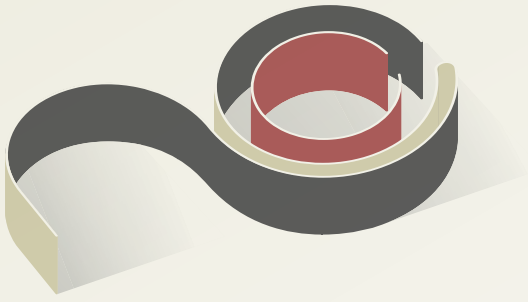




NATIONAL CONSUMER COMMISSION

a member of **the dtic** group



2023/24

ANNUAL REPORT





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PART A

GENERAL INFORMATION



1. GENERAL INFORMATION

Registered name:	National Consumer Commission
Legal Form of Entity	PFMA Schedule 3A
Accounting Authority	Mr. Hardin Ratshisusu
Physical address:	1 Dr Lategan Road, SABS Campus, Groenkloof, Pretoria, South Africa
Postal address:	P.O. Box 36628, Menlo Park, 0102
Telephone number/s:	012 428 7000
Email address:	commissioner@thencc.org.za
Website address:	http://www.thencc.org.za/
Bankers	Nedbank Ltd and South African Reserve Bank
External Auditors:	RAiN Chartered Accountants Inc
Company Secretary:	Mr Joseph Selolo: Admitted Attorney of The High Court of South Africa



2. LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan
CCRB	Consumer and Corporate Regulation Branch
CPA	Consumer Protection Act No. 68 of 2008
DPSA	Department of Public Service and Administration
the dtic	Department of Trade, Industry and Competition
FPP	Fraud Prevention Plan
GRAP	Generally Recognised Accounting Practices
ICT	Information and Communication Technology
IT	Information Technology
ITIL	IT Infrastructure Library
LAN	Local Area Network
NCC	The National Consumer Commission
NCT /Tribunal	National Consumer Tribunal
PFMA	Public Finance Management Act, Act No. 1 of 1999
Portfolio Committee	Portfolio Committee on Trade, Industry and Competition



3. MINISTER OF TRADE, INDUSTRY & COMPETITION'S FOREWORD



Parks
Tau

In the ongoing commitment to protect consumers and ensure a fair marketplace, the National Consumer Commission (NCC) has intensified its investigative and enforcement activities over the past year. These efforts reflect the dedication to safeguarding public interests and upholding the principles of consumer protection, particularly in light of the challenges presented by noncompliant products and unfair practices by suppliers.

In its broader investigations, the NCC has focused on price fairness and safety standards across several provinces, covering numerous municipalities. Enforcement actions have already been taken against non-compliant suppliers, with significant fines and penalties imposed, including R5.1 million in consumer redress. The NCC is committed to taking enforcement actions against suppliers who violate the Consumer Protection Act (CPA).

I appreciate the crucial role played by the NCC in supporting South Africa's efforts to address issues related to greylisting by international financial authorities. By investigating complex money laundering schemes

and collaborating with key financial oversight bodies, significant strides were made in tracing and preserving illicit funds. The NCC's achievements over the past year reflect an unwavering commitment to protecting consumers and ensuring a fair, safe, and transparent marketplace.

The challenges faced by consumers and businesses alike are manifold, ranging from the dangers posed by unsafe and expired foods to the complexities of navigating the second-hand and aftermarket automotive industry. As the landscape of commerce continues to evolve, it is essential for the NCC to uphold rigorous standards that protect the public and ensure a level playing field for all.

The rising incidents of unfair and unreasonable pricing of goods and services, coupled with the influx of noncompliant clothing, textiles, footwear, and leather goods, underscore the need for vigilant market monitoring. These practices not only undermine consumer trust but also threaten the integrity of domestic industries that are struggling to compete with low-quality imports.

In their 2024-2025 financial year the NCC must prioritize these issues.

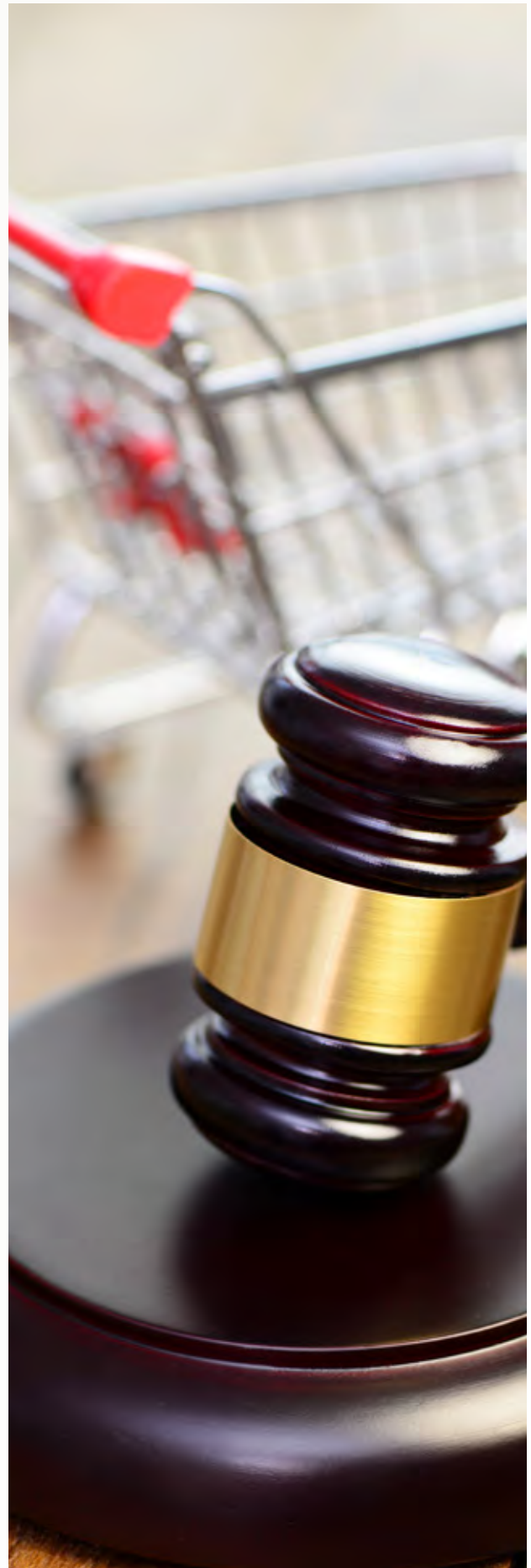
It is therefore imperative that the NCC enforces their CPA to not only protect the rights of consumers but also focuses more on those practices such as the sale of expired, unsafe and illicit goods that continue to undermine Government's industrialization efforts.

I thank the Acting Commissioner, Deputy Commissioner, management and staff of the NCC in continuing to enforce the CPA diligently.



Mr. Parks Tau

Minister of Trade, Industry and Competition



4. THE ACCOUNTING AUTHORITY'S OVERVIEW



**Hardin
Ratshisusu**

I hereby present the NCC's 2023/2024 Annual Report, which outlines the NCC's performance during this period.

4.1 Performance against the APP

The NCC has achieved 11 out of its 11 targets in this 2023/2024 financial year.

4.2 General Financial Review of the NCC

The NCC had an allocated budget of R73,566,000. and the total amount was received in April 2023.

The funds not immediately required were invested in an interest-bearing account with the South African Reserve Bank (Corporation for public deposits) and interest to the value of R4,594,265 was earned as at the end of March 2024.

The table below indicates total amount of revenue earned by the NCC during the financial year:

Description of item	Annual Budget	actual	Variance
Government grants	73,566,000	73,566,000	-
Interest income	4,769,837	4,594,266	-175,571
Sundry Income	-	52,221	52,221
Total	78,335,837	78,212,847	-122,990

4.3 Spending Trends of the NCC

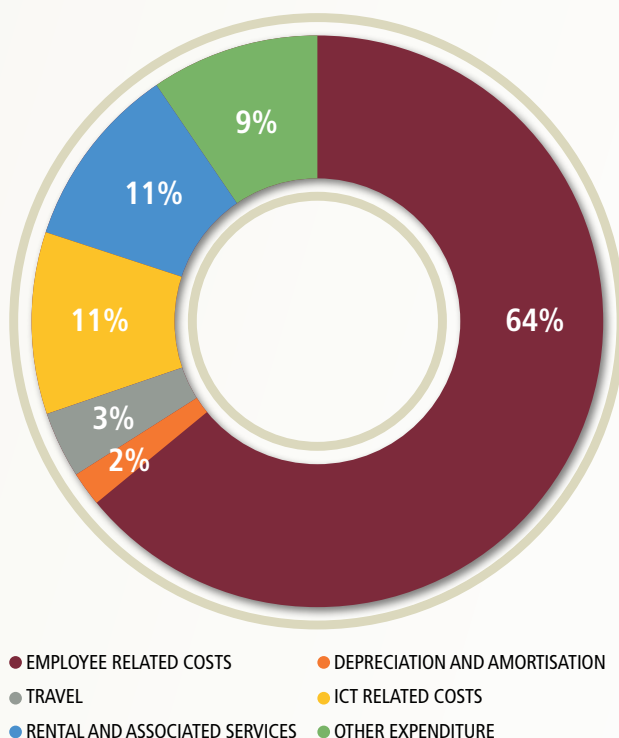
The NCC relies on its human resources to execute its mandate. It is for this reason that employee costs amounted to 64% of the total expenditure.

Some of the key activities performed by the NCC included investigations, enforcement, as well as business

and consumer education across the country. As a result, travel and other professional services constituted the bulk of the general expenditure incurred.

The NCC continued investing in ICT systems and infrastructure as part of digitally transforming the organization, which led to improved cybersecurity and the launch of new systems such as the eService for filing complaints online and the new website. This resulted in increased ICT-related costs in the form of licenses, maintenance costs, and higher amounts charged to depreciation.

Figure A. 2: NCC 2023/2024 Expenditure



4.4 Capacity constraints and ICT challenges facing the NCC.

General challenges:

The organisation had experienced financial constraints leading to constant reprioritization of critical business projects such as the implementation of business continuity and the appointment of a Managed Security Services provider to augment internal cybersecurity capacity and capability. ICT Continuity (ICT Disaster Recovery) and data center co-location remained the main challenge throughout the financial year as the NCC's data center and disaster recovery hosting provider experienced technological and environmental control-related challenges, which resulted in the inability of the NCC to perform a successful disaster recovery test and experiencing unplanned system outages.

Organizational Structure

The NCC has a total of 72 funded and filled positions, whilst the approved organisational structure provides for a total of 151 positions to fulfil its mandate. Therefore, 79 positions are unfunded, which presents a constraint to the operations of the NCC.

4.5 Projects, Cybersecurity Posture, and Availability of Systems

I. Projects

a) The following new initiatives were implemented successfully:

- The eService system for filing consumer complaints digitally to improve complaints handling turnaround times.
- The implementation of the NCC email security and archiving solution to enhance email security as part of improving cybersecurity controls to safeguard the NCC and consumer data.
- The implementation of a network vulnerability and software patch management tool as part of improving cybersecurity controls by implementing mechanisms to respond to network vulnerability threats.
- The redesign and the launch of the NCC new website which allows the user to interact in one of the five languages (English, Afrikaans, isiZulu, isiXhosa, and Sesotho). The landing page of the website interfaces with the eService system.
- LAN Upgrade to refresh the current NCC Wi-Fi and Local Area Network infrastructure by implementing a modern infrastructure that is faster and more secure.
- ICT Service Desk System - This system is aimed at improving ICT service management practices within the NCC and providing a means of performance management via ICT support in line with industry best practice frameworks such as the Information Technology Infrastructure Library.

b) The Integrated Finance and HR systems are aimed at ensuring that Finance and HR maintain one version of the truth about data shared between the two business units. Also, the system will bring employee self-service capability for applications and the management of leave. The implementation has not been completed; however, the payroll part of the system went live in March 2024.

II. Cybersecurity Posture

a) There were no reported or detected hacking or any other major cybersecurity incidents through the NCC systems and processes.

