

NATIONAL CONSUMER COMMISSION

a member of **the dtic** group

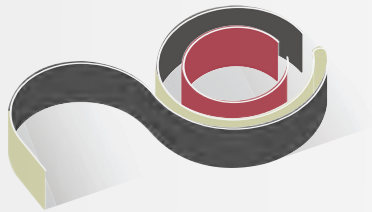
ACCESSIBLE AND COHERENT
CONSUMER PROTECTION



2023

ANNUAL REPORT





NATIONAL CONSUMER COMMISSION

a member of **the dtic** group

ANNUAL REPORT

2022 | 2023



ANNUAL REPORT **2022 | 2023**

TABLE OF CONTENTS

PART A: GENERAL INFORMATION	5
1. GENERAL INFORMATION	7
2. LIST OF ABBREVIATIONS/ACRONYMS	8
3. MINISTER OF TRADE, INDUSTRY & COMPETITION'S FOREWORD	9
4. THE ACTING COMMISSIONER'S OVERVIEW	10
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	13
6. STRATEGIC OVERVIEW	14
7. LEGISLATIVE AND OTHER MANDATES	15
8. ORGANISATIONAL STRUCTURE	16
 PART B: PERFORMANCE INFORMATION	 19
1. OVERVIEW OF THE NCC'S PERFORMANCE	20
2. SERVICE DELIVERY ENVIRONMENT	21
3. ORGANISATIONAL ENVIRONMENT	24
4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES	26
5. STRATEGIC OUTCOME ORIENTED GOALS	26
6. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE	26
Programme 1: To Promote Accessible Consumer Protection	26
Programme 2: To Promote a Fair Market Place	28
Programme 3: To Promote the Supply of Safe Goods to Consumers	29
Programme 4: To Support Transformation of the Economy by Providing Guidance to Comply with the CPA	30
7. REVENUE COLLECTION	32
8. CAPITAL INVESTMENTS	32
 PART C: GOVERNANCE	 35
1. INTRODUCTION	36
2. PORTFOLIO COMMITTEE	36
3. EXECUTIVE AUTHORITY	36
4. AUDIT & RISK COMMITTEE	36
5. RISK MANAGEMENT	37
6. INTERNAL CONTROL UNIT	37
7. COMPLIANCE WITH LAWS AND REGULATIONS	37
8. FRAUD PREVENTION	37
9. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	37
10. COMPANY SECRETARY	38
11. AUDIT COMMITTEE REPORT	38
12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	41
 PART D: HUMAN RESOURCES MANAGEMENT	 43
1. HUMAN RESOURCES OVERSIGHT STATISTICS (2022/23)	44
 PART E: FINANCIAL INFORMATION	 47



PART A

GENERAL INFORMATION



1. GENERAL INFORMATION

Registered Name:	National Consumer Commission
Legal Form of Entity:	PFMA Schedule 3A
Accounting Authority:	Ms. Thezi Mabuza
Physical Address:	1 Dr Lategan Road, SABS Campus, Groenkloof, Pretoria, South Africa
Postal Address:	P.O. Box 36628, Menlo Park, 0102
Telephone Number:	012 428 7000
Email Address:	commissioner@thencc.org.za
Website Address:	http://www.thencc.gov.za/
Bankers:	Nedbank Ltd
External Auditors:	RAiN Chartered Accountants Inc
Company Secretary:	Mr Joseph Selolo

2. LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan
AVE	Advertising Value Equivalent
CCRB	Consumer and Corporate Regulation Branch
CCMA	Commission for Conciliation, Mediation and Arbitration
CPA	Consumer Protection Act No. 68 of 2008
CTFL	Clothing, Textiles, Footwear and Leather
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
SCM	Supply Chain Management
SABS	South African Bureau of Standards
SARB	South African Reserve Bank

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



Mr Ebrahim Patel

Minister of Trade, Industry and Competition

"This Annual Report provides an account of the National Consumer Commission (NCC) for the past financial year ending March 2023."

I hereby table the Annual Report of the National Consumer Commission (NCC) for the 2022/23 financial year.

A strong and effective consumer regulator is vital to protect citizens and consumers. It can provide the necessary challenge to businesses to produce excellent goods and services, which in turn can increase consumer confidence in local products, assisting with efforts to industrialise the economy. Strong consumer advocacy is important in periods of heightened inflation and concerns from consumers on prices of essential goods.

