveness of the organisation's internal control systems.
- Identifies and recommends changes that add value to the organisation.
- Provides management with sufficient, relevant and useful information that will ensure that the organisation complies with policies, procedures, laws and regulations.

Table 2: Audit engagements conducted by the Internal Audit

NO.	AUDIT PLAN ENGAGEMENTS	STATUS AND COMPLETION PERIOD
1	Human Resources	Completed – Quarter 3
2	Information Communication Technology (ICT)	Completed – Quarter 4
2	Regulatory Compliance, (Licensing, Diamond and Precious Metals inspectorate)	Completed – Quarter 2
3	Trade (The DEEC, GDV, Security Risk Management)	Completed – Quarter 3
4	Finance (Supply Chain Management, Revenue and Expenditure)	Completed –Quarter 4
5	Performance information (quarterly review)	Completed – Quarterly
6	Action plan on AGSA queries (FY 2021/ 2022)	Completed –Quarter 4

KEY ACTIVITIES OF THE FINANCE, AUDIT AND RISK COMMITTEE

The key activities of Finance, Audit and Risk Committee are to:

- Review financial statements for completeness, accuracy and ensure they comply with disclosure requirements.
- Review the risk management framework for identifying, assessing, monitoring and managing significant risks.
- Assess the steps management has taken to minimise significant risks and ensure that a risk management module is developed and maintained.
- Monitor the effectiveness and adequacy of internal controls systems of the regulator.
- Monitor the effectiveness and independence of the internal audit function.
- Review significant findings, recommendations and corrective actions recommended by internal and external audit, together with the responses and action plans of management.

OBJECTIVES OF FINANCE, AUDIT AND RISK COMMITTEE

The overall objective of the Finance, Audit and Risk Committee is to assist management with the creation and maintenance of an effective control environment within the SADPMR. This includes financial control, accounting systems and reporting, identifying material risks and give them the attention it requires.

Table 3: Members of Finance, Audit and Risk Committee.

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NUMBER OF SCHEDULED MEETINGS ATTENDED
Mr V Magan	Chairperson of Finance, Audit and Risk Committee	16 July 2021	• Masters Degree in Business Leadership • CA (SA) • Hons CTA • B Compt • Certified Internal Auditor	• Finance	• Chairpersons Committee and • Finance, Audit and Risk Committee	5/10
Ms K Macingwane	Non-Executive Board Member	1 November 2020	• MBA • Postgraduate Diploma (Management) • BCom	• Public Policy and Regulation	• Finance, Audit and Risk Committee	9/10
Ms N Munyai	Non-Executive Board Member	16 July 2021	• MBA • B Compt (Accounting Sciences) • SAICA Articles and SAIPA	• Finance	• Finance, Audit and Risk Committee	10/10
Mr Zola Fihlani	Non-Executive Board Member	22 October 2022	• M. Com Tax • High Diploma in Tax Law • High Diploma in International Tax Law • CA (SA) • B.Compt (Hons) • B.Com in Accounting	• Finance	• Finance, Audit and Risk Committee	1/10
Ms Nyawo Dikwayo	Independent Member of Finance, Audit and Risk Committee	5 May 2022	• Chartered Accountant CA(SA) - SAICA • Master of Philosophy in Development Finance • Postgraduate Diploma in Applied Accounting Sciences • Bachelor of Commence in Accounting	• Finance	• Finance, Audit and Risk Committee	7/10

Resigned in August 2022

Appointed in October 2022

Appointed in May 2022 as an independent member of Finance, Audit and Risk Committee

6. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The SADPMR has submitted its 2021/22 Audited Financial Statements to the B-BBEE Commission in terms of 13G (1) of the Broad-Based Black Economic Empowerment Act. The Regulator is a non-compliant B-BBEE entity at level 0. The areas where the entity could not score sufficient points relate to Skills Development, Enterprise and Supplier Development and Socio-Economic Development. The SADPMR have put measures in place to report on Social -Economic Development, internships and learnerhsips and this will be included under Skills Development. The SADPMR will constantly monitor compliance and report accordingly.

7. FRAUD AND CORRUPTION

The SADPMR implemented a Fraud Prevention Plan and a Risk Management Strategy so as to cover a range of key issues centred on the matters of fraud and risk management. This is attained through the National Anti-Fraud and Corruption Strategy of 2020-2030, which emphasises a culture of zero tolerance towards corruption and full accountability for those involved in fraud and corruption.

The prevention of fraud and corruption through good governance, transparency, integrity management and accountability in SADPMR, and early detection of potential corrupt practices to supplement the reactive measures such as investigations and other reactive measures within the organisation. The SADPMR integrated approach to the fight against fraud and corruption will help mitigate the risk of financial losses. The 'fraud and corruption' workshop presentations were conducted to capacitate the employees and other stakeholders on the risk of fraud and corruption activities.

The SADPMR will continue to partner with the Public Service Commissioner to comply with the national anti-fraud strategy in terms of National Development Plan. The national anti-corruption hotline (0800 701 701) is used by the Regulator to maintain the integrity of the fraud and corruption reporting process. Internal and external auditors have not reported any incidents of fraud or any areas of serious concern.

8. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Health and Safety Committee within SADPMR has managed to contain the challenges of post COVID-19 effects. Since the SADPMR relocated to GIDZ it's business operations have been running smoothly without any interruptions. Even though the construction is still underway no injuries and fatalities have been reported so far. The safety plans were constantly reviewed through the phases of construction and the contingency plans remain in place. All employees were continuously orientated about the environmental issues affecting them. In collaboration with the Labour Union, we have managed to achieve the aspects of Occupational Health and Safety through quarterly audits conducted.

9. COMPANY SECRETARY/GENERAL MANAGER GOVERNANCE

The Board of the SADPMR is appointed in terms of section 6 of the Diamonds Act, as amended, and is assisted by the Company Secretary. The Company Secretary coordinates the following items on behalf of the Board:

- Annual schedule and compliance calendar;
- Overall administrative support and record keeping of all proceedings of meetings;
- Advice and guidance on corporate governance matters; and
- Continuance training around corporate governance principles.

These are carried out in accordance with the Diamonds Act, PFMA and King Report IV on Principles of Good Corporate Governance. The Company Secretary ensures that the Board reviews and approves all quarterly and annual performance reports, quarterly and annual financial results, five-year strategic plans and the mid-term expenditure framework and the Annual Report. It is the responsibility of the Company Secretary to submit the Board approved documents to the executive authority as required by the PFMA.

PART D

HUMAN RESOURCE MANAGEMENT

Executive Management

Mr Cecil Khosa
Chief Executive Officer

Mr Conrad Mlondo
General Manager: Trade

Mr Tebogo Motloung
General Manager: Regulatory Compliance

Ms Linda Nkhumishe
General Manager: Corporate Services

Ms Yalekile Lusibane
Chief Financial Officer

Adv Paul Motsepe
General Manager: Governance

1. INTRODUCTION

The Human Resources Management Division ensures that the entity becomes the employer of choice and maintains a skilled and talented workforce. A priority is to develop, attract, recruit and retain staff by creating a climate and culture conducive to sustaining a motivated workforce. Furthermore, the Corporate Services Branch ensures compliance with all legislation regarding human resources management.

HIGHLIGHTS

During the year under review, SADPMR implemented the outcomes of the project of Optimal Utilisation of Human Resources. The permanent employees within the entity were placed in areas that will be fully utilised. Subsequent to the project of Optimal Utilisation of Human Resources, the senior management posts filled during the 2022/23 financial year included the Chief Financial Officer, Manager: Supply Chain Management, Manager: Budget and Expenditure, Manager: Human Capital Management, Manager: Regulations and Manager: Inspectorate. The recruitment process for the Manager: Security Risk Management was also finalised for incumbent to start on 01 April 2023.

SADPMR staff turnover was due mainly to the resignation of three (3) employees during the second and fourth quarters while staff turnover decreased significantly during the year under review when compared to previous statistics of ten (10) resignation. In addition, the eleven (11) graduates were placed in the internship programme for a period of twelve (12) months commencing from 1 April 2022 to 31 March 2023. The number comprises of seven (7) females and four (4) males for on job skills in core and support divisions.

In the year under review, Human Resources Management continued with the development of employees' skills levels. The total number of twenty-two (22) employees in core and support divisions were awarded bursaries to study. Furthermore, six (6) employees completed the qualifications through the SADPMR staff bursary and two (2) completed Master of Business Leadership (MBL), one (1) LLB, one (1) Post Graduate Diploma Internal Audit, and one (1) Post Graduate Diploma in management.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Table 1 reflects the personnel cost per programme. The total number of employees included eleven (11) interns and three (3) terminated employees.

Table 1: Personnel cost per programme.

PROGRAMME.	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	41 996	36 467	57	640
Diamond trade	12 448	13 421	24	559
Regulatory compliance	25 557	25 948	45	577
Total	**80 001**	**75 836**	**126**	**1 776**

2.2 PERSONNEL COST BY SALARY BAND

The table below depicts the personnel costs per salary band.

Table 2: Personnel costs per salary band.

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL COST (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	8 806	12%	6	1 468
Senior management	10 216	13%	7	1 459
Professional qualified	23 538	31%	30	785
Skilled	23 526	31%	41	574
Semi-skilled	8 310	11%	36	231
Unskilled	1 438	2%	6	240
Total	**75 834**	**100%**	**126**	

*The total includes 11 interns and 3 terminated permanent employees.

2.3 PERFORMANCE REWARDS

Performance rewards bonuses were not paid in the year under review.

2.4 TRAINING COSTS

Table 4 shows the personnel training and bursaries expenditure per programme.

Table 4: Personnel training and bursaries expenditure per programme.

PROGRAMME.	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	36 467	159	0,4%	20	8
Diamond trade	13 421	50	0,4%	9	6
Regulatory compliance	25 948	172	0,07%	20	9
Total	**75 836**	**381**		**49**	**23**

2.5 INTERNSHIP PROGRAMME

Table 5 illustrates the number of interns in the year under review. From the total of 7 females and 4 males in the internship programme of the year under review; by end of March 2023 the employer was left with two (2) interns after nine (9) of them got better employment beyond the SADPMR internship programme.

Table 5: The number of interns in the year under review.

MALE				FEMALE				FOREIGN NATIONALS		TOTAL
A	C	I	W	A	C	I	W	MALE	FEMALE	
4	0	0	0	6	0	1	0	0	0	11

A = Africans; C = Coloureds; I = Indians; W = Whites

2.6 EMPLOYMENT AND VACANCIES

Table 6 indicates the number of approved, filled and vacant positions per programme. The approved posts in the 2022/ 2023 financial year totals 116. In addition, vacant posts were advertised internally and externally. In the new financial year, the employer will pursue all the processes to fill funded vacant posts.

Table 6: Number of approved, filled and vacant positions per programme.

PROGRAMME.	2022 / 2023 NUMBER OF EMPLOYEE (R'000)	2022 / 2023 APPROVED POSTS	2022 / 2023 NUMBER OF EMPLOYEES	2022/ 2023 VACANCIES	PERCENTAGE OF VACANCIES
Administration	36 467	53	50	3	2.5
Trade	13 421	22	21	1	0.9
Regulatory compliance	25 948	39	41	0	0
Total	**75 836**	**116**	**112**	**4**	**3.4**

2.7 WORKFORCE PROFILE

As of 31 March 2023, the employment equity staffing ratios stood at 99.1% Blacks against 0.9% Whites; 60% females against 40% males; and 55.4% involved in core functions against 44.6% support-function staff. The SADPMR headcount was 112 employees, as indicated in Table 7.