The following key initiatives contributed to the improvement of the NCC cybersecurity posture:

- The appointment of the systems administrator: Cybersecurity
- The increase in the Microsoft Secure Score from 24% in quarter 1 to 84% in quarter 4
- Implementation of the email security and archiving solution.
- Implementation of multifactor authentication.
- Implementation of the vulnerability and patch management solution.
- Migration of the antivirus solution from an on-premises (office-based) version to a cloud version to ensure NCC devices are protected both remotely and at the office.
- Conducting independent penetration testing on the eService system and implementing remedial measures for detected vulnerabilities.
- Continuous monitoring and keeping cybersecurity-related tools updated with the latest manufacturer software updates.

III. Availability of systems

- a) The eService system for filing consumer complaints exceeded the 95% availability target except in quarter 3 where it was placed offline while resolving vulnerabilities identified during the cybersecurity penetration testing exercise.
- b) The new NCC website exceeded the 95% availability target since it was launched in quarter 2.
- c) The Wide Area Network availability exceeded the 99% target for connectivity.
- d) The NCC infrastructure was available except for unplanned outages due to environmental control and infrastructure failures such as the Internet outage experienced in South Africa during quarter 4 and environmental challenges experienced by the NCC's datacentre co-location service provider.

4.6 New or proposed activities

The procurement of a service provider was finalized for the upgrade of the Contact Centre system to a modern cloud-based system to improve the Contact Centre system availability and to enable the Consumers to interact with the NCC Contact Centre personnel through voice services and data services such as email, webchat, and Omnichannel.

4.7 Requests for retention of surplus funds

The NCC was granted approval to retain surplus funds generated in the 2022/23 financial year. A portion of the surplus funds were used to supplement the budget in the 2023/2024 financial year. The NCC will further apply to the National Treasury (NT) to retain surplus funds generated in the 2023/2024 financial year. If granted, the funds will be used to supplement the budget for the 2024/25 financial year as the budget has been reduced by over 10% per annum for the next three financial years.

4.8 Audit report matters in the previous year and how these would be addressed.

There are no audit matters from the previous year as the NCC received a clean audit.

4.9 Economic Viability

The commission will continue as a going concern for the foreseeable future based on the appropriation and grant.

4.10 Acknowledgments and appreciation

I appreciate the commitment and dedication of the NCC executive, senior management, staff, and especially the Deputy Commissioner, Ms Thezi Mabuza, who was the Acting Commissioner during the 2023/2024 financial year. Their efforts contributed to the achievement of targets and the delivery of services to NCC clients. I also acknowledge the the Audit and Risk Committee for the value-add and commitment to governance within the organization. The work of the NCC is complemented by collaboration partners particularly national, provincial and municipal authorities, other regulators, law enforcement agencies as well as sector ombuds, and I these partners.

Finally, let me extend my appreciation to the Minister Ebrahim Patel, the Deputy Minister Nomalungelo Gina, Deputy Minister Fikile Majola, Director-General Malebo Mabitje-Thompson and the Deputy Director-General Evelyn Masotja, for their support during the financial year. I equally look forward to working under the leadership of Minister Parks Tau, Deputy Minister Zuko Godlimpi and Deputy Minister Andrew Whitfield in the new administration.



Hardin Ratshisusu
Acting Commissioner

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

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

- 5.1 All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited on behalf of 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 the National Treasury.
- 5.2 The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- 5.3 I am responsible for the preparation of the Annual Financial Statements and the judgements made on this information.
- 5.4 I am responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements. The External Auditors are engaged to express an independent opinion on the Annual Financial Statements. In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully



Hardin Ratshisusu
Acting Commissioner

6. STRATEGIC OVERVIEW

Vision: "To promote a fair and sustainable marketplace for consumer goods and services."

Mission: "To deliver services that exceed expectations in tackling unfair practices, promote compliance, and ensure redress to consumers."

Values: Fairness, Integrity, and Good Governance.

7. LEGISLATIVE AND OTHER MANDATES

- 7.1 In terms of the Consumer Protection Act 68 Of 2008, the NCC is charged with the responsibility to enforce and execute the functions assigned to it in terms of the CPA. The CPA seeks to promote a fair, accessible, and sustainable marketplace for consumer products and services and for that purpose, to establish national norms and standards relating to consumer protection. It further seeks to provide for improved standards of consumer information, prohibit certain unfair marketing and business practices, promote responsible consumer behaviour, and promote a consistent legislative and enforcement framework relating to consumer transactions and agreements.
- 7.2 The main functions of the NCC, insofar as consumer complaints are concerned, are to:
 - i) Conduct investigations against suppliers allegedly engaging in prohibited conduct
 - ii) Promote the resolution of disputes between consumers and suppliers; and
 - iii) Promote compliance with the CPA through advocacy, education, and awareness.

7.3 Constitutional Mandates

- 7.3.1 Through its legislative mandate and its promotion of fair business practices, the NCC plays a significant role in upholding and preserving the principles enshrined in the Bill of Rights

8. ORGANISATIONAL STRUCTURE



Mr Hardin Ratshisusu
Acting Commissioner



Ms Thezi Mabuza
Deputy Commissioner



Mr Joseph Selolo
Company Secretary



Mr Lefu Nhlapo
Acting Divisional Head
Corporate Services and CFO



Ms Poppy Kweyama
Divisional Head:
Education and Advocacy



Ms Prudence Moilwa
Divisional Head:
Complaints and Investigations



Mr Jabulani Mbeje
Divisional Head: Legal
Services and Enforcement





PART B

PERFORMANCE INFORMATION



9. PERFORMANCE INFORMATION

9.1 Overview of The NCC's Performance

9.1.1 Service Delivery Environment

I. NCC Investigation and Enforcement Activities

- a) In pursuance of its mandate to protect consumers against harmful products, the NCC conducted investigations against suppliers of peanut-based products for supplying product not suitable for human consumption in that the goods contained levels of Aflatoxin that exceeded the maximum level prescribed by the Food, Cosmetics and Disinfectants Act 54 of 1972. This investigation is still ongoing.
- b) The investigations on prices of goods in the Northwest, Mpumalanga, and Free State provinces covered 8 District Municipalities and 15 Local Municipalities. These investigations focussed on bundling of prices, disclosure of prices, date marking on goods, and the sale of unsafe foods.
- c) Enforcement action was taken against 107 non-compliant suppliers, composed of 41 CTFL matters, 11 unfair pricing matters, and 55 referrals to the Tribunal.
- d) In the period under review, the NCC, through its enforcement activities, obtained redress to consumers in the amount of R5 138 236.26, and administrative fines in the amount of R1 807 000.00. Compliance Notices, instructing importers of non-compliant clothing, textiles, footwear and leather goods (CTFL) to destroy or remove those goods from the African continent, in the amount of R12 269 379.70 were issued.
- e) Below are the notable cases where enforcement action was taken:
 - **NCC V Vodacom.** In this matter, Vodacom had denied consumers the right to cancel their fixed-term contracts by imposing a cancellation penalty of 75%. Vodacom required payment of all outstanding fees and the cancellation penalty before contracts were terminated. The NCC obtained a judgement in the National Consumer Tribunal where Vodacom's conduct was declared unconscionable and was ordered to pay a fine of R1 Million.

- **We-Buy Cars:** Following the intervention by the NCC, the amount of R 1 016 094.15 was refunded to the consumers by We-Buy-Cars. The NCC investigations have found that We-Buy-Cars refuses to refund consumers where the purchased vehicles are defective.

II. The Contribution to the Action Plan on South Africa's Greylisting

The NCC contributes to Immediate Outcomes (IO) number 07 (IO7) and 08 (IO8) of the Action Plan on South Africa's Greylisting. IO7 requires South Africa to demonstrate "a sustained increase in investigations and prosecutions of serious and complex money laundering, in particular involving professional money laundering networks/enablers and third-party ML in line with its risk profile."

IO8 requires South Africa to "enhance its identification, seizure and confiscation of proceeds and instrumentalities of a wider range of predicate crimes, in line with its risk profile".

The NCC has investigated numerous schemes involved in predicate offences and in this regard, the notable cases that NCC investigated are:

- **NCC VS Priority Escapes.** In this matter, consumers booked and paid for their holidays through Priority Escapes, but the holidays never materialized, and the consumers were not refunded. The NCC investigated the matter and found that the CPA was contravened. The NCC, through the National Prosecuting Authority's Asset Forfeiture Unit, obtained a preservation order from the North Gauteng High Court in the amount of R314 757.35, through the assistance of the National Prosecuting Authority's Asset Forfeiture Unit to ensure that the consumers' funds are not dissipated. The NCC is tracing other funds hidden by Priority Escapes. The investigation is ongoing.
- **NCC VS Edwin Letopa.** In this matter, Mr. Letopa operated a pyramid scheme through multiple companies of no less than 30 in number. The NCC collaborated with the National Prosecuting Authority's Asset Forfeiture Unit, the South African Reserve Bank, the Financial Intelligence Centre, and the Financial Sector Conduct Authority. This led to a preservation order in the amount of R176 Million being obtained from the North Gauteng High Court. The investigation is ongoing.

- **NCC VS TKL.** Although this pig-butcher scam was investigated during the 20221/2022 financial years, the North Gauteng High Court ordered the final forfeiture of the R716 088.56 in January 2024. Other applications for final forfeiture are still pending.

III. NCC Strategies

The Repositioning of the ICT as an enabler of operations within the NCC has resulted in an efficient and stable ICT infrastructure and allowed the NCC to focus more on digitization and securing the organization's systems and information assets.

The project to establish the Opt-Out-Registry is still in the pilot phase pending approval of the regulations. The integration with the systems at the CIPC and Department of Home Affairs (DHA) for validation of records was finalised. The integration, verification, and security of the payment channel with the banks for the collection of revenue were finalised. The digitization of the complaint resolution process was implemented and launched to the Public. Consumers can file complaints electronically after creating their own profiles on the system. The Multifactor Authentication (MFA) functionality was introduced in the system as part of improving Cybersecurity controls to prevent unauthorised access to profiles created by end users.

The Repositioning of the ICT strategy will extend the reach of the NCC and government-integrated services. To close the gap for vulnerable consumers who do not have access to network data to access the internet and appropriate devices, the NCC will continue operating the Contact Centre and will enhance the Contact Centre functionality by upgrading into a system that will cater for multiple communication channels.

IV. Reputation Building and Engagements with the Public

a) Stakeholder Relations

- The NCC entered partnerships with the universities of Stellenbosch and Limpopo through memoranda of understanding (MOU). In terms of these MOUs, the academic institution would offer opportunities to the NCC to educate the students on their rights and empower law faculty students with skills to offer consumer education to communities in their catchment areas as part of the universities' corporate responsibilities through the student chapters. The partnerships amplify the NCC's reach of creating awareness in those communities while inculcating community involvement in the youth at those universities.

- On the 25th to 26th October 2023 the NCC, as the Chairperson of the SADC Technical Working Group on Consumer Policy, played a leading role in the processes of drafting of the SADC Regional Consumer Policy Framework and Model Consumer Law. In furtherance of the process of strengthening the legal and policy framework for promoting and protecting consumer rights in the region, the NCC hosted a training session for SADC member states to sensitize them on the principles of the Model Law and laying the foundation for consistent regulation to support the 'free trade' within the SADC region.

b) Business and Consumer education

- The NCC uses face-to-face, virtual, print, broadcast, and social media to spread its messages to South African consumers and suppliers, uphold its good reputation, communicate consumer and supplier-related activities, and inform consumers of their rights while nudging suppliers to abide by the CPA and its regulations. The NCC is made available and responsive through regular engagements with the media, prompt resolution of consumer-related queries in the media space, and observation of social media patterns. Media Relations is an integral aspect of the NCC's strategy to connect with South African consumers and suppliers about numerous topics. These include significant investigations, rulings, and product recalls. To reach the most vulnerable South African consumers, the NCC strives to maintain a balance between new and traditional media, including social media. Social media channels are instantaneous by nature, and promptly attending to customer inquiries has produced favourable outcomes.



In this regard, the NCC achieved the following:

The NCC's business guidance programmes were aimed at reaching SMME, women, and youth-empowered businesses. As such total number of 24 business guidance interventions were conducted to support these designated groups.

A story about a consumer, Mr Mariba, whose vehicle was stolen at a car dealership broke on Twitter on or about 21 March 2023. It was stated that the dealership was not responsible for the loss. This resulted in one Sunday Paper contacting the Commission for comment. The Commission's response was that the dealership should replace the consumer's vehicle and that failure to do so is a contravention that the NCC will prosecute. The response caught Hyundai SA's attention, and the dealership replaced Mr Mariba's vehicle with a brand-new vehicle in April 2023.