The Report indicates a drop in the number of investigations conducted in the financial year (357, compared to 412 in the previous year).

The NCC will need to ensure that its work-rate is stepped up in its core mandate area, together with efforts to align its work towards a set of three dtic-group outcomes:

- Increased industrialisation
- Strengthened transformation in the economy; and
- Building a capable state.

Focusing around these central outcomes allows the diverse set of entities in the dtic Group – comprising regulators, financiers and technical institutions – to pool capacities and collaborate to best deliver for the South African people.

I take note of the work by the NCC in the past year and look forward to stronger performance in the year ahead.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

Ebrahim Patel

Minister of Trade, Industry and Competition



4. THE ACTING COMMISSIONER'S OVERVIEW



Thezi Mabuza
Acting Commissioner

This Annual Report provides an account of the National Consumer Commission (NCC) for the past financial year ending March 2023.

I hereby present the National Consumer Commission's (NCC's) 2022/23 Annual Report, which outlines the NCC's performance during the period under review.

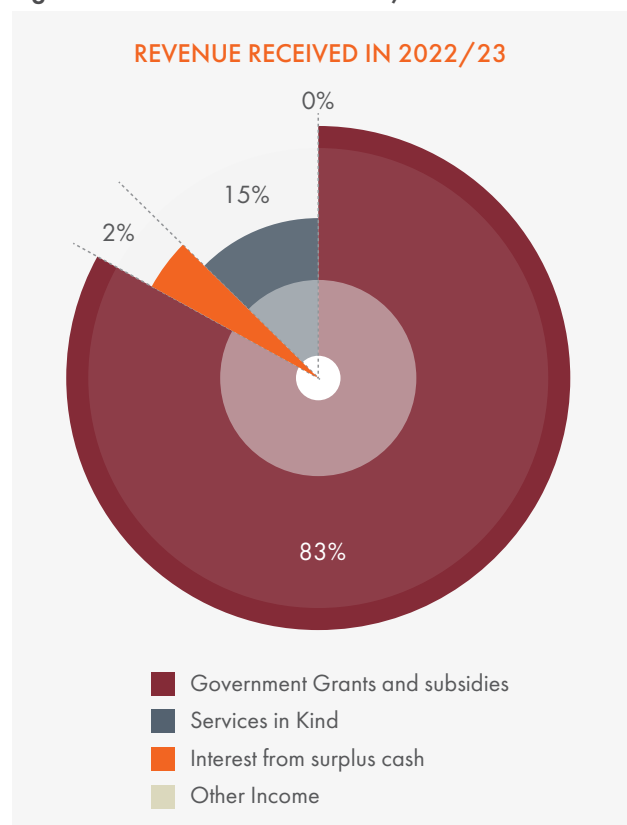
4.1 General Financial Review of the Public Entity

The NCC had an allocated budget for 2022/23 in the form of Government Grants and Subsidies to the value of R59,4 million. The budget was received in two tranches; R35,6 million in April 2022 and the balance of R23,8 million in October 2022.

Some of the funds received were invested in an interest-bearing account with the South African Reserve Bank (SARB) (Corporation for Public Deposits). Interest in the amount of R1,7 million was earned on surplus funds during the financial year.

The NCC has a lease agreement with the South African Bureau of Standards (SABS) for the occupation of business premises. Rental payments to the SABS and other recoveries were not included in the budget baseline of the NCC but were directly transferred to the SABS by the Department of Trade, Industry and Competition (**the dtic**). A total of R10,6 million for Services In-Kind represents the value received from the occupation of premises.