Table 7: SADPMR headcount

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	4	0	0	0	2	0	0	0	0	0	6
Senior management	3	0	1	0	4	0	0	0	0	0	8
Professionally qualified and experienced specialists and mid-management	13	0	1	0	10	1	1	1	0	0	27
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11	0	0	0	26	2	1	0	0	0	40
Semi-skilled and discretionary decision making	11	0	0	0	14	0	0	0	0	0	25
Unskilled and defined decision making	1	0	0	0	5	0	0	0	0	0	6
Total permanent	43	0	2	0	61	3	2	1	0	0	112
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**43**	**0**	**2**	**0**	**61**	**3**	**2**	**1**	**0**	**0**	**112**

*The total number of 112 in the above table excludes 11 interns

2.8 EMPLOYMENT CHANGES

Table 8 reflects that the number of full-time personnel employed at the beginning of the financial year was 108 and currently is 112. The figure of twelve (12) employees on the appointment column includes five (5) internally appointed employees from different salary bands, while the recorded of eight (8) terminations represents internal movements on salary bands.

Table 8: Number of full-time personnel employed at the beginning of the financial year.

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF PERIOD
Top management	5	1	0	6
Senior management	3	4*	0	7
Professional qualified	30	3*	4*	29
Skilled	42	0	3*	39
Semi-skilled	22	4	1*	25
Unskilled	6	0	0	6
Total	**108**	**12**	**8**	**112**

* Movement of employees within the structure

2.9 REASONS FOR STAFF LEAVING

Table 9 demonstrates the number of personnel posts terminated during the year under review. The three (3) male staff members left the employer due to resignations. The two (2) vacant posts in supply chain management were abolished to create the posts of two (2) SCM Specialists in Demand and Supply, and Acquisition, Logistics and Risk Management. The process to filled latter positions was completed in the last quarter of the year under review. One vacated post in Diamond Valuation will be filled in the new financial year.

Table 9: Number of personnel posts terminated during the year under review.

2.10 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Table 10 illustrates the total number of corrective measures taken during the year under review.

Table 10: Number of corrective measures taken during the year under review.

FEMALES IN THE ORGANISATION

At the end of the financial year under review, the SADPMR had a total of 67 female employees who represented 60% of the total staff complement, this is an increase from 58% that was achieved in 2021/2022 financial year. The achieved percentage of women within SADPMR is above the prevailing 50% national EE target for women. The SADPMR is committed to ensuring the objectives of the Employment Equity Act and other relevant legislations.

YOUTH IN THE ORGANISATION

The SADPMR in the year under review managed to fill some vacant positions through the recruitment of youth employees. By end of March 2023, the SADPMR was standing at 15% of employees who fall within the youth category. This number includes fifteen (15) permanent employees and two (2) graduates on the internship programme.

PEOPLE WITH DISABILITIES IN THE ORGANISATION

The SADPMR has two (2) African employees living with disabilities, one male in the core division and one female in support division. This is 2% of the SADPMR employees. The SADPMR has put in place special mechanisms to attract and recruit more people with disabilities.

Part E

Annual Financial Statements

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the South African Diamond and Precious Metals Regulator set out on pages 77 to 125, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Diamonds and Precious Metals Regulator as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African standards of General Recognised Accounting Practice (SA Standards on GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Diamonds Amendment Act 29 of 2005 (DAA).

BASIS FOR OPINION

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

EMPHASIS OF MATTER

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

OTHER MATTERS

UNAUDITED IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE (UIFW EXPENDITURE)

8. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFII/A Compliance and Reporting Framework of 2022-23 in terms of section 76(1Xb), (e) and (f), 2(e) and (4)(a) and (c) of the PFIVIA, 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. 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 29 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 the South African Diamond and Precious Mineral Regulator. The disclosure of these movements (e.g condone, 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 public entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards on GRAP and the requirements of the PFMA and the p4fl; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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

PROGRAMME	PAGE NUMBERS	PURPOSE
Regulatory Compliance	39-49	To be a leading Regulator in the Diamonds and Precious Metals industry by: • Controlling and administering all matters relating to the purchase, sale, beneficiation, import and export of Diamonds and Precious Metals of the Republic; and • Ensuring compliance through implementation legislation and the regulations thereof as well promotion of the Mining Charter.

15. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - "the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements"
    - "the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated"
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
18. I did not identify any material findings on the reported performance information for Regulatory Compliance.

OTHER MATTERS

19. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. Refer to the annual performance report on pages 20 to 49 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

MATERIAL MISSTATEMENTS

21. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of Regulatory Compliance. Management subsequently corrected the misstatement, and I did not include any material finding in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

22. 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 public entity's compliance with legislation.
23. 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.
24. 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 public 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.
25. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Johannesburg

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS.

	LEGISLATION	SECTIONS OR REGULATIONS
1	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); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
2	Treasury Regulations	Treasury Regulation 8.2.1: 8.2.2 Treasury Regulation 16A 3.1; 16,4 3.2; 164 3.2(a): 16A 6.1; 16A6 2(a) & (b); 16A6.2(e);16A 6 3(a); 16A 6 3(a)(i); 164 6.3(b); 16A 6 3(c); 164 6.3(d); 164 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 164.7.1; 16A.7.3; 16A.7.6; 16A.7.7;164 8.2(1); 16A 8.2(2):16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9 1(b)(ii); 16A9 1(c); 164 9 1(d); 16A 9.1(e); 16A9.1(f); 164 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 32.1.1 (a), 32.1. 1 (b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
3	PPPFA	Section 1 (i); 2. 1 (a); 2.1(b); 2.1 (f)
4	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
5	PPR2022	Paragraph 3.1 Paragraph 4.1, 4.2, 4.3;4.4 Paragraph 5.1, 5.2; 5.3; 5.4
6	PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
7	National Treasury Instruction No,1 of 2015/16	Paragraph 3.1; 4.1, 4.2

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS (CONTINUED).

	LEGISLATION	SECTIONS OR REGULATIONS
8	NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b), a.3; 4.4: 4.4 (a), 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2;7.6
9	NT SCM Instruction 4A of 2016/17	Paragraph 6
10	NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1 (x);
11	NT SCM Instruction Note 11 2020/21	Paragraph 3.1;3.4 (a)and (b); 3.9; 6.1;6.2;6.7
12	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 Paraqraph 4.1
13	PFMA SCM Instruction 04 of 2022/23	Parasraph 4(1); 4(2\, 4(4)
14	Practice Note 5 of 2009/10	Paragraph 3.3
15	PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par.4.3.2.4.3.3
16	NT instruction note 4 of 2015/16	Paragraph 3.4
17	Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
18	Erratum NTI 5 of 2021/21	Paragraph 1
19	Erratum NTI 5 of 2021/21	Paragraph 2
20	Practice note 7 of 2009/10	Paragraph 4.1.2
21	Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
22	NT instruction note 1 of 2021/22	Paragraph 4.1

INDEX

GENERAL **INFORMATION**

CONTROLLING ENTITY	Department of Mineral Resources and Energy	
FINANCIAL STATEMENTS RELATE TO	South African Diamond And Precious Metals Regulator	
DOMICILE, LEGAL FORM AND JURISDICTION	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.	
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regulating control over the possession, purchase, sale, processing and the export of diamonds as well as the implementation, administration and controlling of all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.	
MEMBERS OF THE ACCOUNTING AUTHORITY	Mr Abiel Mngomezulu	Chairperson
	Mr C Khosa *	Chief Executive Officer
	Mr E Blom	Member
	Ms N Zikalala-Mvelase	Member
	Ms K Macingwane	Member
	Mr KG Serokane	Member
	Ms M Mosing	Member
	Adv N Van Rooyen	Member
	Major General H Mokoena #	Member
	Ms L Madiba	Member
	Mr S Mokoena	Member
	M C Nevhutanda	Member
	Adv M Malebe	Member
	Mr. M Mnguni #	Member
	Mr V Magan #	Member
	Ms N Munyai	Member
	Mr K Menoe	Member
	Mr Z Fihlani	Member
	Adv. M Moloto	Member
	Mr R Nkambule ##	Member
	*** Executive director # Resigned during the year**	**## Alternate member**
	BUSINESS ADDRESS	**POSTAL ADDRESS**
	C/o Bonaero Drive and Cote D'Azur Avenu Kempton Park 1622	P O Box 16001 Jewel City Doornfontein 2028
WEBSITE:	http://www.sadpmr.co.za	
BANKERS	Nedbank	**HEAD OFFICE ADDRESS** 135 Rivonia Road Sandton 2196
AUDITORS	Auditor-General of South Africa	
	HEAD OFFICE ADDRESS	**POSTAL ADDRESS**
	4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria, SA	PO Box 446 Pretoria 0001

ACCOUNTING AUTHORITY'S **RESPONSIBILITIES AND APPROVAL**

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

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

The members of the Accounting Authority 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 reasonable, and not absolute, assurance against material misstatement.

The Accounting Authority has reviewed the SADPMR'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 SADPMR has or has access to adequate resources to continue in operational existence for the foreseeable future.

The SADPMR is dependent on government grants, Licences penalties and service fees for the continued funding of its operations. The annual financial statements are prepared on the basis that the SADPMR is a going concern and that the Accounting Authority is primarily responsible for the financial affairs of the entity. The Regulator is supported by the entity's internal auditors.

The annual financial statements set out on pages 6 to 50, were prepared on the going concern basis, approved by the accounting authority on 31 May 2023 and signed on its behalf by:

Mr C Khosa
Chief Executive Officer

Mr A Mngomezulu
Chairperson

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 R	2022 Restated R
ASSETS			
Current Assets		**91,905,457**	**76,958,759**
Inventories	1	990,793	836,683
Prepayments	2	1,980,150	1,024,301
Receivables from Exchange Transactions	3	350,466	513,013
Statutory Receivables from Exchange Transactions	4	2,089,689	1,850,369
Investments	5	-	37,085,257
Cash and Cash Equivalents	6	86,494,359	35,649,136
Non-Current Assets		**22,304,003**	**21,272,998**
Property, Plant and Equipment	7	20,530,933	19,639,062
Prepayments	2	150,402	298,706
Intangible Assets	8	1,247,436	1,335,230
Long-term Receivables	9	375,232	-
Total Assets		**114,209,460**	**98,231,757**
LIABILITIES			
Current Liabilities		**14,928,367**	**12,397,091**
Provisions	10	2,994,568	-
Payables from Exchange Transactions	11	7,238,977	10,515,446
Unspent Grant	12	558,720	-
Operating Lease Liabilities	13	3,876,457	1,649,234
Finance Lease Obligations	14	259,645	232,411
Non-Current Liabilities		**1,243,783**	**3,190,615**
Finance Lease Obligations	15	116,970	376,615
Post-employment Health Care Benefits.	16	1,126,814	2,814,000
Total Liabilities		**16,172,150**	**15,587,706**
NET ASSETS		**98,037,310**	**82,644,051**
Accumulated Surplus		98,037,310	82,644,051
Total Net Assets and Liabilities		**114,209,460**	**98,231,757**

STATEMENT OF
FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 R	2022 Restated R
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Government Grants and Subsidies Received		62,894,000	62,027,000
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of Services		56,181,812	54,194,549
Interest Earned	18	4,801,578	2,558,735
Licence Fees		3,749,000	3,078,000
Other Revenue		784,378	860,153
Total Revenue		**128,410,768**	**122,718,437**
EXPENDITURE			
Employee Related Costs	20	82,683,368	79,468,496
Depreciation and Amortisation	21	1,691,807	1,510,018
Bad Debt Written-off	22	199,819	-
Impairment Losses	22	(75,533)	(182,415)
Finance Costs	23	250,168	104,988
Repairs and Maintenance	24	866,469	1,063,052
General Expenses	25	27,190,642	27,566,885
Total Expenditure		**112,806,740**	**109,531,024**
OPERATING SURPLUS/(DEFICIT)FOR THE YEAR		**15,604,028**	**13,187,413**
OTHER REVENUE / EXPENDITURE INCURRED			
(LOSSES) / GAINS ON OTHER OPERATIONS:			
Fair value adjustment on Investments	5	(12,439)	19,206
Gains / (Losses) on Foreign Exchange		48,328	(233,869)
Loss on Disposal of Assets		(246,673)	(1,260,351)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(210,784)**	**(1,475,014)**
SURPLUS/(DEFICIT)FOR THE YEAR		**15,393,244**	**11,712,399**