9.1.2 Organisational Environment

I. Governance and Compliance

Declaration of Interest

Status of compliance by Senior Managers as outlined in the approved Fraud Prevention Policy is illustrated below:

Status of compliance as at 31 March 2024	NO. of SM	%
Compliant	12	100%
Non-Compliant	0	0%

Compliance Management

The status of compliance has improved, and the organisation is compliant with the 35 Acts assessed.

II. Anti-Fraud and Corruption

No fraud allegations were reported. The NCC continues to conduct campaigns to educate and raise awareness about fraud and corruption.

Labour Relations Issues

Category	Number
Misconduct cases under investigation	0
Misconduct cases at a disciplinary hearing stage	0
Finalised Disciplinary Hearing Misconduct Cases	5
Warnings issued	2
Grievances finalised	1
Labour disputes at CCMA	1
Pending Labour disputes at Labour Court	0

9.1.3 Key Policy Developments And Legislative Changes

There were no new policy developments or legislative changes noted by the NCC.

10. PERFORMANCE INFORMATION BY PROGRAMME

10.1 Strategic Objective (Programme 1): Client Service and Opt-Out Registry

Programme 1 contributed to the achievement of the NCC's strategic outcomes by providing access to self-service to consumers to enable them to file complaints and register for a pre-emptive block to restrict unsolicited marketing. This programme will facilitate a speedy service, reduce red tape, and thus enable a capable state. The functions of this objective were performed by the Corporate Services Division.

Strategic Objective: Administration (eServices and Opt-Out Registry)							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations
ICT Systems implemented to support Operational Activities	1. Functional eServices system	Functional eServices system for filing of consumer complaints.	New Target	eServices system for filing of consumer complaints piloted and implemented	Achieved. eService system for filing consumer complaints piloted and implemented. Consumers commenced with filing complaints electronically	None	None
	2. Functional Opt-Out Registry System	Functional Opt-Out Registry System	New Target	Opt-Out Registry System piloted and implemented	Achieved. The Opt-Out Registry System was developed, piloted, and implemented in the live ICT environment as per the system specification. Direct Marketers and Consumers can create profiles in the system. However, the functionality for opting out is currently not in use pending the approval of regulations by the minister of the dtic.		The opt-out (pre-emptive block) functionality can only be officially utilised by Direct Marketers and Consumers once the regulations containing the tariffs and the rules governing the system's use have been approved by the minister of dtic. The public participation leading to the approval of rules may necessitate further system changes before the system is launched to the public

10.1.1 Strategic Objective (Programme 2): Consumer Education And Awareness

Programme 2 contributed to the achievement of the NCC's strategic outcomes by ensuring compliance with the CPA as well as influencing reform of business practices that are inconsistent therewith.

The functions of this objective are performed by the Education and Advocacy Division. The main functions are to: To empower consumers by promoting consumer and business education awareness activities, profiling successful stories, and providing financial support to SMMEs, as well as women and youth-empowered businesses.

Strategic Objective: Consumer Education and Awareness							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations
Improved consumer protection through consumer education and awareness of the CPA	3. Consumer education and awareness activities conducted	Number of Consumer education and awareness activities to support programmes targeting enterprises in areas outside the five (5) main metros	Achieved 60 Consumer Education Programmes conducted	70 consumer Education and awareness programmes conducted by the end of the financial year	Achieved 86 consumer Education and awareness programmes conducted by the end of the financial year	Product recall (certain brands of peanut butter) and ad-hoc collaborative activities provided opportunities for more education and awareness programmes to be conducted	None
Industrial support	4. Business Education interventions conducted to support SMMEs, women and youth-empowered businesses. SMMEs=25% Women=25% Youth =50%	Number of business interventions conducted to support SMMEs, and women and youth-empowered businesses through Business Education interventions.	New Target	20 business interventions conducted to support SMMEs, and women and youth-empowered businesses	Achieved 24 business interventions conducted to support SMMEs, and women and youth-empowered businesses	Ad-hoc business education activities emerged during the year which provided opportunities for additional interventions to be conducted	None
Stakeholder engagement and impacts	5. Case studies of consumers impacted by the NCC activities	Number of documented cases of consumers impacted by the NCC activities	New Target	Fifty (50) documented cases of consumers impacted by the NCC activities.	Achieved 50 cases consumers impacted by the NCC activities	none	none

10.1.2 Strategic Objective (Programme 3): Detect Prohibited Conduct Through Investigation

Programme 3 contributed to the achievement of the NCC's strategic outcomes of ensuring that consumers receive and consume safe goods.

The functions concerning this objective are performed by the Complaints and Investigations Division. The main function of this programme is to: Ensure that prohibited conduct and offenses are detected through investigation

Strategic Objective: Detect prohibited conduct through investigation							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations
Prohibited conduct detected through investigation	6. Investigations conducted and completed by the end of the financial year	Conduct and complete, by the end of the financial year, 85% of all investigations approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2023/2024 financial years.	Achieved. 97,8% (176 of 180) of approved investigations conducted and reports produced in 62 days 4 investigations pending	Conduct and complete, by the end of the financial year, 85% of all investigations approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2023/2024	Achieved 100% (210 of 210) of all investigations approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2023/2024 were conducted and completed	None	None
Measures to Protect Consumers against unfair pricing of essential goods	7. Investigation into the unfair pricing of essential goods conducted and completed by the end of the financial year.	Conduct and complete, by the end of the financial year, 85% of all investigations against suppliers offering essential goods at unfair prices, approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2022/2025 financial year	New Target	Conduct and complete, by the end of the financial year, 85% of all investigations against suppliers offering essential goods at unfair prices, approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2023/2024 financial year	Achieved 100% (56 of 56) of all investigations against suppliers offering essential goods at unfair prices, approved from the First day of quarter four of 2022/2023 to the last day of quarter three of 2023/2024 financial year were conducted and completed	None	None

10.1.3 Strategic Objective (Programme 4): Improved Compliance Through Enforcement Of The Act

Programme 4 contributed to the achievement of the NCC's strategic outcomes of ensuring that importers of CTFL are educated on the CTFL labelling requirements to ensure reduced non-compliance.

The functions concerning this objective are performed by the Complaints and Investigations and Enforcement and Legal Services Divisions.

Strategic Objective: Improved compliance through Enforcement of the Act							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations
Improved compliance through Enforcement of the CPA	8. Enforcement action taken by the end of the financial year.	Enforcement action taken, by the end of the financial year, on 95% of assessment reports approved for enforcement between the first day of quarter four of 2022/2023 and the last day of quarter three of 2023/2024 financial years.	Achieved. 100% (30 of 30) further enforcement actions taken against non-compliant suppliers within 40 days of approval	Enforcement action taken in 95% of assessment reports approved for enforcement between the first day of quarter four of 2022/2023 and the last day of quarter three of 2023/2024 financial years by the end of the financial year	Achieved 100% (53 out of 53) enforcement action was taken on assessment reports (conventional) approved for enforcement between the 1st day of quarter four of 2022/2023 and the last day of quarter three of 2023/2024 financial years by the end of the financial year	None	None
Measures to Protect Consumers against unfair pricing of essential goods.	9. Enforcement action taken against suppliers offering essential goods at unfair prices by the end of the financial year	Enforcement action taken, on all assessment reports approved for enforcement, against suppliers offering essential goods at unfair prices by the end of the financial year	New Target	Enforcement action taken, on all assessment reports approved for enforcement, against suppliers offering essential goods at unfair prices by the end of the financial year	Achieved 100% (11 out of 11) enforcement actions were taken on all assessment reports approved for enforcement, against suppliers offering essential goods at unfair prices by the end of the financial year	None	None

10.1.4 Strategic Objective (Programme 5): Importation of Non-Compliant Clothing, Textile, Footwear, And Leather (CTFL) Combatted

Programme 5 contributed to the achievement of the NCC's strategic outcomes by ensuring compliance with the CTFL labelling requirements as well as influencing reform of business practices that are inconsistent therewith.

The functions in this objective are performed by the Enforcement and Legal Division. The main functions are to: Conduct investigations and take further enforcement action against non-compliant importers.

Strategic Objective: Importation of non-compliant clothing, textile, footwear, and leather (CTFL) combatted							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations
Importation of non-compliant clothing, textile, footwear, and leather (CTFL) combatted	10. CTFL Investigations conducted and completed by the end of the financial year	All CTFL investigations, approved during the period between the 1st of March 2023 and the 29th of February 2024, were conducted and completed by the end of the financial year.	Achieved Conducted 98,4% (181 of 184) of approved investigations and produced reports in 11 days	100% All CTFL investigations completed by the end of the financial year.	Achieved 100% (163 of 163) All CTFL investigations approved during the period between the 1st of March 2023 and the 29th of February 2024, were conducted and completed by the end of the financial year	None	None
	11. Enforcement action taken against non-compliant CTFL importers by the end of the financial year	Enforcement action taken against non-compliant CTFL importers on matters approved between the period 1st of March 2023 to the 29th of February 2024 by the end of the financial year	Achieved 100% (55 of 55) further enforcement actions against non-compliant suppliers were taken within 20 days of approval	Enforcement action taken against 100% of non-compliant CTFL importers by the end of the financial year.	Achieved 100% (41 out of 41) of enforcement actions were taken against non-compliant CTFL importers on matters approved between the period 1st of March 2023 to the 29th of February 2024 by the end of the financial year.	None	None



PART C

GOVERNANCE



11. GOVERNANCE

11.1 Introduction

The NCC is an organ of the state and is a schedule 3A entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA). The entity is established by section 85 of the CPA. In terms of section 87 of the CPA, the Commissioner of the NCC is responsible for all matters pertaining to the functions of the NCC and is required to hold office for an agreed term, not exceeding five years. The Deputy Commissioner was appointed to act as Commissioner until the 31st of March 2024.

The Commissioner is the Accounting Authority of the NCC in terms of section 87 of the CPA and as such, is responsible for all income and expenditure, revenue collected, assets and the discharge of all liabilities of the NCC, as well as the proper and diligent implementation of the PFMA, concerning the NCC.

The Commissioner may assign management or other duties to employees with appropriate skills to assist the NCC in the management, or control over the functioning, of the entity and delegate, with or without conditions, any of the powers or functions of the Commissioner.

11.2 Portfolio Committee

Parliament, through the Portfolio Committee on Trade, Industry and Competition (Portfolio Committee), exercises its oversight role by evaluating the performance of the NCC by interrogating its Strategic and Annual Performance Plans, Quarterly Reports and Annual Financial Statements and other relevant documents, which must be tabled, as well as any other documents tabled from time to time.

The Portfolio Committee also exercises oversight over the service delivery performance of the NCC and, in doing so, reviews the non-financial information contained in the annual and quarterly reports of the NCC. In exercising its oversight function, the Portfolio Committee generally concerns itself with service delivery and enhancing economic growth.

The NCC appeared before the Parliamentary Portfolio Committee on Trade, Industry and Competition and presented its financial and non-financial performance. In all its deliberations with the Parliamentary Committees, the NCC has been open and transparent. In return, the NCC has received substantial guidance and has attended to all concerns raised.

11.3 Executive Authority

Oversight by the Department of Trade, Industry and Competition (Executive Authority) rests on the prescripts of the PFMA. The PFMA grants authority to the Executive Authority for the exercise of its oversight powers.

A Compliance Schedule is a critical oversight instrument as it indicates the deliverables and due dates of all documents as stipulated in the PFMA and Treasury Regulations. The NCC has duly complied with the requirements thereof timeously. These would include, amongst others, the submission to the Executive Authority of Quarterly Reports, Annual Financial Statements, the budget of estimated revenue and expenditure, Strategic and Annual Performance Plans, Fraud Prevention and Risk Management Plans. The NCC has also reported on its risks, the findings of the External Auditor and those made by the Internal Audit as well as on progress in addressing such findings.



11.4 Audit & Risk Committee

In line with the requirements of the PFMA, the NCC has an Audit and Risk Committee, comprised of independent persons and one ex-officio member that serves thereon at the behest of the Executive Authority. The following table reflects the constitution of the ARC and the number of meetings attended by the members of the Committee.