Figure 1: Revenue Received 2022/23



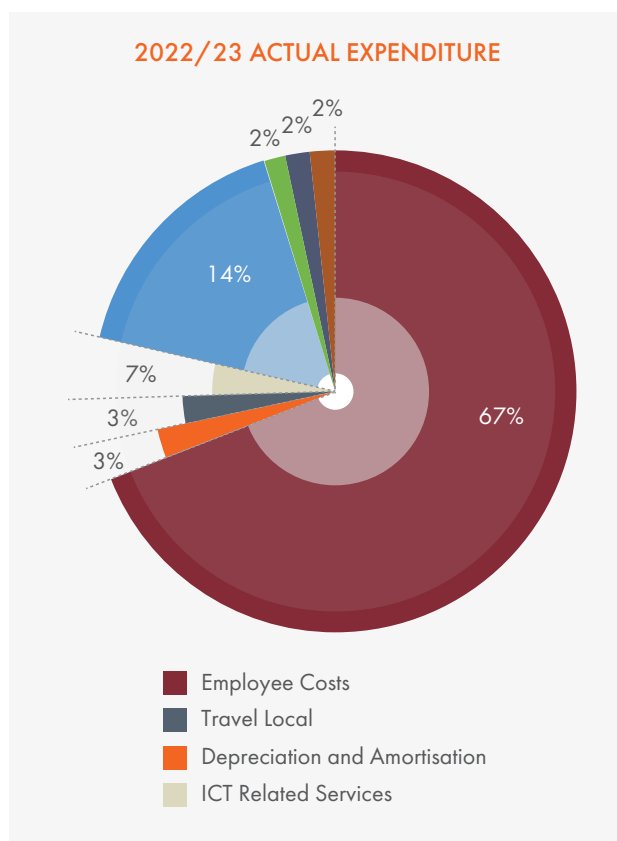
4.2 Spending Trends of the NCC

The NCC, as a regulator, relies heavily on Human Resources to execute its mandate and as a result, employee costs amount to 67% of total spending.

Key activities performed by the NCC are Investigations, Enforcements, and Business and Consumer Education, which were delivered across South Africa. As a result, costs were incurred for travel and professional services in the form of legal fees.

The NCC continued with the stabilisation of its IT systems by investing in IT infrastructure, which led to improved functionality and greater IT Security Posture. This resulted in increased ICT related costs in the form of licenses, maintenance costs, and increased depreciation.

Figure 2. 2: NCC 2022/23 Expenditure



4.3 Capacity constraints and challenges facing the public entity

General challenges

The organisation experienced a significant number of resignations during the reporting period, which resulted in the perpetual filling of 36 critical positions and the continuous training of new incumbents. This process slowed the pace of service delivery.

Organisational Structure

Due to budgetary constraints, the entity is having trouble funding all approved positions and roles within the organisational structure. Some unfunded positions are critical functions that must be performed by available employees, thus creating additional work.

System problems and data security breach

No data security breaches were detected or reported through the NCC systems and processes during the year under review. Also, no system outages occurred because of a cybersecurity related incident. Security events such as attempted phishing and suspected password compromise after the loss of an end user computer equipment were dealt with and, in some cases, password resets and alerts to end users were actioned.

The NCC business systems maintained a target of 95% availability during the reporting period. The most notable system outage occurred within the Contact Centre and was caused by a hardware failure on the underlying infrastructure which resulted in the system being unavailable for up to two business days.

4.4 Discontinued activities / activities to be discontinued

There were no discontinued activities or activities to be discontinued during the reporting period.

4.5 New or proposed activities

Purchase Orders were issued to service providers who will implement systems aimed at improving the NCC operational efficiency and cybersecurity safeguards. These systems are:

- **Integrated Finance and HR Systems** – This system will ensure that Finance and Human Resources maintain accuracy in the data shared between the two business units. The system will also bring about employee self-service capability for applications and the management of leave.
- **ICT Service Desk System** – This system will improve ICT service management practices within the NCC and improve performance management for ICT support, in line with industry best practice frameworks such as the Information Technology Infrastructure Library (ITIL).
- **Website Redesign** – To improve the look and feel of the NCC website while ensuring that the website becomes more user-friendly and digitises the complaints form.
- **GFI LANGuard** – This tool will assist the NCC with vulnerability management towards mitigation against cybersecurity risks.
- **Mimecast** – The intent is to implement the NCC's own Mimecast tenant to mitigate the risk of compromised email and unauthorised access, and to provide the NCC with control over its email security and archiving platform.

- **LAN Infrastructure Upgrade** – To refresh the current NCC Wi-Fi and Local Area Network (LAN) infrastructure by implementing a modern infrastructure that is faster and more secure.
- **Digitisation of the Complaints Process** – The NCC incorporated into the Opt-Out Registry System (OORS) the lodging and handling of generic complaints. The system will be piloted and launched in the new financial year.
- **Modernisation of the Contact Centre System** – The NCC commenced with plans to modernise the Contact Centre System to improve functionality and system resilience.