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2023

	Accumulated Surplus / (Deficit) R	Total R
Balance at 31 March 2021	70,931,652	70,931,652
Balance at 01 April 2022	**70,931,652**	**70,931,652**
Surplus for the year	11,712,399	11,712,399
Balance at 31 March 2022	**82,644,051**	**82,644,051**
Surplus for the year	15,393,244	15,393,244
Balance at 31 March 2023	**98,037,310**	**98,037,310**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 R	2022 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Government Grant and Subsidies		62,894,000	76,027,000
Rendering of Services		56,074,609	52,575,863
Licences		3,749,000	3,078,000
Interest Received		4,842,884	2,487,058
Other Receipts		1,207,936	963,619
		128,768,429	**135,131,540**
PAYMENTS			
Employee Related Costs		(79,915,760)	(81,569,556)
Interest Paid		(54,168)	(54,990)
Cash paid to suppliers		(29,768,720)	(22,876,989)
		(109,738,648)	**(104,501,535)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	**19,029,781**	**30,630,005**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(2,747,886)	(5,448,000)
Purchase of Intangible Assets	8	-	(178,826)
Proceeds on Disposal of Property, Plant and Equipment		5,330	72,512
Non-current Investments		37,072,818	(1,456,591)
Long-term Receivables		(375,232)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**33,955,030**	**(7,010,905)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		(232,411)	531,609
Defined Employee Benefits Paid / Settled		(1,907,186)	(224,196)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(2,139,599)**	**307,410**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT		**50,845,223**	**23,926,517**
Cash and Cash Equivalents at Beginning of Period	6	35,649,136	11,722,619
Cash and Cash Equivalents at End of Period	6	86,494,359	35,649,136

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2023

	Original / Final Budget R	Actual R	Variance R	Actual Outcome as % of Final Budget R
FINANCIAL PERFORMANCE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Government Grants and Subsidies Received	62,894,000	62,894,000	-	0
Penalties	200,000	-	(200,000)	(100)
REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of Services	47,256,288	56,181,812	8,925,524	19
License Fees	1,875,500	3,749,000	1,873,500	100
Interest Earned	2,047,009	4,801,578	2,754,569	135
Other Revenue	187,196	784,378	597,182	319
Total Revenue	**114,459,993**	**128,410,768**	**13,950,775**	**112**
EXPENDITURE				
Employee Related Costs	84,207,293	82,683,368	1,523,925	2
Depreciation and Amortisation	1,564,915	1,691,807	(126,892)	(8)
Bad Debt Written-off	-	199,819	(199,819)	(100)
Impairment Losses	-	(75,533)	75,533	100
Finance Costs	253,801	250,168	3,633	1
Repairs and Maintenance	838,879	866,469	(27,590)	(3)
General Expenses	27,486,350	27,190,642	295,708	1
Administrative Fees	218,537	231,517	(12,980)	(6)
Advertising	3,154	-	3,154	100
Auditors' remuneration	3,033,060	3,126,398	(93,338)	(3)
Accounting Authority Costs	1,225,356	1,337,608	(112,252)	(9)
Cleaning	290,342	293,875	(3,533)	(1)
CSR Programmes	8,000	8,000	-	-
Document Storage	253,593	250,822	2,771	1
Domestic Travel	1,011,576	1,048,509	(36,933)	(4)
Hiring	58,000	40,250	17,750	31
Hospitality	63,987	62,639	1,348	2
Inspection	263,820	96,626	167,194	63
Insurance	778,321	667,062	111,259	14
International Travel	341,585	228,463	113,122	33
Inventory Expense	432,346	434,955	(2,609)	(1)
Kimberley Process	150,000	141,376	8,624	6
Legal Expenses	1,134,629	1,081,930	52,699	5
Actuarial remeasurements	-	24,000	(24,000)	(100)
Motor Vehicle Expenses	341,312	327,078	14,234	4

STATEMENT OF COMPARISON OF
BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2023 (CONTINUED)

	Original / Final Budget R	Actual R	Variance R	Actual Outcome as % of Final Budget R
Office Lease Expenses	7,695,109	7,735,651	(40,542)	(1)
Organisational Change Management	8,807	-	8,807	100
Strategic Planning	224,100	220,462	3,638	2
Postage And Courier	38,674	6,341	32,333	84
Public Relations	871,813	855,326	16,487	2
Recruitment And Selection	67,752	52,456	15,296	23
Relocation Cost	-	173,918	(173,918)	100
Security	1,168,445	1,165,448	2,997	0
Software Expenses	2,602,850	2,597,256	5,594	0
Staff Recognition	56,000	53,082	2,918	5
Staff Welfare	208,590	199,631	8,959	4
Subscription And Membership	116,003	109,467	6,536	6
System Support Fees	323,679	316,690	6,989	2
Telecommunication	3,344,519	3,059,016	285,503	9
Training And Development	1,015,381	1,061,489	(46,108)	(5)
Transformation	60,807	60,634	173	0
Venue And Facilities	76,201	71,692	4,509	6
Total Expenditure	**114,351,238**	**112,806,740**	**1,544,498**	
Surplus/(Deficit)	**108,755**	**15,604,028**	**15,495,273**	
Gains / (Losses) on Other Operations	-	35,889	35,889	(100)
Loss on Disposal of Property, Plant and Equipment	-	(246,673)	(246,673)	(100)
Surplus/(Deficit for the Year	**108,755**	**15,393,244**	**15,284,489**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AS AT 31 MARCH 2023 (CONTINUED)

The budget is for the period 1 April 2022 to 31 March 2023, prepared and presented on accrual basis. The budget is in line with the financial period.

A difference of 10% or more between budget and actual amounts is regarded as material and explained in the variance explanation below.

NOTE

Percentage expenditure variance :

() indicates overspending

REVENUE

Penalties (100%)

The billing of penalties was discontinued during 2021/22 financial year andafter the budget was already approved.

Rendering of Services 19%

The SADPMR derives its income from the services that are rendered in terms of regulation 10(2) b of the Diamonds Act. The positive variance results from increase in the dollar value and the stronger US dollar (US$) value compared to the South African Rand (ZAR).

Licence fees 100%

The variance is due to the unexpected number of new precious metals refining licences and authorised representative certificates for the period.

Interest Earned 135%

Interest exceeds budget due to higher than anticipated cash surplus resulting from higher revenue compared to budget , higher bank balance resulting from the cash retained as well as increased interest rates.

Other Revenue 319%

The increase is due to study fees recoverable from employees who did not meet the basary contract obligations. Other income recognised as a results of penalties reversed to other income.

EXPENDITURE

Bad debts written off (100%)

The variance relates to bad debts written off where all reasonable steps have been taken to recover without any success.

Impairment loss (100%)

Impairment loss relates to provisions for impairments recognised on outstanding receivables where there are indications that the debt is not recoverable. The SADPMR does not budget for impairment loss.

Hiring 31%

The savings results due to the machine hired not being available for the full year.

Inspection 63%

It is part of the SADPMR financial sustainability strategy to save costs by conducting some of the inspections virtually where possible and well as austerity measure put in place during the year.

Insurance 14%

The savings results from the discount offered by the insurer as a claim free bonus for not claiming during the previous insurance period.

International travel 33%

Savings in results from the implementation of the financial sustainability strategy some activities are conducted virtually resulting in reduced travel cost. Austerity measures e.g. sending less delegates for international trips were put in place resulting in reduced costs.

Actuarial remeasurements 100%

Actuarial loss is due to the remeasurement of post medical aid liability not budgeted for because the amount can not be reliable estimated.

Organisational change management 100%

The organisational change management was conducted through internal resources with guidance from the Optimal utilisation project.

Recruitment and selection costs 23%

The savings results from the use of social media when advertising other vacant posts.

Relocation Cost (100%)

The variance results from expenditure funded from reserves.

Gains / (Losses) on Other Operations (100%)

Variance is due to the exchange difference and the SADPMR which cannot be reliable estimated during the budgeting process.

Loss on Disposal of Property, Plant and Equipment (100%)

Variance is due to the loss on disposal of the redundant and obsolete assets not budgeted for.

Postage and courier (84%)

Variance due to discontinuation of license billing

ACCOUNTING **POLICIES**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance and issued by the Accounting Standards Accounting Authority and guidelines issued by National Treasury.

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 CHANGES IN ACCOUNTING POLICY

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 COMPARATIVE INFORMATION

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 USE OF ESTIMATES AND JUDGEMENTS

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.4.1 IMPAIRMENT OF TRADE RECEIVABLES

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

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 IMPAIRMENT OF OTHER FINANCIAL ASSETS

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired.

In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

1.4.3 DEFINED BENEFIT PLAN LIABILITIES

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement Health Benefit Obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable

1.5 GOING CONCERN ASSUMPTION

Management and the Accounting Authority have made the assessment that SADPMR is a going concern and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months.

1.6 MATERIALITY AND AGGREGATION

In terms of GRAP omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use. Inventory is recognised as an asset if, and only if,

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) the cost of the inventories can be measured reliably.

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

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

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

(a) distribution through a non-exchange transaction; or

(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In that case they are subsequently measured at the lower of cost and current replacement value.

Inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

3. 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

3.1 FINANCIAL ASSETS

A financial asset is cash; residual interest of another entity; or contractual right to receive cash or another financial asset.

Financial assets are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, including transaction costs, with the exception of financial assets measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables comprise of receivables from the sales of good and service in the ordinary course of business. Other receivables consists of deposits relating to the leasing of premises and legal fees.

Trade and other receivables from exchange transactions are subsequently stated amortised cost, which, due to their short term nature, closely approximate their fair value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank, cash on hand and deposits held on call. Cash and cash equivalents are subsequently stated at amortised cost, which, due to their short term nature, closely approximate their fair value.

INVESTMENT AT FAIR VALUE

Investments at fair value are subsequently measured at fair value and the fair value adjustments are recognised in the surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period the SADPMR assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The carrying amount of the receivable is reduced through the use of an allowance account. Impaired financial assets are derecognised when they are assessed as irrecoverable.

For amounts due to the entity, significant financial difficulties of the debtor e.g.defaulting on payment terms are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised.

OFFSETTING

Financial assets have not been offset in the Statement of Financial Position.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

3.2 FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially measured at fair value, including transaction costs, with the exception of financial liabilities measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other payables from exchange transactions comprise of obligations to make payments for goods delivered and services rendered.

Trade and other payables from exchange transactions are subsequently measured at amortised cost which due to their short term nature, closely approximate their fair value.

ACCRUALS

Accruals relates to payment obligations for services rendered and goods delivered for which invoices have not yet been received. The amount of accrual is the present value of the expenditure required to settle the obligation.

Accruals are recognised as liabilities when the SADPMR has taken receipt of the related goods or services without a corresponding payment.

OFFSETTING

Financial liabilities have not been offset in the Statement of Financial Position.

DERECOGNITION

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the sum of the paid for it is included in the surplus or deficit for the period.

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash. Statutory receivables arise from exchange and non exchange transactions.

Stautory receivables represents oustanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Statutory receivables are recognised :

(a) when the definition of an asset is met

(b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity

(c) the transaction amount can be measured reliable.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

(a) interest or other charges that may have accrued on the receivable (where applicable);

(b) impairment losses; and

(c) amounts derecognised.

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable

4.1 IMPAIRMENT

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licenses and insurance for diamonds.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received. Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short term nature closely approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production and supply of goods and services 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:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and

(b) the cost or fair value of the item can be measured reliably.

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 the date of acquisition.