Name	Current/ Former	Internal/ External	Qualifications	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr. Faizal Docrat (Chairperson)	Current	External	MBA, MAP, CISA, CISM, CGEIT, CD (SA), CRM- Prac, COPE	N/A	14 October 2021	N/A	7
Mr. Ntola Marota	Current	External	MBA, CA (SA), RA, BCom Honours Accounting, B Computations	N/A	14 October 2021	N/A	7
Dr Adv. Linda Mbana	Current	External	Doctor of Policing; Master Legum in Labour Law; Bachelor of Laws, B-luris	N/A	06 January 2022	N/A	7
Ms. Nontombi Matomela	Current	Ex Officio	BA (Hons) Development Studies	N/A	17 December 2016	N/A	5

11.5 Internal Committees

11.5.1 Executive Committee

The NCC management of the NCC is overseen by the Executive Committee made up of Heads of Divisions. The Executive Committee is responsible for the strategic direction of the NCC, the performance monitoring, evaluation, and reporting.

11.5.2 Risk Management Committee

The Risk Management Committee is constituted by Heads of Divisions and is chaired by an independent chairperson.

The Risk Management Committee is responsible for implementing the Risk Management Policy and Strategy, Risk Management and Implementation Plan. In developing its Risk Strategy, the NCC identified Strategic and operational risks and developed and implemented management action plans to mitigate the risks to an acceptable level.

11.5.3 ICT Steering Committee

The NCC constituted an ICT Governance Steering Committee (the Committee). This committee is responsible for ensuring that the organisation's framework for the corporate governance of ICT is developed, implemented, managed, monitored, and evaluated. The Committee is responsible for creating an enabling environment that improves the performance management of ICT, the management of ICT risks within the risk appetite of the organisation, return on investment from ICT projects,

providing strategic leadership towards digitalization of the organisation's business processes, providing recommendations and reporting to EXCO on pertinent ICT issues, including ICT strategies, policies, and plans.

11.6 Compliance With Laws and Regulations

The NCC has a Compliance Policy and Framework that contains a comprehensive compliance universe. The NCC reports quarterly to the Executive Authority on its compliance with the PFMA, Treasury Regulations, and various Treasury directives. Moreover, the NCC complies with all the laws and regulations.

11.7 Fraud Prevention

The NCC has approved a Fraud Prevention Plan (Plan) with an ongoing awareness plan in place. No other matters of fraud and/or corruption were reported in the year under review. No acts of fraud were reported on the fraud hotlines monitored by the NCC. As a part of the Plan, mechanisms are in place to report fraud and corruption.

11.8 Minimising Conflict Of Interest

All affected officials of the NCC are obliged to disclose, their financial interests annually. Officials are not permitted to engage in any remunerative work outside the NCC unless duly authorised to do so. In addition, all officials are obliged to disclose any conflict of interest before any management, recruitment-related and bid committee meetings.

11.9 Code Of Conduct

The NCC has approved a code of conduct with an ongoing awareness plan in place. This ensures that officials are aware of the conduct and ethics expected of them.

11.10 Health, Safety And Environmental Issues

All health and safety legislations are complied with by the NCC. A significant amount of compliance is done in conjunction with the owner of the premises occupied by the NCC, namely, the South African Bureau of Standards (SABS).

11.11 Company Secretary

Mr. Joseph Velaphi Selolo is the NCC's Company Secretary. He is responsible for strategic planning, monitoring and evaluation, Governance, Compliance and Risk. All the returns and reports required by the various legislations, regulations and instructions were lodged. The returns and reports are complete and accurate.

11.12 Audit and Risk Committee (ARC) Responsibility

In line with its strategic commitment to be a well-governed entity, the NCC strives for effective oversight, guidance and monitoring of its governance regime. Vital to the achievement of this aim, is a competent, capable and independent Audit and Risk Committee ("ARC"). We present the ARC report for the financial year ended 31 March 2024.

The ARC complied with its responsibilities arising from:

- Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.8 and 3.1.13. The ARC also reports that it has adopted its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

- Its Terms of Reference, including relevant legislative requirements, whereby it developed an annual work plan that assists in carrying out its responsibilities and monitoring progress thereto.
- For the financial year ended 31 March 2024, the ARC conducted and / or reviewed the following:
- Separate meetings with all assurance providers and management;
- Quarterly Financial Statements, Performance and Risk Reports;
- Enquired about the capacity and qualifications of the Finance function;
- Unaudited Annual Financial Statements before submission to the External Auditors ("EA");
- The Strategic Plan, Annual Report and report on predetermined objectives prior to submission to the EA;
- The appropriateness of Financial Accounting Policies and Procedures as employed in the Annual Financial Statements;
- The appropriateness and completeness of Policies employed in the NCC;
- The entrenchment and effectiveness of the system of Risk Management including Fraud Prevention;
- Compliance with relevant laws and regulations;
- The system of IT Governance;
- The plans, work and reports of the outsourced Internal Audit function ("IA") and EA;
- The IA audit three-year plan and yearly operational plan;
- The IA reports and outcomes; and
- The EA report and audit opinion.

The ARC held seven (7) meetings. The table below discloses relevant information on the ARC members:

Name	Internal or external	Position	No. of Meetings attended
Mr Faizal Docrat	External	Chairperson	7
Mr Ntona Marota	External	Member	7
Dr. Adv. Linda Mbana	External	Member	7
Ms Nontombi Matomela	External	the dñic representative	5

Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

The internal control environment is stable compared to some issues of previous financial periods.

Management are continuously encouraged to maintain and enhance management controls over the governance, internal control, risk, accounting and compliance functions.

The ARC reviewed the NCC's implementation plan for both the IA and EA audit weaknesses previously reported and noted managements' implementation plan of mitigating strategies for all reported weaknesses, including the legal and ICT functions.

Below are areas of concern in respect of internal controls and/or processes that requires improvement:

- SCM - continuous close monitoring of this function;
- Administration processes and the move towards digitization,
- Monitoring of certain projects; and
- Lack and speed of consequence management.

Internal Control Weaknesses

The follow-up by IA of internal control processes indicated that management was not timeously implementing all corrective actions to address some control weaknesses identified. Also, while the opt-out register was implemented there were delays experienced with access to data and information from other government departments. .

The ARC notes the overall and continuous improvement in the implementation of mitigating strategies and related processes and encourage management to maintain this momentum, as the internal control, risk and compliance portfolios have significantly matured over the past few years..

Evaluation of Financial Statements

The ARC reviewed the Annual Financial Statements (AFS) pre and post the external audit and discussed same with management and report the following:

- Assurance provided by management in terms of financial status, fair representation, state of the control environment and quality assurance processes has substantially improved;
- The accounting policies and practices applied are consistent and appropriate.

The ARC:

- Reviewed the EA management report;
- Noted that there were no changes in the Accounting Policies and practices; and
- Reviewed the NCC's compliance with legal and regulatory provisions.

Integrated Assurance

The ARC reviewed the plans and reports of the EA, IA and Management and concluded that these were adequate to address significant strategic and critical operational risks facing the business.

For the period under review, the ARC noted no material non-compliance with prescribed policies and procedures. From observations, analyses and reports presented to the ARC by management, IA and the EA, the ARC concludes that the systems of internal control tested and reported on were found to be adequate and have improved over the past years. The ARC notes the appointment of an independent Risk Management Chairperson to further enhance the risk management function.

Internal Audit Effectiveness

IA, within the combined assurance framework, forms part of the third line of assurance and engages with the first and second lines of assurance to facilitate the escalation and resolution of key control breakdowns.

The IA has a functional reporting line to the ARC and an administrative reporting line to the Commissioner. The IA reports quarterly on the adequacy and effectiveness of Internal Controls, Governance, Compliance and Risk management.

The ARC is satisfied with the independence of the IA.

The IA function is currently outsourced due to the size of the NCC.

The ARC considered and approved the IA three-year strategic rolling plan as well as the annual operational plan which were based on the NCC's strategic risk assessment.

IA provides the ARC and management with assurance that the internal controls are adequate in design and functions as intended through its quarterly progress reports. In this regard, IA recommends corrective action and/or suggested improvements to the controls and processes that were accepted by management and required implementation within specific timeframes.

At its quarterly meetings, the ARC considered the work performed by the IA and the tracking of progress on implementation of corrective action of previously reported Audit Findings.

Below is a summary of the eight (8) audits completed and the number of related weaknesses reported by IA in the year under review:

Type of Audit	Number
Compliance Audits	1
Performance Audits	4
IT Audits	1
Performance Information Audits	1
Follow-ups:	1
IT Audits	
Total	8

Performance Information

The performance information fairly reflects the operations and actual output against planned targets for performance indicators as per the Annual Performance Plan. The performance information has been reported in accordance with the requirements of the guidelines issued by Department of Monitoring and Evaluation and National Treasury.

Risk Management

An internal Risk Management Committee ("RMC") monitors, guides and oversees the strategic, operational and fraud risks throughout the NCC and reports quarterly results at the ARC meetings and is in compliance to the Public Sector Risk Management Framework (PSRMF).

Risks, including emerging risks, preventing the NCC from achieving its objectives were identified and prioritised based on its likelihood and impact, both on an inherent and residual basis. Accordingly, mitigation strategies were developed to reduce such risks to acceptable levels to comply with the Risk Tolerance and Appetite Framework in use at the NCC. New, changed, and emerging risks were also identified during RMC and ARC review processes.

Governance and Ethics

The NCC has adopted the corporate governance principles applicable to the Public Sector.

Finance

The state of the Finance function indicated that the function needs minor improvement through upskilling and capacitation for it to remain constant in its' function and application of changes as they arise.

Conclusion

The ARC concurs with the opinion of the EA and notes the maturity and improvement of the internal control environment.

The ARC wishes to express its sincere appreciation to the Acting Commissioner, Company Secretary and management of the NCC, the EA and IA who assisted the ARC in performing its functions.



Mr Faizal Docrat
Chairperson of the ARC

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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





PART D

HUMAN RESOURCE MANAGEMENT



13. HUMAN RESOURCE MANAGEMENT

13.1 Human Resources Oversight Statistics (2023/2024)

- Administration: Corporate Services, and Office of the Commissioner
- Programme 1 Education and Advocacy
- Programme 2: Legal Services and Enforcement
- Programme 3: Complaints and Investigations

Personnel cost by programme

Programme	Personnel budget	Personnel Expenditure	Programme Personnel exp. as a % of total personnel exp.	No. of employees	Average personnel cost per employee
Administration	21 193 857	22 124 472	46%	38	582 223
Programme 1	7 922 806	4 809 636	10%	10	480 964
Programme 2	5 310 487	4 737 073	10%	9	526 341
Programme 3	16 947 768	16 704 931	34%	38	439 603
TOTAL	51 374 918	48 457 317	100%	95	510 077

Personnel cost by salary band level

Level	Personnel budget	Personnel Expenditure	% of expenditure per level to total personnel expenditure	No. of employees	Average personnel cost per employee
Top Management	4 029 987	2 188 575	5%	1	2 188 575
Senior Management	16 974 168	16 627 898	34%	15	1 108 527
Professionally qualified	17 440 538	16 647 797	34%	26	640 300
Skilled	4 031 902	4 526 583	9%	11	411 508
Semi-skilled	8 898 323	7 481 643	16%	25	299 266
(Interns)	Funded from savings	986 822	2%	17	58 048
TOTAL	51 374 918	48 457 317	100%	95	510 077

Top management (Salary level 15-16), Senior Management (Salary level 13-14), Professionally Qualified (Salary level 9-12), Skilled (Salary level 7-8), Semi-skilled (Salary level 5-6)

NB: In addition to the number of funded posts on a structure that has been approved, the Commission employed a total of 17 youth graduates in its internship programme.

Performance rewards

There were no performance awards.

Training costs

Directorate/ Business Unit	Total training Budget	Training expenditure	Training expenditure as a % of personnel budget.	No. of employees trained	Avg training cost per employee
All Directorates	410 174	388 079	94.6%	57	6 808
TOTAL	410 174	388 079	94.6%	57	6 808

Employment and vacancies

Programme	2022/2023 No. of Employees as at 31 March 2023	2022/2023 / Funded Posts	2022/2023 Vacancies	2023/2024 / Funded Posts	2023/2024 No. of Employees as at 31 March 2024	2023/2024 Vacancies	% of Vacancies per level
Top Management	1	2	1	2	1	1	50%
Senior Management	12	13	1	13	12	1	8%
Professional qualified	22	25	3	24	22	2	8%
Skilled	9	9	0	11	11	0	-
Semi-skilled	26	30	4	25	21	4	16%
TOTAL	70	79	9	75	67	8	

The NCC had a vacancy rate of 10.6% (8 positions out of 75 funded positions) per cent as at 31 March 2024. The vacancy rate per level or salary band is also depicted in the above table.