4.6 Requests for retention of surplus funds

The NCC was granted permission to retain surplus funds generated in the 2021/22 financial year. Some of the surplus was used to supplement the budget in the 2022/23 financial year and commitments were made by 31 March 2022 to utilise these funds. The NCC will further apply to National Treasury (NT) to utilise surplus funds generated in the 2022/23 financial year.

4.7 Supply Chain Management

The Supply Chain Management (SCM) Unit is located within the Office of the Chief Financial Officer (CFO), in line with Treasury Regulations and the Public Finance Management Act (PFMA), No. 1 of 1999, as amended. The Unit is responsible for the procurement of goods and services for the NCC in a fair, equitable, transparent, cost-effective, and competitive manner.

All bids are subject to evaluation and adjudication by the respective bid committees as appointed, and declarations of interest are duly signed during meetings.

4.8 All concluded unsolicited bid proposals for the year under review

The NCC had no unsolicited bid proposals for the year under review.

4.9 SCM processes and systems in place

The SCM Policy, Delegations of Authority, processes, and systems are in place. These are reviewed as and when necessary, as per the PFMA and Treasury Regulations.

4.10 Challenges experienced and how these are resolved

See Section 4.3 above

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

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

4.12 Events after the reporting date

There were no events, adjusting, or not adjusting that affected the financial statements for the 2022/23 financial year.

4.13 Economic Viability

Management's overall conclusion is that the Commission will continue as a going concern for the foreseeable future.

4.14 Acknowledgement/s or Appreciation

I appreciate the commitment and dedication of the NCC executive, senior management, and staff. Their efforts contributed to the realisation of the NCC APP and the delivery of services to NCC clients. Appreciation also goes to the Audit and Risk Committee for their value-add and commitment to governance within the organisation. I thank all collaboration partners for their contribution to the NCC. Finally, let me extend my appreciation to the Minister Mr. Ebrahim Patel; the Deputy Minister of the dtic Ms. Nomalungelo Gina; and the Deputy Director-General of the dtic Ms. Evelyn Masotja, together with all of the dtic for their support.

4.15 Annual Financial Statement

The Annual Financial Statements for the year ending 31 March 2023 were prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and incorporate disclosures in line with the accounting policies of the entity and the requirements of the PFMA.



Thezi Mabuza

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.

5.5 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 2023.

Yours faithfully



Thezi Mabuza

6. STRATEGIC OVERVIEW



Vision:

In pursuance of its strategic mandate, as enshrined in the CPA, the vision of the NCC is: "To be that national consumer protection regulatory authority that is proactive and responsive to ensuring effective Consumer Protection."



Mission:

The mission of the NCC is: "To be that institution which tackles unfair business practice, promotes compliance and ensures redress by enforcing the law through Advocacy, Prosecutions, Investigations, coordinating efforts with other institutions and at all times continuously educate consumers and educate ourselves through relevant research and being seen to be fair".



Values:

The NCC believes in and is committed to the following values:

- Professionalism
- Integrity (Ethical, Moral Standards, Honesty, and Truthfulness)
- Transparency
- Credibility (Trusted and Consistent)
- Accountability
- Teamwork