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

ASSET CLASS	YEARS	ASSET CLASS	YEARS
Owned		**Leased**	
Furniture and Fittings	25 to 50	Office Equipment	Shorter of the lease term or useful life
Motor Vehicles	12	Improvements	
Office Equipment	15 to 25		
Computer Equipment	5 to 25		
Security Equipment	15 to 50		

SADPMR derecognises property, plant and equipment assets when it disposes off the assets or when no economic benefit or service potential are expected from those assets.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 FINANCE LEASES

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT

An 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.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licenses and computer application licenses.

An intangible asset is recognised when:

(a) It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR and

(b) The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The amortisation rates are based on the following estimated useful lives:

ASSET CLASS	YEARS	ASSET CLASS	YEARS
Software developed	30	Software purchased	10 to 15

SADPMR derecognises intangible assets when it disposes off the assets or when no economic benefit or service potential are expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.4 IMPAIRMENT OF INTANGIBLE ASSETS

An 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 amortisation.

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 FINANCE LEASES

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding lease commitments are recognised 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

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 on the remaining balance of the liability.

8.2 OPERATING LEASES

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

9. PROVISION AND CONTINGENCIES

9.1 PROVISION

A provision is a liability of uncertain timing or amount.

A provisions is recognised when:

(a) The SADPMR has a present legal or constructive obligation as a result of a past event

(b) It is probable that an outflow of economic benefits or service potential will be required to settle

(c) A reliable estimate can be made of the amount of the obligation

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.

All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 CONTINGENT LIABILITY

Contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the SADPMR.

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 CONTINGENT ASSET

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

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is

10. EMPLOYEE BENEFIT

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

10.1 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits include items such salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees rendered the service.

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Leave pay provision is treated as an accrual and is based on the total leave days accrued at year-end.

10.2 POST-EMPLOYMENT BENEFITS

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR currently provide post medical aid benefit to 3 retired employees, the details are disclosed in the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date as determined by the actuarial valuation.

STATEMENT OF FINANCIAL PERFORMANCE

Recognise the net total of current service costs, interest costs, actuarial gains/losses and effect of the asset ceiling in surplus for deficit.

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

12. NET ASSETS

12.1 ACCUMULATED FUNDS

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

13. REVENUE RECOGNITION

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.

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised only when:

(a) It is probable that economic benefits or service potential will flow to the SADPMR; and

(b) The amount can be measured reliably

Revenue from exchange transactions consists of the following:

SERVICE FEES

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

LICENCE FEES

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

INTEREST INCOME

Interest received is recognised on a time proportionate basis using the effective interest rate method.

SALE OF DIAMOND BOOKS AND REGISTERS

Revenue from the sale of diamond books and registers is recognised at the date of sale.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

GRANT FROM THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY (DMRE)

Transfer payments from the Department of Mineral Resources and Energy (DMRE) are recognised as income in terms of the allocation letter received from DMRE. Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets.

14. PRINCIPAL-AGENT ARRANGEMENT

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

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

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

A 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.

SADPMR is identified as an agent in the arrangement if all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the transaction

(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own

(c) It is not exposed to variability in the results of the transaction

The grant is recognised as it becomes due in terms of the contractual arrangements.

15. EXPENDITURE

Expenditures are presented by nature and are recognised in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

16. BUDGETS

Budget information in accordance with GRAP 1 and 24, has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

Variances between budget and actual amounts are regarded as material differences when a 10% and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

17. ACCOUNTING PRONOUNCEMENTS

17.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND NEWLY ADOPTED IN THE CURRENT YEAR

In the current year, there were no new standards that became effective that are relevant to SADPMR's operations.

17.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

STANDARD	DESCRIPTION	EFFECTIVE DATE
GRAP 104	Financial Instruments	01 April 2025
GRAP 25	Employee Benefits	01 April 2023
GRAP 1	Presentation on Financial Statement	01 April 2023
iGRAP 7	Limit On Defined Benefits Assets	To be determined
iGRAP 21	The Effect Of Past Decisions On Materiality	To be determined

GRAP 104 - FINANCIAL INSTRUMENTS

This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

(a) simplify the recognition, measurement and disclosure of financial instruments; and

(b) accommodate the types of financial instruments entered into in the public sector

It is not expected that this standard will significantly impact future disclosures.

GRAP 25 - EMPLOYEE BENEFITS

This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact the current accounting policies or disclosures.

GRAP 1 - PRESENTATION ON FINANCIAL STATEMENTS

Changes to GRAP 1 mainly relates to the disclosure of the entity's assement of going concern. It is not expected that this standard will have significant impact on future disclosures.

18. MATERIAL LOSSES

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.

The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

19. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) The Public Finance Management Act, or

(b) State Tender Accounting Authority Act, 1968

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that:

(a) the matter is free of fraudulent, corrupt or other criminal conduct.

(b) disciplinary action was taken against the responsible employee(s);

(c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;

(d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and

(e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de- recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

21. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

22. 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

A person as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm's length or not in the ordinary course of business.

23. EVENTS AFTER THE REPORTING DATE

Events after the 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.

23.1 ADJUSTING EVENTS

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

23.2 NON-ADJUSTING EVENTS

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

24. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

26. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management has concluded that the segmented information will not be included in the financial statements.

NOTES TO THE

ANNUAL FINANCIAL STATEMENTS

1. INVENTORIES

	2023 R	2022 R
INVENTORY COMPRISES:		
Brokers notes, certificates and registers	162,039	12,815
Office stationery and cartridges	421,102	229,867
Tamper proof stationery	407,652	486,001
Total Inventories	**990,793**	**83 6,683**

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

No write down of inventory to net realieable value were required.

2. PREPAYMENTS

Current Prepayments	1,980,150	1,024,301
Non-Current Prepayments	150,402	298,706
Total Prepayments	**2,130,552**	**1,323,007**

Prepaid expenses represent the prepayments for insurance, licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

AS AT 31 MARCH 2023	Gross Balances R	Provision for Impairment R	Net Balances R
Interest Receivable	184,231	-	184,231
Staff Debtors	109,724	-	109,724
Other Receivables	113,095	56,584	56,511
	407,050	**56,584**	**350,466**

As at 31 March 2023, trade and other receivables of R56 584 (2022: R0) were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

AS AT 31 MARCH 2022			
Accrued Income	54,500	-	54,500
Interest Receivable	225,537	-	225,537
Creditors with Debit Balances	144	-	144
Staff Debtors	89,641	-	89,641
Other Receivables	143,191	-	143,191
Total Receivables from Exchange Transactions	**513,013**	**-**	**513,013**

Staff debtors consist of study fees recovery where the bursary contract terms were not met.

Other receivables related to rental deposits for leased property.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

AS AT 31 MARCH 2023	Gross Balances R	Provision for Impairment R	Net Balances R
Exchange Statutory Receivables	2,089,689	-	2,089,689
Total Statutory Receivables from Exchange Transactions	**2,089,689**	**-**	**2,089,689**

None of the statutory receivables were impaired for 2023 (2022: R132 117). Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

AS AT 31 MARCH 2022	Balances R	Impairment R	Balances R
Exchange Statutory Receivables	1,982,486	132,117	1,850,369
Total Statutory Receivables from Exchange Transactions	**1,982,486**	**132,117**	**1,850,369**

Statutory receivables comprise outstanding balances from clients for service fees

4.1 RECONCILIATION OF PROVISION FOR IMPAIRMENT	2023 R	2022 R
Balance at beginning of year	132,117	314,531
Impairment Losses Recognised	-	(103,301)
Impairment Losses Reversed	(132,117)	(79,113)
	-	**132,117**

Ageing of the SADPMR's receivable is as follow:

2023	Gross R	Impaired R	Net Balance R
0 - 30 days	2,061,872	-	2,061,872
31 - 60 days	10,451	-	10,451
61 - 90 days	2,617	-	2,617
91 - 120 days	1,256	-	1,256
121 + days	13,493	-	13,493
	2,089,689	**-**	**2,089,689**

2022	Gross R	Impaired R	Net Balance R
0 - 30 days	1,800,696	-	1,800,696
31 - 60 days	10,204	-	10,204
61 - 90 days	3,017	-	3,017
91 - 120 days	5,374	-	5,374
121 + days	163,195	132,117	31,078
	1,982,486	**132,117**	**1,850,369**

5. INVESTMENTS AT FAIR VALUE

	2023 R	2022 R
Opening balance	37,085,257	35,609,461
Additions / (Withdrawals)	(37,896,234)	(0)
Interest Received	823,416	1,456,590
Fair value adjustment	(12,439)	19,206
Total Investments	**-**	**37,085,257**

Investment at fair value represents an investment held with Stanlib.

SPECIFIC VALUATION METHODOLOGIES

The price of each security is retrieved on a consistent basis and at valuation point on each pricing day in a manner which is consistent with the deed.

Wherever possible and practical the price of each security is validated for reasonability by, among others:

(a) Comparing multiple sources; and

(b) Reviewing the price against the price that was determined at the previous valuation point;

The fair value hierarchy levels:

For Collective Investment Scheme funds, FSCA NAV Conduct Standard is followed, instruments will fall into the first two categories, with a majority of our universe under Level 1 i.e. use of market prices to determine fair value;

Level 1 as detailed in the standard is for securities that can be observed or quoted without any adjustment. This means it is readily available and determined by the exchange applicable to source that security's price. Level 1 instruments are associated with low risk of liquidity, meaning the market determines the price based on the market activities on the exchange. The price is used as provided by the respective exchange; on the basis they are highly liquid due to frequent exchange trading.

Level 2 includes the securities in level 1 as stated above. However, those securities are thinly traded or suspended on the exchange. In addition to those, included in Level 2 are securities which are unlisted on the exchange and the price of which is agreed upon by counterparties over the counter. These securities fair value is determined by applying a model because the price cannot be easily or readily observed. However, a key requirement is that the inputs in the model are observable and not adjusted, with limited assumptions overlay applied. These Level 2 instruments are illiquid in nature and expose the security to liquidity risk which thereby ranks them "medium risk", above Level 1 instruments.

Level 3: Stanlib does not have any level 3 instruments in Collective Investment Schemes that require a high degree of assumptions/judgment with few observable inputs. Naturally these are the high valuation risk instruments.

6. CASH AND CASH EQUIVALENTS

Current Investments	85,356,472	34,972,782
Bank Accounts	1,126,702	665,229
Cash-on-Hand	11,185	11,125
Total Bank, Cash and Cash Equivalents	**86,494,359**	**35,649,136**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash- on-Hand and Cash in Banks.

Treasury Regulations 31.3.3 states that unless exempted by the National Treasury, public entities that are listed in Schedule 3A or 3C of the Public Finance Management Act (PFMA) must invest surplus funds with the Corporation for Public Deposits (CPD). The SADPMR as an entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits.

6. CASH AND CASH EQUIVALENTS

	2023 R	2022 R

In March 2022 SADPMR received an instruction to comply with the National Treasury requirements and that the exemption previously granted was withdrawn. As a result, SADPMR complied with the requirements of the instruction at year end and all surplus funds are invested at the CPD.

6.1 CURRENT INVESTMENT DEPOSITS

	2023 R	2022 R
Call Deposits	85,356,472	34,972,782
Total Current Investment Deposits	**85,356,472**	**34,972,782**

The increase in investments results from the closure of the Stanlib investment and funds transferred to the call account in compliance with the National Treasury instruction.