Employment and vacancies by programme

Programme	2022/2023 No. of Employees	2022/2023 Funded posts	2022/2023 Vacancies	2023/2024 Funded posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies in the programme
Administration	30	32	2	25	23	2	8%
Programme 1	5	6	1	13	12	1	8%
Programme 2	7	7	0	7	5	2	29%
Programme 3	28	34	6	30	27	3	10%
TOTAL	70	79	9	75	67	8	

Employment changes

Salary Band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	12	2	2	12
Professional qualified	22	1	2	21
Skilled	9	2	0	11
Semi-skilled	26	0	4	22
TOTAL	70	5	8	67

Reasons for leaving

REASON	% OF TOTAL NO. OF STAFF LEAVING	NUMBER
DEATH	0%	0
RESIGNATION	7%	5
DISMISSAL	4%	2
RETIREMENT	0%	0
ILL-HEALTH	0%	0
CONTRACT EXPIRY	0%	0
OTHER	0%	1
TOTAL	11%	8



PART E

FINANCIAL INFORMATION



9.255
-4.646
1.201
879
-0.643
6.436
6.467
7.667
5.255

2015

2016

2017

%

%

%

%

%

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE NATIONAL CONSUMER COMMISSION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. We have audited the financial statements of the National Consumer Commission set out on pages 49 to 84, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual amounts for the year ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Consumer Commission as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the entity in accordance with the Code of Professional Conduct for auditors of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

8. Our 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 44, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. We selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected programmes that measures the entity's performance on its primary mandated functions and that is of significant national, community, or public interest.

Programme	Page numbers	Purpose
Programme 1: Administration (eServices and Opt-Out Registry)	21	This program aims to provide access for eServices to consumers to enable them to file complaints and register for a pre-emptive block to restrict unsolicited marketing. This programme will facilitate a speedy service.
Programme 4: Improved compliance through Enforcement of the Act	24	This program helps enforce the Consumer Protection Act (CPA) to prevent unfair business practices and provide redress to consumers.

12. We evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery of its mandate and objectives.
13. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives;
 - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included;
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements;
 - 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 presentation 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; and
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or under achievement of targets.
14. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
15. We did not identify any material findings on the reported performance information of Project Development and Funding.

Other matters

16. We draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management, and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

19. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

20. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. We did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report, and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

23. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

24. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



25. If based on the work performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. We considered internal control relevant to our audit of the financial statements, annual performance report, and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

27. We did not identify any significant deficiencies in internal control.

AUDITOR TENURE

28. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAIN Chartered Accountants Incorporated has been the auditor of The National Consumer Commission for six years.



RAIN Chartered Accountants Incorporated
Chartered Accountants (SA)
Registered Auditor
PER: I.E. PIERCE
Johannesburg
31 July 2024



ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional skepticism

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

Financial Statements

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

Communication with those charged with governance

We 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 we identify during our audit.

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

COMPLIANCE WITH LEGISLATION–SELECTED LEGISLATIVE REQUIREMENTS

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No. 1 of 1999 (PFMA)	Section 51 (1) (b) (i); 51 (1) (b) (iii); 51 (1) (e) (iii); 53 (4); Section 55 (1) (a); 55 (1)(b); Section 55 (1) (c) (i); 56 (1); 57 (b)
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act.	Section 2.1(a);2.1(b);2.1(f)
Practice note 7 of 2009/10	Paragraph 4.1.2
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2 (a); Regulation 16A6.1; 16A6.2 (a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3 (b); Regulation 16A6.3 (c); 16A6.3 (e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; Regulation 16A8.3; 16A8.4; 16A9.1 (b) (ii); Regulation 16A 9.1 (d); 16A9.1 (e); 16A9.1 (f); Regulation 16A9.2; 16A9.2 (a) (ii); 30.1.1; 30.1.3 (a); Regulation 30.1.3 (b); 30.1.3(d); 30.2.1; Regulation 33.1.1;33.1.3
PPR2017	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 Paragraph 7.1;7.2;7.3;7.5;7.6 Paragraph 8.2;8.5 Paragraph 9.1;9.2 Paragraph 11.2 Paragraph 12.1and12.2
PPR2022	Paragraph 4.1;4.2;4.3;4.4 Paragraph 5.1;5.2;5.3;5.4
National Instruction No.1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No.4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.1;4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No.11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No.2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a);2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 6.8; 7.8; Regulation 10.1; 10.2; 11.1
Consumer Protection Act 68 of 2008	All sections applicable
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34 (1)

GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The National Consumer Commission is established in terms of Section 85 of the Consumer Protection Act No.68 of 2008 with jurisdiction throughout the Republic of South Africa, to promote and advance the social and economic welfare of consumers in South Africa by establishing a legal framework for the achievement and maintenance of a consumer market that is fair, accessible, efficient, sustainable and responsible for the benefit of consumer generally.

Acting Commissioner

Mr. Hardin Ratshisusu

Registered office

SABS Campus Building C
1 Dr Lategan Road
Groenkloof
Pretoria
0027

Business address

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1 Dr Lategan Road
Groenkloof
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0027

Postal address

P.O Box 36628
Menlo Park
102

Bankers

Nedbank Ltd
Reserve Bank

Auditors

Rain Chartered Accountants Inc
Registered Auditors

Secretary

Joseph Selolo

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ABBREVIATIONS USED:

COIDA	Compensation for Occupational Injuries and Diseases
dtic	Department of Trade, Industry and Competition
GRAP	Generally Recognised Accounting Practice
NCC	National Consumer Commission
PFMA	Public Finance Management Act
SABS	South African Bureau of Standards



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 NCC as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements. The Accounting Authority has reviewed the NCC's cash flow forecast for the 12 months to 31 March 2025 and, in the light of this review and the current financial position, he is satisfied that the NCC has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 49-84, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:



MR. HARDIN RATSHISUSU
Acting Commissioner

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note(s)	2024 R	2023 Restated* R
Assets			
Current Assets			
Receivables from exchange transactions	3	111,089	21,029
Receivables from non-exchange transactions	4	49,628	506,615
Prepayments	5	2,080,167	1,762,326
Cash and cash equivalents	6	20,410,071	16,852,496
		22,650,955	19,142,466
Non-Current Assets			
Property, plant and equipment	7	10,705,270	10,739,618
Intangible assets	8	6,960,442	5,259,344
Prepayments	5	454,286	183,884
		18,119,998	16,182,846
Total Assets		40,770,953	35,325,312
Liabilities			
Current Liabilities			
Operating lease liability	9	535,662	-
Payables from exchange transactions	10	5,029,877	2,144,647
Provisions	11	2,200,000	1,995,702
		7,765,539	4,140,349
Total Liabilities		7,765,539	4,140,349
Net Assets		33,005,414	31,184,963
Accumulated surplus		33,005,414	31,184,963
Total Net Assets		33,005,414	31,184,963



STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2024 R	2023 Restated* R
Revenue			
Revenue from exchange transactions			
Interest on debtors		-	2,027
Sundry income		52,221	2,505
Interest received - bank accounts	12	4,594,266	1,729,524
Total revenue from exchange transactions		4,646,487	1,734,056
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	73,566,000	59,388,000
Services in kind	14	-	10,684,018
Total revenue from non-exchange transactions		73,566,000	70,072,018
Total revenue	15	78,212,487	71,806,074
Expenditure			
Employee related costs	16	(48,821,410)	(47,001,431)
Depreciation and amortisation	17	(1,556,743)	(1,794,168)
Repairs and maintenance	18	(147,453)	(142,862)
Debt Impairment	19	(10,101)	(23,485)
Loss on disposal of assets		(77,994)	(10,881)
General Expenses	20	(25,778,333)	(21,382,972)
Total expenditure		(76,392,034)	(70,355,799)
Surplus for the year		1,820,453	1,450,275



STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit	Total net assets
	R	R
Opening balance as previously reported	29,007,603	29,007,603
Adjustments		
Prior year adjustments; refer to note 26	727,085	727,085
Balance at 01 April 2022 as restated*	29,734,688	29,734,688
Changes in net assets		
Surplus for the year	1,450,275	1,450,275
Total changes	1,450,275	1,450,275
Balance at 01 April 2023 as restated*	31,184,961	31,184,961
Changes in net assets		
Surplus for the year	1,820,453	1,820,453
Total changes	1,820,453	1,820,453
Balance at 31 March 2024	33,005,414	33,005,414
Note(s)		

CASH FLOW STATEMENT

	Note(s)	2024	2023 Restated*
		R	R
Cash flows from operating activities			
Receipts			
Grants		73,566,000	59,388,000
Interest income		4,593,758	1,724,192
		78,159,758	61,112,192
Payments			
Employee costs		(48,746,000)	(46,663,012)
Suppliers		(22,598,987)	(9,601,064)
		(71,344,987)	(56,264,076)
Net cash flows from operating activities	22	6,814,771	4,848,116
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1,459,415)	(367,700)
Purchase of other intangible assets	8	(1,797,781)	(822,015)
Net cash flows from investing activities		(3,257,196)	(1,189,715)
Net increase/(decrease) in cash and cash equivalents		3,557,575	3,658,401
Cash and cash equivalents at the beginning of the year		16,852,496	13,194,095
Cash and cash equivalents at the end of the year	6	20,410,071	16,852,496

The accounting policies on pages 54-63 and the notes on pages 64-84 form an integral part of the annual financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry income	-	-	-	52,221	52,221	
Interest received - bank accounts	1,259,460	3,510,377	4,769,837	4,594,266	(175,571)	
Total revenue from exchange transactions	1,259,460	3,510,377	4,769,837	4,646,487	(123,350)	
Revenue from non-exchange transactions						
Transfer revenue and Accumulated Surpluses						
Government grants & subsidies	73,566,000	-	73,566,000	73,566,000	-	
Accumulated surplus	-	1,521,223	1,521,223	-	(1,521,223)	29.1
Total revenue from non-exchange transactions	73,566,000	1,521,223	75,087,223	73,566,000	(1,521,223)	
Total revenue	74,825,460	5,031,600	79,857,060	78,212,487	(1,644,573)	
Expenditure						
Employee related costs	(50,891,206)	(153,664)	(51,044,870)	(48,821,410)	2,223,460	29.2
Depreciation and amortisation	(597,916)	597,916	-	(1,556,743)	(1,556,743)	29.3
Repairs and maintenance	(152,860)	-	(152,860)	(147,453)	5,407	
Debt Impairment	-	-	-	(10,101)	(10,101)	
General Expenses	(22,989,478)	(5,669,852)	(28,659,330)	(25,778,333)	2,880,997	29.4
Total expenditure	(74,631,460)	(5,225,600)	(79,857,060)	(76,314,040)	3,543,020	
Operating surplus	194,000	(194,000)	-	1,898,447	1,898,447	
Loss on disposal of assets and liabilities	-	-	-	(77,994)	(77,994)	
Surplus/ (Deficit) for the year	194,000	(194,000)	-	1,820,453	1,820,453	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	194,000	(194,000)	-	1,820,453	1,820,453	

The adjustments are as a result of a reallocations within the budget and inclusion of items funded through accumulated surpluses as granted by National Treasury during the 2023/24 financial year.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Going concern assumption

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

1.2 Materiality

Material 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. The materiality assessment for financial and non-financial omissions or misstatements are determined in accordance with the NCC's materiality and significance framework.

The Framework for the Preparation and Presentation of Financial Statements states that 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

takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

Impairment testing

The recoverable amounts of potentially impaired cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

Value in use of non-cash generating assets

The NCC reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment

SIGNIFICANT ACCOUNTING POLICIES

may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Useful lives of property, plant and equipment

The NCC's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the NCC with similar assets.

The NCC considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

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

The initial estimated useful lives of items of property, plant and equipment have been determined to be as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	3-20 years
Office equipment	Straight-line	3- 20 years
Computer equipment	Straight-line	3-10 years

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

The depreciation charge for each period is recognised in surplus or deficit .

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

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

The NCC separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 18).