6.2 BANK ACCOUNTS

	2023 R	2022 R
Cash in Bank	1,126,702	665,229
Total Bank Accounts	**1,126,702**	**665,229**

6.3 CASH-ON-HAND

	2023 R	2022 R
Cash Floats and Advances	11,185	11,121
Total Cash-on-Hand in Cash Floats, Advances and Equivalents	**11,185**	**11,121**

7. PROPERTY AND EQUIPMENT

31 MARCH 2023

RECONCILIATION OF CARRYING VALUE

Description	Computer Equipment R	Furniture and Fittings R	Security systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improvements R	Total R
Carrying values at 01 April 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,194	3,708,715	3,334,882	5,217,513	733,168	-	30,462,185
Accumulated Depreciation:	(4,630,807)	(2,195,005)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,125)
Acquisitions:	**1,047,868**	**49,336**	**151,608**	**-**	**1,165,739**	**-**	**333,334**	**2,747,886**
- At Cost	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,886
Depreciation:	**(591,847)**	**(81,332)**	**(216,423)**	**(268,224)**	**(216,693)**	**(243,584)**	**(14,875)**	**(1,632,979)**
- Standard Depreciation	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,979)
Carrying value of Disposals:	**(36,195)**	**(121,359)**	**(4,279)**	**-**	**(61,203)**	**-**	**-**	**(223,035)**
- Cost	(456,357)	(207,993)	(20,210)	-	(279,222)	-	-	(963,783)
- Accumulated Depreciation	420,162	86,634	15,932	-	218,019	-	-	740,748
Carrying values at 31 March 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)

7. PROPERTY AND EQUIPMENT (CONTINUED)

31 MARCH 2022

RECONCILIATION OF CARRYING VALUE

Description	Computer Equipment R	Furniture and Fittings R	Security systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improvements R	Total R
Carrying values at 01 April 2021	**7,527,140**	**2,497,466**	**1,017,224**	**2,501,008**	**3,341,485**	**61,534**	**30,465**	**16,976,322**
Cost	12,815,752	4,766,377	4,444,117	3,494,609	5,815,269	738,416	1,464,871	33,539,411
Accumulated Depreciation:	(5,288,612)	(2,268,911)	(3,426,893)	(993,601)	(2,473,784)	(676,882)	(1,434,406)	(16,563,089)
Acquisitions:	**1,675,995**	**62,551**	**2,944,167**	**(0)**	**32,122**	**733,165**	**0**	**5,448,000**
- At Cost	1,675,995	62,551	2,944,167	(0)	32,122	733,165	0	5,448,000
Depreciation:	**(561,322)**	**(82,096)**	**(100,121)**	**(255,580)**	**(232,273)**	**(204,092)**	**(16,925)**	**(1,452,409)**
- Standard Depreciation	(561,323)	(82,096)	(100,121)	(255,580)	(232,273)	(204,092)	(16,925)	(1,452,410)
Carrying value of Disposals:	**(293,906)**	**(183,732)**	**(634,439)**	**(8,978)**	**(198,258)**	**-**	**(13,540)**	**(1,332,853)**
- Cost	(1,513,034)	(339,737)	(3,679,568)	(159,727)	(629,879)	-	(1,464,870)	(7,786,816)
- Accumulated Depreciation	1,219,128	156,005	3,045,130	150,749	431,621	-	1,451,330	6,453,963
Carrying values at 31 March 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,195	3,708,715	3,334,882	5,217,513	733,168	-	30,462,188
Accumulated Depreciation	(4,630,807)	(2,195,006)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,128)

SADPMR has no restriction or encumbrances on their assets.

The SADPMR had contractual commitments of R748 252 at year-end for acquisitions of property and equipment.

7.1 EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT	2023 R	2022 R
The following specific costs included in the amount of Repairs and Maintenance were incurred by Entity during		
Computer Equipment and Accessories	148,100	48,960
Equipment and Furniture	91,532	194,915
Leased Building	424,800	366,268
Pool Cars	64,343	20,774
Other Assets	137,694	432,135
Total Expenditure incurred to Repair and Maintain	**866,469**	**1,063,052**

8. INTANGIBLE ASSETS

	2023 R	2022 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1,247,436	1,335,229

The movement in Intangible Assets is reconciled as follows:

COMPUTER SOFTWARE:

Carrying values at 01 April	**1,335,229**	**1,214,015**
Cost	4,680,225	4,501,399
Accumulated Amortisation	(3,344,996)	(3,287,384)
Acquisitions:	-	178,826
- Purchased	-	178,826
Amortisation:	(58,825)	(57,611)
- Standard Amortisation	(58,825)	(57,611)
Disposals:	(28,968)	-
- At Cost	(37,000)	-
- At Accumulated Amortisation	8,032	-
Carrying values at 31 March	**1,247,436**	**1,335,229**
- Cost	4,643,225	4,680,225
- Accumulated Amortisation	(3,395,789)	(3,344,996)

The amortisation expense has been included in the line item “Depreciation and Amortisation” in the Statement of Financial Performance (see Note 21.)

All of the Entity’s Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Entity.

9. LONG-TERM RECEIVABLES

Rental deposit	375,232	-
	375,232	**-**

Long term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

10. PROVISIONS

	2023 R	2022 R
Provision for COID	138,050	-
Provision for Staff Bonusses	2,856,518	-
Total Provisions	**2,994,568**	**-**

The movement in provisions are reconciled as follows:

PROVISION FOR COID

Balance at beginning of year	-	-
Contributions to provision	138,050	-
Expenditure incurred	-	-
Balance at end of year	**138,050**	**-**

PROVISION FOR STAFF BONUS

Balance at beginning of year	-	-
Contributions to provision	2,856,518	-
Expenditure incurred	-	-
Balance at end of year	**2,856,518**	**-**

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	59,321	596,556
Accruals	2,124,196	4,434,593
Other Creditors	326,289	579,141
Payroll third party payables	24,375	30,691
Staff Bonus Accrual	484,570	428,661
Staff Leave Accrual	4,220,226	4,445,804
Total Payables	**7,238,977**	**10,515,446**

TRADE CREDITORS:

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied.

ACCRUALS:

Accruals relates to known amounts owed for which invoices have not been processed at end of the period.

OTHER CREDITORS

Other payables relates to debtors with credit balances for clients who elect to pay in advance and unallocated receipts at the end of the period.

SALARY RELATED PAYABLES:

Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the period.

STAFF BONUS ACCRUAL:

Employees may elect to structure bonus as part of their total package. This accrual relates to bonuses that have accrued at year- end.

STAFF LEAVE ACCRUAL:

The Leave Accrual relates to the value of vacation leave earned by staff at year-end.

12. UNSPENT GRANTS

	2023 R	2022 R
TETA Grant	558,720	-
Total Unspent Grant	**558,720**	**-**

The grant relates to the project where the conditions are not yet fulfilled at year end.

SADPMR entered into a principal-agent arrangement with TETA, in terms of the arrangement, SADPMR acting as the Agent has to provide TVET work experience training to Interns on behalf, and for the benefit of TETA. TETA acting as the Principal will pay SADPMR the grant to fund training of the Interns including Stipend.

For the 2022/23 financial year, TETA transferred R558 720 to SADPMR to cover costs related to the training including stipend for the interns. No expenditure has been incurred as at year end in relation to the training.

13. OPERATING LEASE LIABILITIES

Total Operating Lease Liabilities	3,876,457	1,649,234

At the Reporting Date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

Head office	**55,353,155**	**59,326,268**
No later than one year	4,908,786	3,973,112
Later than one year and not later than five years	23,974,680	22,253,663
Later than five years	26,469,689	33,099,493

The SADPMR entered into a ten year lease agreement for the head office in Kempton Park. The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs and 8.5% annual escalation on operating costs.

Kimberly Office	**856,126**	**1,663,792**
No later than one year	856,126	807,666
Later than one year, less than five years	-	856,126

The SADPMR entered into a 5 year lease agreement for the rental of the Kimberley office. The lease commenced on 01 April 2019 and terminates on 31 March 2024. The lease provides for an escalation of rental of 6% per annum.

TOTAL LEASE OBLIGATIONS

No later than one year	5,764,912	4,780,778
Later than one year, less than five years	23,974,680	23,109,789
Later than five years	26,469,689	33,099,493
	56,209,281	**60,990,060**

14. LONG-TERM LIABILITIES

Finance Lease Liabilities	259,645	232,411
Total Long-term Liabilities	**259,645**	**232,411**

15. FINANCE LEASE OBLIGATIONS

	2023 R	2022 R
Finance Lease Liabilities	116,970	376,615
Total	**116,970**	**376,615**

15.1 SUMMARY OF ARRANGEMENTS

FINANCE LEASES:

SADPMR leases certain items of office equipment and related software under finance lease. The lease is for the photocopiers, it started in September 2021 and is for a period of three years.

The obligations under Finance Leases are as follows:

AMOUNTS PAYABLE UNDER FINANCE LEASES:

Not later than one year	259,645	232,411
Later than one year and not later than five years	116,970	376,615
	376,615	**609,026**

RECONCILIATION MINIMUM LEASE PAYMENTS AND THE PRESENT VALUE OF LEASE PAYMENTS

Minimum lease payments	405,076	691,012
- No later than one year	285,936	285,936
- Later than one year and not later than five years	119,140	405,076
Future finance charges	(28,461)	(81,986)
Present Value of Minimum Lease Obligations	**376,615**	**609,026**

16. POST RETIREMENT MEDICAL AID

SADPMR has an obligation to provide medical benefits to certain pensioners and dependents. These liabilities have been provided for in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of this obligation is carried out by an independent actuary, the latest being 31 March 2023.These employees came from the old Diamond Accounting Authority.

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan is as follow:

Post-retirement Health Care Benefits Liability - Long term portion	1,126,814	2,814,000
Total Employee Benefit Liabilities	**1,126,814**	**2,814,000**

16.1 RECONCILIATION OF LIABILITY

Balance at beginning of Year	2,814,000	704,000
Interest cost	196,000	50,000
Remeasurement	24,000	2,284,196
Contribution payments	(209,037)	(224, 196
Settlement	(1,698,149)	-
Total Post-retirement Health Care Benefits Liability	**1,126,814**	**2,814000**

16. POST RETIREMENT MEDICAL AID (CONTINUED)

	2023 R	2022 R
NET EXPENSE RECOGNISED IN THE STATEMENT OF FINANCIAL PERFORMANCE		
Interest	196,000	50,000
Remeasurement	24,000	2,284,196
Total	**220,000**	**2,334,196**

The remeasurement amount is included under other operating expense and interest is included interest expense in the statement of financial performance.

VALUATION METHOD

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses.

The most significant assumptions used for the current valuation are outlined below.

THE PRINCIPAL ASSUMPTIONS USED FOR THE PURPOSES OF THE ACTUARIAL VALUATIONS WERE AS

	2023	2022
Consumer price inflation	5.78%	6.56%
Discount Rate - Continuation Members	10.05%	10.58%
Health Care Cost Inflation Rate - Continuation Members	7.28%	8.06%
Real discount rate	2.58%	2.33%

The actuaries have used the zero-coupon South African government bond yield curves to set the financial assumptions used to project future employer benefit payments.

The nominal yield curve is regarded as an estimate of the investment return that can be achieved from investing in risk free assets, and is therefore used to set the discount rate.

The actuaries have assumed that healthcare cost inflation exceeds CPI on average by 1.5% per annum over the long term and have therefore applied healthcare cost inflation of 7.28%.