1.5 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The NCC has classified computer software as intangible assets.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 to 5 years

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback). The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.6 Impairment of non-cash-generating assets

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Useful life is either:

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

Judgement made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets are as follows:

Designation

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the NCC would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity

SIGNIFICANT ACCOUNTING POLICIES

assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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

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

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

1.7 Financial instruments

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

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

The NCC recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The NCC measures a financial asset and financial liability initially at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

SIGNIFICANT ACCOUNTING POLICIES

The NCC measures a financial asset and financial liability initially at its fair value, if subsequently measured at fair value.

Subsequent measurement of financial assets and financial liabilities

The NCC measures all financial assets and financial liabilities after initial recognition using amortised cost.

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Financial Assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount, and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, if practically determinable. Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the financial assets. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Derecognition**Financial Assets**

The NCC derecognises financial assets using trade date accounting.

The NCC derecognises a financial asset only when:

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

- derecognises the asset; and
- recognises separately any rights and obligations created or retained in the transfer.

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

Financial Liabilities

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

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

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

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over

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

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Provisions and contingencies (continued)

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.10 Commitments

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

Disclosures must be made in respect of all unrecognised contractual commitments.

1.11 Revenue from exchange transactions

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

Measurement

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

Interest- Short term deposits

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

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

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

1.12 Revenue from non-exchange transactions

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue.

Measurement

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

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

Government Grants

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

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

Gifts and donations, including goods in-kind

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



1.13 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an NCC in exchange for service rendered by employees or for the termination of employment.

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

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

- a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the NCC recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

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

Bonus, incentive and performance related payments

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

Employees other than those in management receive a service bonus after completion of a period of twelve months within the NCC. This expenditure is recognised in the statement of financial performance when it is incurred.

This does not apply to members of management who have elected to receive a service bonus as a saving from total cost to company on a monthly basis. The savings deducted from the employees are recognised as a liability on a monthly basis.

1.14 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2023 to 31/03/2024.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.16 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.

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the NCC.

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

1.17 Events after reporting date

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

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The NCC adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.18 Presentation currency

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



2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Improvements to the Standards of GRAP-2023	01 April 2025	Impact is currently being assessed
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2025	Impact is currently being assessed
GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
	R	R
Accrued interest income	11,435	10,928
Third party receivables	99,654	-
Other debtors	10,101	10,101
Provision for impairment	(10,101)	-
	111,089	21,029

Other debtors

Other debtors is as a result of the amount receivable from one of the former service providers upon termination of the contract for insurance brokerage services. Payment took place through debit order. The incorrect amount was deducted from the NCC's bank account by the service provider. Based on this breach, the contract was terminated and the NCC was refunded with an amount of R10 101 still remaining to be collected.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2024	2023
	R	R
Services in kind	-	449,392
Staff debtors	49,628	80,708
Provision for impairment	-	(23,485)
	49,628	506,615

Receivables from non-exchange transactions

This relates to amounts recovered from active staff members for leave without pay and a salary overpayment.

5. PREPAYMENTS

	2024	2023
	R	R
Prepayments- Current	2,080,167	1,762,326
Prepayment- Non-current	454,286	183,884
	2,534,453	1,946,210

Prepayments, 2024 (R2 534 453); 2023 (R1 946 210) mainly relate to software licenses acquired by the National Consumer Commission to ensure the functioning of the ICT Infrastructure and various other platforms. Some of the licenses are for a period greater than one year and are expensed on a monthly basis as the licenses are utilised.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2024	2023
	R	R
Cash on hand	9,910	751
Bank balances	2,133,313	1,157,577
Short-term deposits	18,266,848	15,694,168
	20,410,071	16,852,496

Cash and cash equivalents comprise cash, a current account and a short-term, highly liquid investment held with the Corporation for Public Deposits (CPD), with maturity of one month or less subject to insignificant interest rate risk. Cash and cash equivalents are measured at amortised cost.

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

Management considers that all the above cash and cash equivalent categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalents mentioned above. During the year cash and cash equivalents were kept in an investment and current account. The cash and cash equivalents were not pledged as security for any financial liabilities.

7. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2,547,854	(1,224,458)	1,323,396	2,522,977	(1,119,280)	1,403,697
Office equipment	453,324	(335,979)	117,345	411,819	(334,263)	77,556
Computer equipment	14,299,327	(5,034,798)	9,264,529	13,526,474	(4,268,109)	9,258,365
Total	17,300,505	(6,595,235)	10,705,270	16,461,270	(5,721,652)	10,739,618

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,403,697	78,890	(23,950)	(135,241)	1,323,396
Office equipment	77,556	57,207	(1,144)	(16,274)	117,345
Computer equipment	9,258,365	1,459,415	(52,901)	(1,400,350)	9,264,529
	10,739,618	1,595,512	(77,995)	(1,551,865)	10,705,270

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,537,907	-	-	(134,210)	1,403,697
Office equipment	119,302	-	-	(41,746)	77,556
Computer equipment	10,486,439	367,700	(10,881)	(1,584,893)	9,258,365
	12,143,648	367,700	(10,881)	(1,760,849)	10,739,618

Pledged as security

There are no items of Property, Plant and Equipment that have been pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment

	2024	2023
	R	R
Repairs and maintenance	147,452	142,862

Repairs and maintenance relate to the maintenance of the contact centre system

8. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets under development	6,828,652	-	6,828,652	5,235,021	-	5,235,021
Computer software	100,000	(80,555)	19,445	100,000	(75,677)	24,323
Finance ERP system software	112,345	-	112,345	-	-	-
Total	7,040,997	(80,555)	6,960,442	5,335,021	(75,677)	5,259,344

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	5,235,021	1,593,631	-	6,828,652
Computer software	24,323	-	(4,878)	19,445
Finance ERP system software	-	112,345	-	112,345
	5,259,344	1,705,976	(4,878)	6,960,442

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	4,070,000	1,165,021	-	5,235,021
Computer software	57,641	-	(33,318)	24,323
	4,127,641	1,165,021	(33,318)	5,259,344

Pledged as security

There are no intangible assets pledged as security.

Other information

In terms of the Consumer Protection Act No. 68 of 2008, the Commission may establish, or recognise as authoritative, a registry in which any person may register a pre-emptive block, either generally or for specific purposes, against any communication that is primarily for the purpose of direct marketing. The NCC has commenced the development of the opt-out registry in order to implement this provision of the CPA with finalisation and go live expected to take place during the 2024/25 financial year.

An amount of R6 828 652 relate to the development of the opt-out registry. Management does not consider this amount to be impaired even though the system is not yet fully available to the general public. The NCC is awaiting the approval of the regulations to govern the use of the system. The regulations have not been approved by the Minister of dtic yet. The regulations also have to be a subject of public participation before approval by the Minister of dtic. Even though the system development has been finalised, the impact of the results of public participation on the system is unknown. It is for the above reasons that the system has not been capitalised and amortised because it is not available for use or it is not in the condition necessary for it to be capable of operating in the manner intended by management.

As part of the project to upgrade the Finance ERP system, the NCC purchased some of the modules. The three modules were acquired on software assurance, as opposed to the subscription based model. The modules will be available for use in the upgraded environment once all preparatory work has been finalised. The cost of the modules as well as the associated installation costs amount to R1 12 345. As at 31 March 2024, the upgrades had not been finalised and the upgraded environment not yet available for use.

9. OPERATING LEASE LIABILITY

	2024	2023
	R	R
Current liabilities	535,662	-

The NCC entered into a 5 year lease agreement with the SABs for the occupation of premises, storage and parking space for officials. The escalation of the rental is linked to the MTEF rates as annually pronounced by National Treasury. In terms of GRAP, lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term. The amount of R535 662 represents the difference between the actual amount paid and the amount calculated on a straight line basis.

10. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
	R	R
Trade payables	263,463	451,356
Accrued expense	3,930,460	1,000,013
Salary control account	413,770	132,438
Medical aid control account	10,001	3,229
Third party payments	17,935	29,898
Service bonus for management	394,248	527,713
	5,029,877	2,144,647

Invoices are due and payable within 30 days of receipt. The carrying value of trade and other payables reflects the approximate fair values at the end of the financial year.

11. PROVISIONS

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	1,947,587	4,252,883	(4,052,427)	2,148,043
Provision for Workmen's compensation	48,115	51,866	(48,024)	51,957
	1,995,702	4,304,749	(4,100,451)	2,200,000

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	1,478,128	4,475,061	(4,005,602)	1,947,587
Provision for Workmen's Compensation	50,874	43,630	(46,389)	48,115
	1,529,002	4,518,691	(4,051,991)	1,995,702

The provision for leave pay represents management's best estimate of the NCC's liability for accrued leave pay based on the termination rate and outstanding leave days of the employees employed at year-end. The NCC's leave policy states that all employees are required to take accumulated annual leave days within the first 6 month period of the next leave cycle, failing which those leave days will be forfeited.

The provision for Workmen's Compensation is based on the assessment rate of the annual salary of the employees employed at year-end.

12. INTEREST RECEIVED- BANK ACCOUNTS

Interest revenue

	2024	2023
	R	R
Bank accounts and short term deposits	4,594,266	1,729,524

The interest received was earned from available cash resources from NCC's short term deposit account with the Corporation for Public Deposits and the current bank account. The reason for the significant movement as compared to the prior year is due to the fact that the interest rate estimated on compilation of the budget was lower than the subsequent interest rates. The NCC was also granted permission to retain surplus funds by National Treasury.

13. GOVERNMENT GRANTS & SUBSIDIES

Operating grants

	2024	2023
	R	R
Department of Trade, Industry and Competition	73,566,000	59,388,000

Operating grant

The National Consumer Commission receives its annual allocation from the National Treasury through the Department of Trade, Industry and Competition. This is the main source of revenue for the NCC. The total amount allocated for the financial year ending 31 March 2024 is R 73 566 000.

14. SERVICES IN KIND

	2024	2023
	R	R
South African Bureau of Standards	-	10,684,018

The NCC is funded by government grants received through the Department of Trade, Industry and Competition, The dtic. The transfer payments are received within normal operating terms. The amount is included in revenue on the statement of financial performance.

With effect from 1 October 2016, the South African Bureau of Standards (SABS) has provided the NCC with office accommodation and the consideration was paid directly from dtic. The market related value of the accommodation and related cost was R10 684 018 in 2023.

The dtic through the budget transfer paid the funds directly to the NCC for the occupation of premises and other services. The nature of the arrangement has changed. The NCC entered into a revised lease agreement with SABS with effect from 1 April 2023. NCC is invoiced and payments are processed directly to SABS. The SABS and the NCC are entities within The dtic group.

15. REVENUE

	2024	2023
	R	R
Interest on debtors	-	2,027
Sundry income	52,221	2,505
Interest received - bank accounts	4,594,266	1,729,524
Government grants & subsidies	73,566,000	59,388,000
Services in kind	-	10,684,018
	78,212,487	71,806,074
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest on debtors	-	2,027
Sundry Income	52,221	2,505
Interest received- bank accounts	4,594,266	1,729,524
	4,646,487	1,734,056

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	73,566,000	59,388,000
Services in kind	-	10,684,018
	73,566,000	70,072,018

An amount of R52 221 reflected as sundry income consists mainly of recoveries from staff of costs relating to excessive use of telephone and settlement of fruitless and wasteful expenditure matters where employees were found to be directly responsible for the wastage.

The NCC also invests funds not immediately required in the Corporation for Public Deposits and the Current Account. Interest to the value of R4 594 266 was earned during the financial year.

The NCC's major source of revenue is the grant from National Treasury disbursed to the NCC through the dtic. An amount of R73 566 000 was received for the financial year.

An amount of R10 684 018 in the prior year reflects an amount paid directly by the dtic to the South African Bureau of Standards for the NCC's occupation of the premises owned by SABS. The amount reflects the value of services received by the NCC in the prior year. The arrangement has been revised and the NCC receives all the funds from the dtic and pays the rental and other services based on the invoices received from the SABS.