SENSITIVITY TESTING

Assumption	**Variation**	**Change in accrued liability %**	**Change in annual expense %**
Post-retirement mortality	PA(90)	-4.5%%	-4.8%%
	PA(90) -2	4.60%	5%%
Healthcare cost inflation	1%%	5.50%	5.9%%
	-1%%	-5%%	-5.4%%
Discount rate	1%	-5%%	4%%
	-1%	5.60%	-4.50%

16. POST RETIREMENT MEDICAL AID (CONTINUED)

	2023 R	2022 R	2021 R	2020 R	2019 R
Present Value of Defined Benefit Obligation	1,126,814	2,814,000	704,000	678,000	674,000
Fair Value of Plan Assets	-	-	-	-	-
Present value in excess of plan asset	1,126,814	2,814,000	704,000	678,000	674,000
Experience adjustments (Actuarial gain and losses before change in assumptions):	24,000	(2,284,196)	(97,889)	(90,976)	(677,445)
In respect of present value of obligation	-	-	-	-	-
In respect of fair value of plan assets	-	-	-	-	-

	2023 R	2022 R
Contributions expected to be paid to the plan beginning after the reporting date	66,993	269,000

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

INCREASE:

Effect on the aggregate of the current service cost and the interest cost	1,960	500
Effect on the defined benefit obligation	11,268	28,140

DECREASE:

Effect on the aggregate of the current service cost and the interest cost	(1,960)	(500)
Effect on the defined benefit obligation	(11,268)	(28,140)

17. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus due to the results of Operations	98,037,310	82,644,051
Total Accumulated Surplus	**98,037,310**	**82,644,051**

18. INTEREST EARNED

EXTERNAL INVESTMENTS:		
Interest from investments	823,415	1,102,145
Interest on bank accounts	3,978,163	1,456,590
Total Interest Earned	**4,801,578**	**2,558,735**

18. INTEREST EARNED

	2023 R	2022 R
EXTERNAL INVESTMENTS:		
Interest from investments	823,415	1,102,145
Interest on bank accounts	3,978,163	1,456,590
Total Interest Earned	**4,801,578**	**2,558,735**

19. OTHER REVENUE

	2023 R	2022 R
Administration fees	-	547
Sale of diamond books and registers	78,145	73,650
Other income	677,443	721,882
Bad debts recovered	1,100	61,574
Recovery of expenses	27,690	2,500
Total Other Revenue	**784,378**	**860,153**

20. EMPLOYEE RELATED COSTS

	2023 R	2022 R
EMPLOYEES:		
Basic Salaries	69,161,702	66,769,063
Once off incentive	-	3,113,530
Performance and Other Bonuses	2,856,518	-
Allowances	192,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)	10,607,445	10,314,925
Leave Accrual	(134,297)	(921,021)
Total Employee Related Costs	**82,683,368**	**79,468,497**

21. DEPRECIATION AND AMORTISATION

	2023 R	2022 R
Depreciation: Property, Plant and Equipment	1,632,982	1,452,407
Amortisation: Intangible Assets	58,825	57,611
Total Depreciation and Amortisation	**1,691,807**	**1,510,018**

22. IMPAIRMENT LOSSES AND BAD DEBTS

22.1 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023 R	2022 R
Impairment Losses Recognised:	**56,584**	**(103,301)**
Receivables from Exchange Transactions	56,584	-
Statutory Receivables from Exchange Transactions	-	(103,301)
Impairment Losses Reversed:	**(132,117)**	**(79,113)**
Statutory Receivables from Exchange Transactions	(132,117)	(79,113)
Total Impairment Losses	(75,533)	(182,414)
Bad Debts Written-off:	**199,819**	**-**
Bad Debts Written-off against Operating Account	199,819	-

23. FINANCE COSTS

	2023 R	2022 R
Supplier interest	642	-
Defined Benefit Liabilities	196,000	50,000
Finance Leases	53,526	54,988
Total Finance Costs	**250,168**	**104,988**

Finance costs relate to interest incurred on leasing of equipmente, Interest charged for late payment and finance costs for the Post Retirement Benefit Obligation.

24. REPAIRS AND MAINTENANCE

Computer Equipment and Accessories	148,100	48,960
Leased Assets	424,800	366,268
Office Equipment and Furniture	91,532	194,915
Other Assets	137,694	432,135
Pool Cars	64,343	20,774
Total Repairs and Maintenance	**866,469**	**1,063,052**

25. OTHER OPERATING EXPENSES

	2023 R	2022 R
Included in General Expenses are the following:		
Administrative fees	231,517	176,066
Audit fees	3,126,398	2,743,219
Accounting Authority costs	1,337,608	1,276,340
Cleaning	293,875	562,956
CSR programmes	8,000	5,000
Document storage	250,822	195,572
Domestic travel	1,048,509	313,739
Hiring	40,250	85,445
Hospitality	62,639	53,360
Inspection	96,626	10,525
Insurance	667,062	1,211,004
International travel	228,463	206,192
Inventory expense	434,955	480,438
Kimberley process	141,376	20,737
Legal expenses	1,081,930	1,462,035
Actuarial remeasurements	24,000	2,284,196
Motor vehicle expenses	327,078	220,000
Office lease expenses	7,735,651	7,097,719
Organisational Change Management	-	235,124
Strategic Planning	220,462	69,600
Postage and courier	6,341	20,631
Public relations	855,326	127,421
Recruitment and selection	52,456	172,161
Relocation of Offices	90,018	1,199,344
Relocation of Staff	83,900	65,997
Security	1,165,448	1,216,357
Software expenses	2,597,258	2,313,877
Staff recognition	53,082	2,977
Staff welfare	199,631	162,013
Subscription and membership	109,467	110,652
System support fees	316,690	223,632
Telecommunication	3,059,015	2,479,198
Training and development	1,061,489	697,869
Transformation	60,634	40,165
Venue and facilities	71,692	25,324
Total General Expenses	**27,139,667**	**27,566,885**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.

25.1 AUDIT FEES

	2023	2022
External audit	2,877,472	2,743,219
Internal Audit	248,926	-
	3,126,398	**2,743,219**

25. OTHER OPERATING EXPENSES

25.2 ACCOUNTING AUTHORITY COSTS

	2023 R	2022 R
Meeting fees	946,156	972,110
Other fees	271,453	304,230
Accounting Authority evaluation	120,000	-
	1,337,608	**1,276,340**

25.3 OFFICE LEASE

	2023 R	2022 R
Office lease - space and parking	6,699,588	5,233,988
Office lease - municipal services	475,705	1,403,243
Operating costs	560,358	460,488
	7,735,651	**7,097,719**

25.4 TELECOMMUNICATION

	2023 R	2022 R
Internet, email and data storage	1,625,519	1,136,333
Telephone and fax rental and usage	849,773	786,165
Cell phones and data	583,723	556,700
	3,059,015	**2,479,198**

26. GAINS AND LOSSES ON OTHER OPERATIONS

	2023 R	2022 R
Fair value adjustment on Investments	(12,439)	19,206
Losses in Net Foreign Exchange	(48,328)	233,869
Net Other Gains and Losses	**35,889**	**(214,663)**

Gains and losses on Fair Value Investments disclosed above are attributable to continuing operations and forthcoming from changes experienced in market valuations.

27. PRIOR PERIOD ERRORS

During the 2022/23 financial period the disclosure note for Obligations under operating lease was not properly disclosure as required by GRAP 13 paragraph 32.

The effect of the error on the individual line items in the notes financial statements is as follows:

	2023 R	2022 R
Decrease in not later than one year		(95,024)
Decrease in Later than one year and not later than five years		(32,947,203)
Increase later than five years		33,099,493

28. CASH GENERATED BY OPERATIONS

	2023 R	2022 R
Surplus / (deficit) for the Year	15,393,244	11,712,399
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Employee Related Costs	2,860,271	(921,021)
Depreciation and Amortisation	1,691,807	1,510,018
Impairment Losses on Financial Assets	(75,533)	(182,414)
Finance Costs	196,000	50,000
Actuarial remeasurements	24,000	2,284,196
Fair value adjustment	12,439	(19,206)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow		
Loss on Disposal of Capital Assets	246,673	1,260,351
Operating surplus before working capital changes	**20,348,907**	**15,694,319**
(Increase)/Decrease in Inventories	(154,110)	(60,127)
(Increase)/Decrease in Receivables from Prepayments made	(807,545)	(749,910)
(Increase)/Decrease in Receivables from Exchange Transactions	105,963	13,877,932
(Increase)/Decrease in Statutory Receivables from Exchange Transactions	(107,203)	(1,464,828)
Increase in Payables from Exchange Transactions	(3,276,469)	965,009
(Decrease)/Increase in Conditional Grants and Receipts	558,720	-
Increase/(Decrease) in Operating Lease Liabilities	2,227,223	1,446,591
Contributions included in Payables from Exchange Transactions (leave provision adjustment	134,297	921,021
Cash generated by Operations	**19,029,783**	**30,630,007**

29. NON-COMPLIANCE WITH PFMA

Irregular Expenditure	15,386	44,916
Fruitless and Wasteful Expenditure	-	-
29.1 CURRENT YEAR	**15,386**	**44,916**

IRREGULAR EXPENDITURE

29.1.1 Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R2 366.70 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

29.1.2 Expenditure not authorised by delegated authority

Irregular expenditure amounting to R13 019.23 relates to the travel expenditure incurred without approved trip authorisation by the delegated authority. Consequence management in relation to this matter were taken.

29. NON-COMPLIANCE WITH PFMA

29.2 PRIOR YEAR

IRREGULAR EXPENDITURE

29.2.1 Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R44 915.94 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

30. COMMITMENTS FOR EXPENDITURE

30.1 COMMITMENTS IN RESPECT OF OPERATIONAL EXPENDITURE

	2023 R	2022 R
Approved and Contracted for:		
Operational Expenditure	12,883,597	6,847,626
Capital Expenditure	748,352	-
	13,631,949	**6,847,626**

Operational Commitments relates to commitments for operating expenditure approved and contracted for.

31. FINANCIAL INSTRUMENTS

31.1 CLASSIFICATION

		2023 R	2022 R
FINANCIAL ASSETS:			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	184,231	225,537
Receivables from Exchange Transactions	Staff Debtors	109,724	89,641
Receivables from Exchange Transactions	Other Receivables	56,511	143,191
Cash and Cash Equivalents	Call Deposits	85,356,472	34,972,786
Cash and Cash Equivalents	Bank Balances	1,126,702	665,229
Cash and Cash Equivalents	Cash Floats and Advances	11,185	11,121
		86,844,825	**36,107,505**
Financial Assets at Fair Value:			
Investments		-	37,085,257
Total Financial Assets		**86,844,825**	**73,192,762**
FINANCIAL LIABILITIES:			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Leases	116,970	376,615
Payables from Exchange Transactions	Trade Creditors	59,321	596,556
Payables from Exchange Transactions	Accruals	2,124,196	4,434,593
Payables from Exchange Transactions	Other Creditors	326,289	579,141
Payables from Exchange Transactions	Salary Control	24,375	30,691
Payables from Exchange Transactions	Staff Bonus Accrual	484,570	428,661
Payables from Exchange Transactions	Staff Leave Accrual	4,220,226	4,445,804
Current Portion of Long-term Liabilities	Finance Leases	259,645	232,411
Total Financial Liabilities		**7,615,592**	**11,124,472**

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

31.3 SIGNIFICANT RISKS

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

The SADPMR has exposure to the following risks from its operations in Financial

(a) Market Risk.

(b) Liquidity Risk; and

(c) Credit Risk;

(d) Foreign Currency Risk

Risks and exposures are disclosed as follows:

31.4 MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

A significant part of the market risk encountered arises from financial instruments that are managed by other financial institutions.

31.4.1 FOREIGN CURRENCY RISK

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

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to Microsoft software license, Rapaport subscription and risk international insurance contract.

It is not policy for the SADPMR to hedge outstanding foreign currency transactions due to the fact that these transactions take place on an ad hoc basis.

The SADPMR had no exposure to foreign currency risk at 31 March 2023 as all foreign currency transactions were settled during the financial year.

31.4.2 INTEREST RATE RISK

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The material change to SADPMR's exposure to interest rate risk from the previous year to the current year is due to the transfer of the Stanlib investment to the SA Reserve Bank.

31. FINANCIAL INSTRUMENTS (CONTINUED)

The maximum exposure to interest rate risk is as follows:

2023	Amount R	Effective interest rate %
Nedbank Ltd - Call account	30,270,869	7.10%
Investec Ltd - Call account	4,054,101	7.60%
SA Reserve Bank - Call account	51,031,502	7.42%
	85,356,472	

2022	Amount R	Effective interest rate %
Nedbank Ltd - Call account	31,144,649	7.10%
Investec Ltd - Call account	3,828,137	4.10%
SA Reserve Bank - Call account	-	-
	34,972,786	

31.5 LIQUIDITY RISK

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

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There were no material changes to SADPMR's exposure to liquidity risk from the previous year to the current year except for the movement in accruals.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

2023	Total R	Not later than one month R	Later than one month and not later than three months R	Later than three months and not later than one year R	Later than one year and not later than five years R
Trade payables	59,321	59,321	-	-	-
Finance lease	405,076	-	-	285,936	119,140
Accruals	2,683,808	-	-	2,683,808	-
	3,148,205	**59,321**	**-**	**2,969,744**	**119,140**
2022					
Trade payables	596,556	581,666	833	14,057	-
Finance lease	691,012	-	-	285,936	405,076
Accruals	4,434,593	-	-	4,434,593	-
	5,722,161	**581,666**	**833**	**4,734,586**	**405,076**

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.6 CREDIT RISK

Credit risk is the risk of financial loss to the SADPMR if a customer or other counterparty (including government and financial institutions) to a financial instrument fails to meet its contractual obligations.

The SADPMR is exposed to credit risk through holding call deposits, cash equivalents and trade receivables. Credit risk includes counterparty risk and delivery or settlement risk. Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the year of a transaction.

To manage the credit risk that the SADPMR is exposed to as a result of holding these classes of financial assets the following steps are generally taken:

Call deposits, cash and cash equivalents

The SADPMR limits its counterparty exposures from its call deposits and cash equivalents by only depositing cash with major banks and SA Reserve Bank with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables

Management evaluates credit risk relating to customers on an ongoing basis. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts through the debt management policy and restriction of services. Trade receivables are presented net of doubtful debts.

There were no material changes to SADPMR' exposure to credit risk from the previous year to the current year.

31.6.1 CREDIT QUALITY

Credit quality is a measurement of an individual's or company's creditworthiness, or the ability to repay its debt due to the SADPMR.

Cash and cash equivalent

The credit quality of cash and cash equivalents are sound as SADPMR only make deposits at the well-established financial institutions.

Trade and other receivables

The credit quality of trade and other receivables are determined and monitored with reference to historical payment trends. Based on the evaluation of the historical payment trends, customers are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

31. FINANCIAL INSTRUMENTS (CONTINUED)

	2023 R	2022 R
The maximum exposure to credit risk is as follows:		
Receivables from Exchange Transactions	407,050	513,013
Investments	-	37,085,257
Bank, Cash and Cash Equivalents	86,494,359	35,649,136
Maximum Credit Risk Exposure	**87,276,641**	**73,247,406**

BANK AND CASH BALANCES

		2023 R	2022 R
Nedbank Ltd	Current	1,126,267	664,794
Nedbank Ltd	Call	30,270,869	31,144,649
Nedbank Ltd	Call - Salary savings	435	435
SA Reserve Bank	Call	51,031,502	-
Investec Ltd		4,054,101	3,828,137
Cash on hand		11,185	11,121
Other		-	-
Total Bank and Cash Balances		**86,494,359**	**35,649,136**

32. CHANGES IN PRESENTATION AND CLASSIFICATION

32.1 CHANGES IN PRESENTATION

32.1.1 STATEMENT OF FINANCIAL POSITION

During 2021/22 financial year, accruals, Provision for 13th cheque and Provision for leave were aggregated in the accruals line. During 2022/23 financial year these items were separated in order to easily reconcile the cash flow statement. The effect of this change is as follows:

2022	After Change R	Before change R
Accruals	9,309,054	9,309,054
Staff Bonus Accrual	(428,661)	-
Staff Leave Accrual	(4,445,804)	-
	4,434,589	**9,309,054**

During 2021/22 financial year, Provision for 13th cheque was grouped into accruals, during 2022/23 financial these items were presented separated in order to easily reconcile the cash flow statement. The effect of this change is as follow:

32. CHANGES IN PRESENTATION AND CLASSIFICATION (CONTINUED)

During 2021/22 financial year, Debtors with with credit balances and other payables were presented separately on the Payables from exchange transaction, these items were grouped into Other creditors during the 2022/23 financial year. Third party payables were incorrectly deducted from Unallocated deposits during 2021/22 financial year.The effect of these changes on the note is as follow:

2022	After Change R	Before change R
Unallocated deposits	54,984	54,984
Third party payables	1,725	-
Debtors with credit balances	522,436	-
Total other payables	**579,145**	**54,984**

Payroll third party payables were incorrectly deducted from Unallocated deposits during 2021/22 financial instead of deduction from Payroll third party payables. The effect of this change on the note is as follow:

2022	After Change R	Before change R
Payroll third party payables	32,416	32,416
Payroll third party payables with debit balances	(1,725)	-
	30,691	**32,416**

32.1.2 STATEMENT OF FINANCIAL PERFORMANCE

During 2021/22 financial year, repairs and maintenance was grouped into other operating expenses in the Statement of Financial Performance, in the current financial year repairs and maintenance have been presented separately on the face of the Statement of Financial Performance. The effect of this change in presentation on the individual line items on the Statement of Financial Performance is as follow:

2022	After Change R	Before change R
Repairs and Maintenance		
Other Operating Expenses	27,566,885	28,629,937
Repairs and Maintenance	1,063,052	-
	28,629,937	**28,629,937**

Basic salaries, Bonus-13th cheque and Once off incentives were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped under Basic salaries in the financial statements for 2022/23. The effect of this change on the employee cost note is as follow:

2022	After Change R	Before change R
Basic salaries	65,421,612	65,421,612
Bonus - 13th Cheque	1,347,452	-
	66,769,064	**65,421,612**

32. CHANGES IN PRESENTATION AND CLASSIFICATION (CONTINUED)

Housing allowances and Travel allowances were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped as Allowances on the Employee cost note in the financial statements for 2022/23 financial year. The effect of this change on the employee cost note is as follow:

2022	After Change R	Before change R
Allowances		
Housing allowance	96,000	-
Travel allowance	96,000	-
	192,000	**-**

Medical aid, Pension,Unemployment Insurance Fund, Skills Development Levy, Compensation of Injuries and Diseases and Disability cover were presented as individual line items under employee cost note during 2021/22 financial year, these individual items have been grouped as Social contributions on the Employee costs note in the financial statements for 2022/23. The effect of this change on the employee cost note is as follow:

2022	After Change R	Before change R
Social contributions		
Medical aid	2,881,836	-
Pension	5,313,593	-
Unemployment Insurance Fund (UIF)	236,547	-
Skills development Levy (SDL)	716,201	-
Compensation Of Injury and Disease (COID)	129,338	-
Disability Cover	1,037,358	-
	10,314,873	**-**

During 2021/22 financial year, Accrued income and Other debtors were grouped into Other receivables on the Receivables from exchange transactions note, these line items have been presented separately on the Receivables from exchange transactions note during 2022/23 financial year. The effect of this change on the Receivables from exchange note is as follow:

2022	After Change R	Before change R
Other receivables	143,189	197,689
Accrued income	54,800	-
	197,989	**197,689**

32. CHANGES IN PRESENTATION AND CLASSIFICATION (CONTINUED)

32.1.3 CASH FLOW STATEMENT

During 2021/22 financial year, cash receipts from customers were grouped under Other receipts on the Cash Flow Statement, in the current financial year receipts from customer have been presented according to the significant classes of receipts. The effect of this change in presentation on the individual line items on the cash flow statement is as follow:

2022	After Change R	Before change R
Other Receipts		
Other Receipts	963,621	56,617,483
Rendering of Service	52,575,862	-
Licence Fees	3,078,000	56,617,483
	56,617,483	**56,617,483**

32.2 CHANGES IN CLASSIFICATION

CASH FLOW STATEMENT

Provision for 13th Cheque and Third party payables was incorrectly excluded from the calculation of cash paid to employees in the Statement of Cash Flow during 2021/22 financial year. A portion of Provision for leave was incorrectly over allocated to cash paid to employees during 2021/22 financial year. The effect of these reclassification on the individual line items of the cash flow statement is as follow:

Cash Paid to Employees	**(81,542,842)**
Provision for 13th Cheque	(52,092)
Third party payables	(1,722)
Provision for Leave	27,099
	(81,569,557)

Long term receivables, Provision for 13th Cheque and Third party receivables were incorrectly included in the calculation of cash paid to suppliers in the Statement of Cash Flow during 2021/22 financial year. A portion of leave provision adjustment was incorrectly included in the calculation of cash paid to suppliers during 2021/22 financial year. The effect of these reclassifications on the individual line items of the cash flow statement is as follow:

Cash Paid to Suppliers	**(22,903,702)**
Long Term Receivables	298,706
Provision for 13th Cheque	52,092
Third Party Receivables	1,722
Provision for Leave	(27,099)
	(22,578,280)

Long term receivables have been disclosed as a separate line under cash flow from investing activities.

33. RELATED PARTY TRANSACTIONS

33.1 CONTROLLING ENTITY

The Department of Mineral Resources and Energy is the controlling party.

CONTROLLING ENTITY	2023 Total transactions R	2023 Amounts owed by/(to) R	2022 Total transactions R	2022 Amounts owed by/(to) R
Department of Mineral Resources and Energy	62,894,000	-	62,027,000	-

The transactions relate to the transfer payment (grant) from the Department of Mineral Resources and Energy and recorded as revenue from non exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban office officials. Both these offices have one official from SADPMR.There is no reliable estimates to recognise services in kind at year end .

There were no balances owed by or due to DMRE at the end of the year under review nor commitments.

33.2 NATIONAL GOVERNMENT

The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1

The transactions relates to purchases with other government entities and were concluded at arm's length.

33.3 OTHER PUBLIC ENTITIES

33.3.1 TRANSPORT EDUCATION TRAINING AUTHORITY (TETA)

SADPMR entered into a principal-agent arrangement with TETA, in terms of arrangement SADPMR acting as the Agent has to provide TVET work experience training to interns on behalf, and for the benefit TETA. TETA acting as the Principal will pay SADPMR the grant to fund training of Interns including Stipend.

The contract was concluded in March 2023 with the experiential training starting from April 2023 to September 2024. At year end SADPMR owed TETA the amount reported in the table above.

	2023 Total transactions R	2023 Amounts owed by/(to) R	2022 Total transactions R	2022 Amounts owed by/(to) R
Transport Education Training Authority	-	(558,720)	-	-

33.3.2 MINING QUALIFICATION AUTHORITY (MQA)

The SADPMR receives grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills Plan (WSP).