16. EMPLOYEE RELATED COSTS

	2024	2023
	R	R
Salaries	40,909,434	39,401,189
Service bonus (all employees and management)	2,054,154	2,227,241
Medical aid contributions	341,428	373,600
UIF contributions	158,235	162,666
Settlement lumpsum	340,215	-
Leave pay provision charge	200,456	552,969
Leave payout	357,605	118,249
Overtime payments	129,479	19,885
Employer pension contributions	4,278,538	4,102,002
Workmen's compensation contributions	51,866	43,630
	48,821,410	47,001,431

17. DEPRECIATION AND AMORTISATION

	2024	2023
	R	R
Property, plant and equipment	1,551,865	1,760,850
Intangible assets	4,878	33,318
	1,556,743	1,794,168

18. REPAIRS AND MAINTENANCE

	2024	2023
	R	R
Contact centre system	147,453	142,862

19. DEBT IMPAIRMENT

	2024	2023
	R	R
Contributions to debt impairment provision	10,101	23,485

The provision for debt impairment indicates the possibility of non-collectibility of the debt. The amount of R23 485 relates to the amount owing by a former employee. The court was approached to grant default judgement on the matter. The judgement was however not secured. The debt was subsequently written off in the current financial year.

The amount of R10 101 is receivable from one of the former service providers upon termination of the contract for insurance brokerage services. Payment took place through debit order. The incorrect amount was deducted from the NCC's bank account by the service provider. Based on this breach, the contract was terminated and the NCC was refunded with an amount of R10 101 still remaining to be collected.

20. GENERAL EXPENSES

	2024	2023
	R	R
Advertising	646,968	589,689
Auditors remuneration	1,748,119	1,133,597
Bank charges	35,396	33,877
Cleaning	103,089	382,124
Computer expenses	4,198,008	2,807,593
Consulting and professional fees	1,640,615	1,371,167
Consumables and promotional materials	415,009	430,037
Postage & courier services	37,922	25,840
Office rental	6,688,929	5,688,837
Communication costs	700,227	669,416
Insurance	154,844	59,643
Printing and stationery	339,690	219,679
Audit committee fees	372,817	415,540
Software expenses	2,902,318	2,188,479
Research costs	916,320	-
Security services	152,958	726,385
Subscriptions and membership fees	60,680	30,107
Training	356,465	201,062
Travel - local	2,647,798	2,135,109
Travel - overseas	50,427	-
Publications	88,378	-
Water and electricity	1,269,829	2,030,356

	2024	2023
	R	R
Rental: printers and photocopiers	250,615	155,324
Venue and facilities	912	89,111
	25,778,333	21,382,972

21. AUDITORS' REMUNERATION

	2024	2023
	R	R
External audit fees	1,045,226	976,847
Internal audit fees	702,893	156,750
	1,748,119	1,133,597

22. CASH GENERATED FROM OPERATIONS

	2024	2023
	R	R
Surplus	1,820,453	1,450,275
Adjustments for:		
Depreciation and amortisation	1,556,743	1,794,168
Loss on disposal of assets	77,994	10,881
Debt impairment	10,101	23,485
Movements in operating lease liability	535,662	-
Movements in provisions	204,298	466,700
Changes in working capital:		
Receivables from exchange transactions	(90,060)	61,282
Provision for impairment and debts written off	(10,101)	(23,485)
Other receivables from non-exchange transactions	456,987	578,161
Prepayments	(588,243)	1,305,725
Payables from exchange transactions	2,885,230	(476,069)
Adjustment for accrued capital expenditure in the current year	(387,300)	(343,007)
Adjustment for accrued capital expenditure in prior year settled in the current year	343,007	-
	6,814,771	4,848,116

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
	R	R
Cash and cash equivalents	20,410,071	20,410,071
Accrued interest	11,435	11,435

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	At amortised cost	Total
	R	R
Other debtors	10,101	10,101
Impairment of other debtors	(10,101)	(10,101)
	20,421,506	20,421,506

Financial liabilities

	At amortised cost	Total
	R	R
Trade and other payables from exchange transactions	5,029,877	5,029,877

2023

Financial assets

	At amortised cost	Total
	R	R
Cash and cash equivalents	16,852,496	16,852,496
Accrued interest	10,928	10,928
Other debtors	10,101	10,101
Other receivables from non-exchange transactions (SABS)	449,392	449,392
	17,322,917	17,322,917

Financial liabilities

	At amortised cost	Total
	R	R
Trade and other payables from exchange transactions	2,144,647	2,144,647

The NCC occupies the premises obtained from the SABS through the rental agreement. The rental agreement also provides for the receipt of other related services. Historically, where services were not rendered, the NCC could not receive a refund for the cash equivalent of such services. Instead, such amounts were used to reduce future expenditure. For this reason, the NCC did not disclose any amount due from SABS as a financial instrument. National Treasury indicated in the previous years that the NCC must collect the amounts for services not rendered during any financial year. An amount receivable as at the end of 2021/22 was collected in cash during the 2022/23 financial year while the amount of R449 392 outstanding as at the end of 2022/23 was also collected in 2023/24 financial year. While the receivable arose for non-exchange transaction (services in kind) and previously did not have to be shown as a financial instrument, the NCC's ability to collect the cash makes the receivable a financial instrument. The amount was not disclosed as a financial instrument in the 2022/23 audited financial statements even though it was included in the statement of financial position.

An amount of R10 101 for other debtors was also omitted from this disclosure in the prior year.

24. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

	2024	2023
	R	R
Property, plant and equipment	551,997	1,244,270
Intangible assets	-	1,670,766

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R
	551,997	2,915,036
Total capital commitments		
Already contracted for but not provided for	551,997	2,915,036
Authorised general expenditure		
Already contracted for but not provided for		
General Expenditure	15,093,200	16,002,271
Total operational commitments		
Already contracted for but not provided for	15,093,200	16,002,271
Total commitments		
Authorised capital expenditure	551,997	2,915,036
Authorised operational expenditure	15,093,200	16,002,271
	15,645,197	18,917,307

This committed expenditure relates to property, plant and equipment and general expenditure and will be financed by retained surpluses and the future allocation from the dtic.

Operating leases - as lessee (expense)

Minimum lease payments due for Office Equipment

	2024	2023
	R	R
- within one year	253,082	253,082
- in second to fifth year inclusive	63,270	316,352
	316,352	569,434

Operating lease payments represent rentals payable by the NCC for some of its office equipment and for office space, storage and parking.

A recalculation was performed by management of the calculation of the operating lease commitment. An amount due within one year was previously disclosed as R189 811 instead of R253 082 currently disclosed. An amount due in the second to fifth year was disclosed as R126 541 instead of R316 352. The effect is an understatement of the commitment for an amount of R253 082 in the 2022/2023 financial year. This issue did not affect any other periods prior to 2022/23.

Minimum lease payments due for rental of office space

	2024	2023
	R	R
- within one year	5,987,264	-
- in second to fifth year inclusive	19,619,775	-
	25,607,039	-

Operating lease payments represent rentals payable by the NCC for office space, storage and parking. The entity entered into a 5 year lease agreement for rental of office space.

25. RELATED PARTIES

Relationships

Members of Key Management

Department of Trade, Industry and Competition
Companies Tribunal
Companies and Intellectual Property Commission
National Consumer Tribunal
National Creditor Regulator
National Gambling Board
National Lotteries Commission
National Metrology Institute of South Africa
South African Bureau of Standards
Export Credit Insurance Corporation of South Africa
Competition Tribunal
International Trade Administration Commission
National Regulator for Compulsory Specifications
National Empowerment Fund
South African National Accreditation system
Industrial Development Corporation
Competition Commission

Members of Executive Management

Member of dtic group
Member of dtic group
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The National Consumer Commission is presumed to be related to all other government entities within the national sphere by virtue of classification as a national public entity. However, only relationships, balances and transactions carried out within the ambit of the dtic group entities are disclosed to an extent that they are not at arm's length.

Related party balances

Amounts recoverable from related parties included in trade receivables

	2024	2023
	R	R
South African Bureau of Standards	-	449,392

The NCC entered into a lease agreement with SABS for the rental of property and related services. The SABS received the grant from directly from the dtic for funding of property rental and related services. Where the SABS did not provide the services equivalent to the grant received, the NCC had the right to receive a refund in cash. The amount of R449 392 represents the amount that was recoverable in 2022/23 financial year and received during the 2023/24 financial year. In the 2023/24, the contract was reviewed and the NCC is being invoiced for services received from SABS as opposed to previous arrangement where payment took place through a budget transfer.

Amounts payable to related parties included in trade payables

	2024	2023
	R	R
South African Bureau of Standards	(1,966,560)	-

The NCC through the rental agreement occupies the premises belonging to the South African Bureau of Standards. The NCC also receives some of the ICT related services and utilises the telephone systems belonging to the SABS for a fee in return. As at 31 March 2024, invoices for these services had not been received from SABS. An amount of R1 966 560 represents the estimated amount payable to the SABS in terms of the agreement.

Related party transactions

	2024	2023
	R	R
Transfer payment received		
Department of Trade, Industry and Competition (dtic)	73,566,000	59,388,000
Services in kind (Revenue)		
South African Bureau of Standards	-	10,684,018
Services in kind (Expenditure)		
South African Bureau of Standards	-	(10,234,626)

The NCC is funded by government grants received through the Department of Trade, Industry and Competition. The transfer payments are received within normal operating terms. The amount is included in revenue in the statement of financial performance.

With effect from 1 October 2016, the South African Bureau of Standards has provided the NCC with office accommodation in terms of the lease agreement. The market related value of the accommodation and other related services was in the prior year and amount of R10 234 626.

In the prior years, the budget to the value of R10 684 018 was transferred directly to the SABS by the dtic. In the current financial year, the NCC received the full allocation and is being invoiced on a monthly basis for rental and related services.

Remuneration of management

Audit and Risk Committee members

2024

Name	Number of meetings attended	Committee fees	Other	Travel and other claims	Total
Ms N Matomela (Ex-Officio Member)	6	-	-	-	-
Mr N Marota	7	113,269	-	2,100	115,376
Adv L Mbana	7	112,624	-	2,561	115,185
Mr F Docrat (Chairperson)	7	134,617	12,308	2,405	149,486
	-	360,510	12,308	7,066	380,047

2023

Name	Number of meetings attended	Committee fees	Travel and other claims	Total
Ms N Matomela (Ex-Officio Member)	-	-	-	-
Mr N Marota	5	120,388	1,000	121,388
Adv L Mbana	7	121,883	2,108	123,991
Mr F Docrat (Chairperson)-	7	173,299	3,140	176,439
	8	415,570	6,248	421,818

Accounting Authority and Executive management

2024

Name	Basic salary	Pension contribution	Settlement awards	Other payments received	Total
T Mabuza-Acting Commissioner	1,703,293	170,302	-	333,076	2,206,671
J Selolo-Company Secretary	964,404	124,812	-	347,267	1,436,483
P Moshidi -Chief Financial Officer and Divisional Head for Corporate Services	1,068,671	138,320	-	333,435	1,540,426
Moilwa - Divisional Head for Enforcement and Investigations	965,341	115,128	-	421,341	1,501,810
P Mlungu-Divisional Head for Advocacy Education & Awareness*	523,634	67,158	340,215	427,459	1,358,466
R Tshigemane-Acting Divisional Head for Advocacy, Education & Awareness**	739,521	93,448	-	232,229	1,065,198
P Kweyama-Divisional Head for Advocacy, Education & Awareness***	162,381	21,109	-	51,836	235,326
J Mbeje- Divisional Head for Legal	1,043,209	124,812	-	230,675	1,398,696
	7,170,454	855,089	340,215	2,377,318	10,743,076

*Employment terminated on 31 October 2023

** Acting from 20 November 2023 to 31 January 2024

***Appointed on 1 February 2024

2023

Name	Basic salary	Pension contribution	Other payments received	Total
T Mabuza-Acting Commissioner	1,588,106	160,518	302,182	2,050,806
J Selolo- Company Secretary	905,602	117,300	301,670	1,324,572
P Moshidi -Chief Financial Officer and Divisional Head for Corporate Services	980,091	126,964	308,992	1,416,047
P Moilwa - Divisional Head for Enforcement and Investigations	907,234	108,314	396,063	1,411,611
P Mlungu-Divisional Head for Advocacy, Education & Awareness	838,651	108,314	463,838	1,410,803
J Mbeje- Divisional Head for Legal	979,875	117,300	218,880	1,316,055
	6,199,559	738,710	1,991,625	8,929,894

26. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

Note	As previously reported	Correction of error	Restated
Property, plant and equipment	11,427,411	716,237	12,143,648
Payables from exchange transactions	(2,631,565)	10,849	(2,620,716)
	8,795,846	727,086	9,522,932

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2023

Note	As previously reported	Correction of error	Restated
Property, plant and equipment	10,003,527	736,091	10,739,618
Payables from exchange transactions	(2,305,755)	161,108	(2,144,647)
	7,697,772	897,199	8,594,971

Statement of financial performance

2023

Note	As previously reported	Correction of error	Restated
Depreciation and amortisation	(1,814,019)	19,851	(1,794,168)
General Expenditure	(21,533,232)	150,260	(21,382,972)
Impact on surplus for 2022/23	-	170,111	-

Cash flow statement

2023

Note	As previously reported	Restated
Cash flow from operating activities Surplus for the year	1,280,164	1,450,275
Depreciation and amortisation	1,814,019	1,794,168
Payables from exchange transactions	(325,810)	(476,070)
	2,768,373	2,768,373

Errors

Statement of financial position

Property, plant and Equipment

At the beginning of 2023/24 financial year, management undertook a review of the asset register. A large number of items of furniture and fixtures were identified to be almost fully depreciated. This situation was going to result in the use of assets without any depreciation being recorded in the 2023/24 financial year which is in contravention of GRAP. The adjustment were effected in the 2021/22 as well as the 2023/24 financial year. As the NCC has cash flow constraints, these assets are going to be used for a longer period. Management reviewed the asset register and recalculated the book values from the date of acquisition of individual assets using the useful lives to demonstrate the need to retain the items of furniture for an extended period of time. The outcome of this review was considered to have resulted in an accounting error than a change in estimate as management is of the view that the situation may not have occurred had useful lives of assets been reviewed as per the requirements of GRAP on an annual basis. The net book value of furniture equipment increased by R691 161. The cost of furniture and fixtures was also increased by an amount of R25 075 due to correction of cost information on some assets. The change also resulted in the reduction of depreciation expense in the prior year to an amount of R19 855.

Management has considered similar adjustments for all other categories of assets. It was however decided that it will not be appropriate and prudent to do so for computer equipment due to inherently shorter useful lives as a result of rapid technological advancements. Management decided that the useful lives on items of computer equipment be assessed year on year for specific assets based on their conditions and the expected period of future use. The effect on office equipment was considered to be negligible.

Payables from exchange transactions

The medical aid control (suspense account) which indicates the amounts payable to the medical aid companies after deductions from employees. An amount of R10 849 was identified to be payable in the accounting records of the NCC. The statements of recoveries from various medical aid companies were inspected and do not indicate any amounts expected from the NCC. The amounts payable were therefore written back into Accumulated Surplus.

Accruals to the value of R150 260 with corresponding expenditure were reduced. The NCC received invoices from the service provider which were accrued in the prior year. The invoices were later disputed as they were invalid or incorrect and never paid. In some instances, credit notes were issued by the service provider and accruals were therefore reversed.

Impact on Accumulated Surplus as at 1 April 2022

The effect of the above adjustments on the opening balance of Accumulated Surplus for the 2022/23 financial year is an increase for an amount of R727 086.

Statement of financial performance

Depreciation and amortisation

The above mentioned adjustment on items of furniture and fixtures has resulted in the reduction of depreciation to the value of R19 851 in the comparative period.

Cash flow Statement

The above changes did not have an impact on the cash flow statement. There is also no impact on the cash flow from operations.

27. RISK MANAGEMENT

Financial risk management

The NCC's activities expose it to a variety of financial risks being liquidity, credit and interest rate risks. The NCC's policies and procedures are used to manage its risk and the approach is consistent with prior years.

Liquidity risk

The NCC's risk to liquidity is a result of the funds available to cover future commitments. The NCC assessed its liquidity risk as low, taking into consideration the current funding structures and availability of cash resources. The NCC manages liquidity risk through an ongoing review of future commitments and monitoring of sufficient cash resources.

The table below reflects the NCC's exposure to liquidity risk from financial liabilities:

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	5,029,877	-	-	-
At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2,144,647	-	-	-

Credit risk

Receivables are monitored on an ongoing basis resulting in exposure to bad debts being insignificant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position

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

	2024	2023
	R	R
Receivables from exchange transactions	11,435	21,029
Cash and cash equivalents	20,410,071	16,852,496

Interest rate risk

The exposure to interest risk is managed by investing funds on a short term basis, in the Corporation for Public Deposits (CPD), to ensure maximum interest on surplus funds. The risk arises when there are downward interest rate changes, as this will reduce the interest income on invested funds.

As at 31 March 2024, the NCC had the following balance of cash and cash equivalents:

	2024	2023
	R	R
Cash and cash equivalents	20,410,071	16,852,496

28. FRUITLESS AND WASTEFUL EXPENDITURE

	2024	2023
	R	R
Fruitless and wasteful expenditure identified - current	46,380	47,748

Fruitless and wasteful expenditure has been disclosed in line with the provisions of National Treasury Instruction Note 4 of 2022/23.

All incidents of fruitless and wasteful expenditure were investigated or are under investigation and consequence management or corrective action is taken as per recommendations by investigative and loss control committee reports.

29. BUDGET DIFFERENCES

Material differences between budget and actual amounts

29.1 Accumulated Surpluses

During the financial year 2023/24, National Treasury granted the NCC to retain surplus cash generated during the 2022/23 financial year. This surplus has been used to supplement the budget for the 2023/24 financial year.

29.2 Employee Related Costs

The NCC endeavours to fill vacant positions within a period of 90 days. The savings on employee related costs is as a result of funded positions which became vacant during the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS**29.3 Depreciation and amortisation**

Depreciation is a non-cash item. The higher amount in terms of actual figures is due to capitalisation of new assets at substantial amounts.

29.4 General Expenses

This is mainly because most projects are currently in the implementation phase and due to be finalised after the financial year. The NCC had anticipated that the projects will be finalised by the end of March 2024. This means that expenditure on the projects and support costs could not be fully utilised in the 2023/24 financial year. Also contributing to the variance is the fact that some projects were cancelled when National Treasury announced budget cuts for 2024/25 financial year and beyond.

Some of the expenditure items are budgeted for in the statement of financial performance even though the items acquired are recognised in the statement of financial position. There was significant budget allocated for software licenses, some already paid for in the 2023/24 financial year, with spending only to be allocated to the period of use.

The legal department has in the 2023/24 financial year also handled some litigations internally. This has resulted in savings on budgeted legal costs.

Savings have also been observed on the NCC and SABs rental arrangement. The contract was renegotiated by the NCC during the 2023/24 financial year.

30. CONTINGENCIES**Contingent Liabilities****Claims against the NCC**

The NCC is a litigant in the matters as indicated below. The outcomes of all these matters cannot be determined. The matters are as follows:

Netshitomboni vs NCC

The matter is at labour court where the applicant is reviewing the arbitration award and asking for re-employment. Should the matter be decided against the NCC, an amount of R 350 000 in legal costs must be paid to the applicant. Pleadings have been closed. Notice of set down not yet received.

Titan Trade Auto

This is a High Court review of a Point in Limine judgement (Prescription) decided in favour of the Commission. The matter is being handled by external attorneys on behalf of the NCC. Notice to oppose filed and NCC has filed opposing affidavit. The Registrar has filed the record of proceedings and the NCC is awaiting compliance with Rule 53(4) of the Uniform Rules of the Court.

The applicant is claiming legal costs estimated at the value of R 300 000 should the matter be decided against the NCC.

Sundown Motors/Mercedes Benz

The matter is at high court, the respondent is claiming legal costs estimated at between R200 000 and R 300 000 should the matter be decided against the NCC.

Lambons (PTY) LTD Trading as Lambons GWM Kimberly

The matter is about failure to comply with compliance notice. It was heard on the 13 April 2023 and judgement was granted in favour of the NCC. Respondent was ordered to pay an administrative fine in the sum of R200 000. The respondent has lodged a review application against the judgement. The Commission filed a notice to oppose and appointed Attorneys to represent the Commission. The respondent is claiming legal costs estimated at the value of R250 000 should the matter be decided against the NCC.

Platinum Wheels

This matter is about the supply of defective motor vehicle to a consumer. The supplier is appealing against the decision of the National Consumer Tribunal. The High Court Appeal was heard on 01 September 2022 and Judgement granted in favour of the Commission. The Appellant has since filed an Application for leave to appeal to the Supreme Court of Appeals. The Application for Leave to Appeal to the SCA was successful and the Commission has received the Notice of Appeal. Pleadings have closed and the NCC is awaiting the trial date. Estimated legal costs amount to R300 000 should the matter be decided against the NCC.

Other labour matters

The Commission is a litigant in the Commission for Conciliation, Mediation and Arbitration against one of the former employees on grounds of unfair dismissal. The matter has not been sat down and the remedy required by the employee is not clear at this stage and will be cleared during arbitration. The probability of an outflow of resources embodying economic benefits cannot therefore be determined currently.

Service Bonus

Employees on salary level 1-10 (employees other than management) are only entitled to a service bonus when they have completed a period of twelve months within the NCC. Should an employee resign before the completion of the twelve months period, the service bonus is forfeited. As at 31 March 2024, the estimated amount that can possibly be paid to employees in the next twelve months is R1 107 188.

Employees in management receives a service bonus on their birthday month or any other period opted for by the official. The amount owing as at 31 March 2024 has been recognised as a liability in the statement of financial position as it is a saving from total cost to company.

Surrender of surpluses

The NCC annually declares all surpluses or deficits to the National Treasury generated from the period 1 April to 31 March of each year, using its audited annual financial statements as the basis for calculation.

The NCC submits requests to the National Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate.

The NCC surrenders by depositing into the National Revenue Fund, all surpluses that were realised in a particular financial year –

which were not approved for retention by the National Treasury in terms of section 53(3) of the PFMA; or

where no application was made to the National Treasury to accumulate the surplus in terms of section 53(3) of the PFMA. The surpluses are surrendered by no later than 30 November of each year, as prescribed.

As at 31 March 2024, the NCC is exposed to a possible surrender to the value of R12 805 249. While the NCC will apply for retention of surplus funds, the surrender is dependent on the decision by National Treasury to grant such an approval.

31. CHANGE IN ESTIMATE

Office Equipment

The useful lives of office equipment has been extended by management. Management is of the view that most of the assets must be used for significantly longer periods. In revising the useful lives, management has considered the conditions of the assets as well as budget constraints being experienced by the NCC and concluded that the assets must be used for extended periods as there are no financial resources available for replacement. Management has therefore revised the estimated useful lives of some of office equipment and have extended them by a maximum of five years. The effect of these revisions have decreased the depreciation charge by R24 796 in the current year. The effect on the future periods is an increase in the total depreciation expense on office equipment by R24 796. The change has been accounted for prospectively.

Computer Equipment

The useful lives of computer equipment has been extended by management. Management is of the view that most of the assets must be used for significantly longer periods. In revising the useful lives, management has considered the conditions of the assets as well as budget constraints being experienced by the NCC and concluded that the assets must be used for extended periods as there are no financial resources available for replacement. Management has therefore revised the estimated useful lives of some of office equipment and have extended them by a maximum of five years. The effect of these revisions have decreased the depreciation charge by R360 263 in the current year. The effect on the future periods is an increase in the total depreciation expense on office equipment by R360 263. The change has been accounted for prospectively.

Computer Software

The useful life of computer software has been extended by management. In revising the useful life, management has considered significant budget constraints being experienced by the NCC, the fact that the software is in good working condition and also has a support and maintenance service provider. Management has therefore revised the estimated useful life of the software and extended it by a maximum of four years. The effect of this revision is a decrease in the amortisation charge by R19 457 in the current year. The effect on the future periods is an increase in the total amortisation by R19 457. The change has been accounted for prospectively.

32. GOING CONCERN

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 33,005,414 and that the entity's total assets exceed its liabilities by R 33,005,414.

Going concern (continued)

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

33. EVENTS AFTER THE REPORTING DATE

During the 2023/24 financial year, an employee of the NCC was dismissed from employment after disciplinary proceedings were concluded. The matter was referred to the Commission for Conciliation, Mediation and Arbitration. Settlement agreement to the value of R340 215 has been reached with the former employee during May 2024. The amount is payable no later than the 21st of May 2024. The financial statements were adjusted to include the liability for the settlement.

The Minister of dtic has appointed Mr. Hardin Ratshisusu as the Acting Commissioner of the NCC with effect from 1 May 2024.





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