	2023 Total transactions R	2023 Amounts owed by/(to) R	2022 Total transactions R	2022 Amounts owed by/(to) R
Mining Qualification Authority (MQA)	115,652	-	140,284	-

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.4 MEMBERS OF MANAGEMENT OF THE ENTITY

There were transaction with management as dicslosed below:

33.4.1 EXECUTIVE MANAGEMENT REMUNERATION

2023	Basic Salary R	Acting Allowance R	Disability cover R	Once off payment R	UIF, SDL, Medical and Pension fund R	Total R
NC Khosa - Chief Executive Officer	2,357,470	-	37,687	-	265,357	2,660,514
Y Lusibane - Chief Financial Officer: Appointed (01 /07/2022))	1,327,516	-	12,658	-	117,031	1,457,205
L Nkhumishe - GM: Corporate Services	1,752,072	-	28,291	-	213,691	1,994,054
C Mlondo - GM: Diamond Trade	1,694,507	-	28,345	-	275,299	1,998,151
T Motloung - GM: Regulatory Compliance	1,671,624	-	27,741	-	256,004	1,955,369
P Motsepe - GM: Governance	1,744,906	-	27,741	-	182,705	1,955,352
B Mahlungulu - Acting Chief Financial Officer: Acting until 30 June 2022	270,856	114,088	3,995	-	37,729	426,668
	10,818,951	**114,088**	**166,458**	**-**	**1,347,816**	**12,447,313**

2022	Basic Salary R	Acting Allowance R	Disability cover R	Once off payment R	UIF, SDL, Medical and Pension fund R	Total R
NC Khosa - Chief Executive Officer	2,229,499	-	31,087	105,608	251,632	2,617,826
CE Simpson - Chief Financial Officer: Resigned 02/02/2022)	1,440,877	-	20,796	77,593	127,040	1,666,306
B Mahlungulu - Acting Chief Financial Officer: Acting from (01/02/2022)	240,573	50,913	4,168	24,655	35,645	355,954
L Nkhumishe - GM: Corporate Services	1,655,993	-	23,336	79,141	203,585	1,962,055
C Mlondo - GM: Diamond Trade	1,603,367	-	23,380	79,293	260,052	1,966,092
P Motsepe - GM: Governance	701,951	-	8,971	42,513	69,953	823,388
M Mononela - GM Legal and Compliance: Retired 31/05/2022)	271,589	-	3,706	-	283,073	558,368
N Mothabe - Acting Company Secretary: Acting from June 2020	458,740	79,689	6,006	-	41,380	585,815
	8,602,589	**130,602**	**121,450**	**408,803**	**1,272,360**	**10,535,804**

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.4.2 NON-EXECUTIVE MEMBERS OF THE ACCOUNTING AUTHORITY AND OTHER COMMITTEES

2023	Meeting fees R	Other activities R	Total R
Mr MA Mngomezulu	128,560	75,208	203,768
Mr E Blom	83,050	28,035	111,085
Ms N Zikalala-Mvelase	116,886	28,035	144,921
Mr G Serokane	77,654	28,035	105,689
Ms M Mosing	73,649	8,010	81,659
Adv N Van Rooyen	69,644	24,030	93,674
Mr S Mokoena	83,050	-	83,050
Ms K Macingwane	96,625	20,025	116,650
Ms N Dikwayo * $	44,764	12,015	56,779
Ms N Munyai	82,200	20,025	102,225
Mr Z Fihlani: Appointed: (22/10/2022)	21,416	8,010	29,426
Mr V Magan (Resigned: 31/08/2022)	68,658	20,025	88,683
TOTAL NON-EXECUTIVE REMUNERATION	**946,156**	**271,453**	**1,217,609**

$ Independent member of the Finance , Audit and Risk Committee

2022	Meeting fees R	Other activities R	Total R
Mr MA Mngomezulu	143,244	109,830	253,074
Mr E Blom	106,902	19,440	126,342
Ms N Zikalala-Mvelase	132,924	85,536	218,460
Mr G Serokane	99,780	11,664	111,444
Ms M Mosing	92,004	34,992	126,996
Adv N Van Rooyen	94,814	3,888	98,702
Mr S Mokoena	69,330	7,776	77,106
Ms K Macingwane	109,712	11,664	121,376
Mr V Magan	123,400	19,440	142,840
TOTAL NON-EXECUTIVE REMUNERATION	**972,110**	**304,230**	**1,276,340**

34. CONTINGENT LIABILITIES

34.1 SURPLUS FUNDS

The SADPMR as a schedule 3A public entity is required to surrender any surpluses to the relevant revenue fund (via its designated department).

The public entities will identify the surpluses as at the reporting date as defined in this National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and

The surplus is calculated in terms of National Treasury Instruction No. 12 of 2020/2021.

	2023 R	2022 R
Contingent liability subject to approval by National treasury.	76,136,699	26,938,434

35. CONTINGENT ASSETS

35.1 HIGH COURT RULING IN FAVOR OF SADPMR

There is a Pretoria High Court matter between the SADPMR and 4 of its former employees who were seeking an order to compel the SADPMR to pay their performance bonuses and salary increases. The former employees withdrew the case from Pretoria High Court without tendering costs. The cost order has been awarded in favour of SADPMR, however, no reliable estimate of the cost order amount could be be made as at the reporting date.

36. GOING CONCERN ASSESSMENT

The Accounting Authority has reviewed the entity's cash flow statement for the year ending 31 March 2024 and is satisfied that with the current financial position and the forecast, that the entity has adequate resources to operate in the foreseeable future. SADPMR has an approved budget with the surplus for the following financial year.

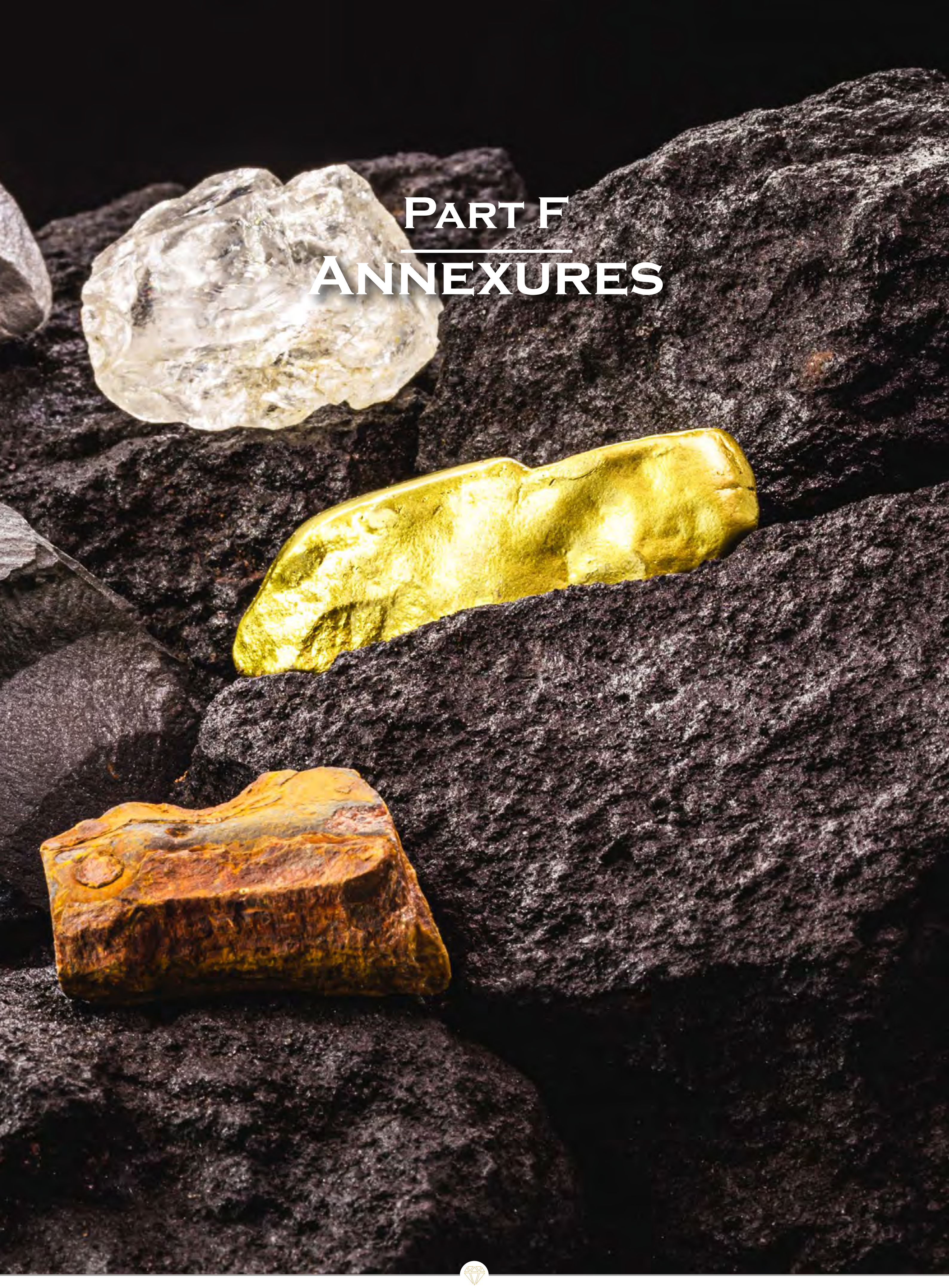
Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

OTHER INFORMATION

1. B-BBEE COMPLIANCE INFORMATION

The SADPMR have submitted its 2021/22 Audited Financial Statements to the B-BBEE Commission in terms of 13G (1) of the Broad-Based Black Economic Empowerment Act. The Regulator is a non-compliant B-BBEE entity at level 0. The areas where the entity could not score sufficient points relate to Skills Development, Enterprise and Supplier Development and Socio-Economic Development. The SADPMR have put measures in place to report on Social -Economic Development, internships and learner-ship and these will be included under Skills Development. The entity will constantly monitor compliance and report.

PART F
ANNEXURES



ANNEXURE A: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury. The annual financial statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

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

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.

Mr Cecil Khosa
Chief Executive Officer

Mr Abiel Mngomezulu
Board Chairperson

ANNEXURE B: REPORT OF THE FINANCE AUDIT AND RISK COMMITTEE

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

FINANCE AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Finance Audit and Risk Committee ("the committee") is a committee of the Board and has discharged its responsibilities accordingly in terms of section 51 (1) a (ii) of the PFMA and 27.1.8 of the Treasury Regulations. The committee adopted formal terms of reference, and an Audit and Risk Committee charter. The committee acknowledges the attendance and participation of senior management including the Accounting Officer and Chief Finance Officer in the audit committee meetings. Since 1 April 2022, the committee met 10 times to discharge its duties.

EFFECTIVENESS OF INTERNAL CONTROLS

During the year various reports of the Internal Auditors and Auditor General South Africa (AGSA) indicated that the system of internal control has shortcomings in limited areas and management are in the process of implementing the recommendations, the status of which is monitored by the committee.

INTERNAL AUDIT

The committee has an oversight responsibility for the in-house Internal Audit function. As delegated by the Board, the committee reviews and approves the Internal Audit Charter annually. The Internal Audit function has the responsibility of reviewing and providing assurance on the adequacy of internal controls. It therefore plays an integral role in sound corporate governance. The committee reviewed the activities of the Internal Audit function including its annual work programme, co-ordination with the external auditors, the reports of significant audit investigations and the responses of management to issues raised therein.

RISK MANAGEMENT AND GOVERNANCE

The Board has assigned the oversight of the risk management function to the committee.

An approved risk management framework and policy has been adopted. A process of risk management was implemented by management wherein risk assessments are conducted on a quarterly basis and updated on an annual basis by the Internal Audit function at both senior management and Board level. The committee has reviewed the risk register and reports from management's risk committee.

THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY REPORTS/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA.

The committee has been advised that management have submitted quarterly financial reports prepared during the year under review, in compliance with the statutory reporting framework.

The committee reviewed all quarters and is satisfied with the content and quality of quarterly financial reports prepared by management during the year under review, in compliance with the statutory reporting framework.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

7.1 The committee has reviewed the audited financial statements for the year ended 31 March 2023 for the South African Diamond and Precious Metals Regulator and has discussed matters of concern with management, the AGSA as well as the Chief Executive Officer.

7.2 The committee has reviewed the AGSA's Management Report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the AGSA. The committee will review the action plan and monitor implementation thereof during the quarterly committee meetings.

7.3 The committee reviewed the compliance with legal and regulatory provisions during the quarterly committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

7.4 The committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

7.5 The committee has reviewed adjustments resulting from the audit as part of the review of the audited financial statements and performance information

7.6 The committee hereby indicates its concurrence with the AGSA's conclusion on the annual financial statement and performance information as well as the unqualified with no material findings audit opinion of the AGSA.

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)

The committee concurs with and accepts the conclusion and audit opinion of the Auditor General on the annual financial statements and performance information. The committee notes the independence of the AGSA.

We congratulate Management in obtaining an unqualified (with no material findings) audit opinion and wish to thank all the stakeholders for their cooperation and assistance.

On behalf of the Audit Committee

Ms N Munyai
Chairperson: Finance Audit and Risk Committee

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