7. LEGISLATIVE AND OTHER MANDATES

7.1 Consumer Protection Act 68 Of 2008

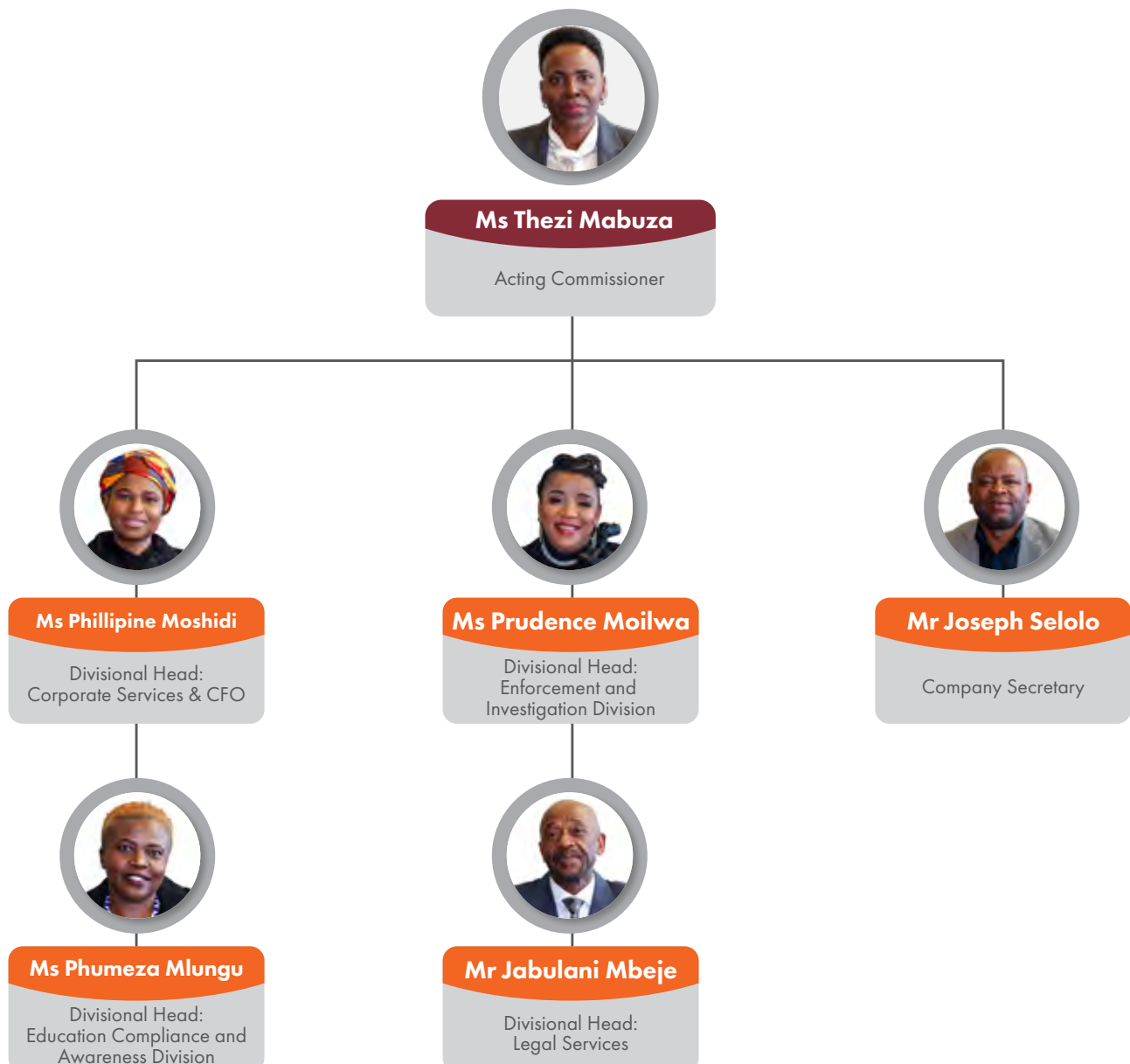
- 7.1.1 The NCC is established in terms of Section 85 of the Consumer Protection Act No. 68 of 2008 (CPA) with jurisdiction throughout the Republic of South Africa. The NCC reports to the Department of Trade, Industry and Competition (the dtic), and particularly to the Minister, the dtic's Public Entity Oversight Unit and its Consumer and Corporate Regulation Branch (CCRB).
- 7.1.2 The NCC is charged with enforcing and executing the functions assigned to it by the CPA. The CPA seeks to promote a fair, accessible, and sustainable marketplace for consumer products and services, and 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.
- 7.1.3 The main functions of the NCC, insofar as consumer complaints are concerned, are to:
- Conduct investigations against suppliers allegedly engaging in prohibited conduct,
 - Promote the resolution of disputes between consumers and suppliers, and
 - Promote compliance with the CPA through advocacy, education, and awareness.

7.2 Constitutional Mandates

- 7.2.1 Through its legislative mandate and the promotion of fair business practices the NCC plays a significant role in upholding and preserving the principles of the Constitution of the Republic of South Africa, specifically under the Bill of Rights:

Section	Provision
9: Equality	By remaining accessible to diverse groupings of consumers, the NCC plays its role in ensuring that parties have the right to equal protection and benefit of the law. Additionally, the NCC strives through its value system to respect human diversity and ensure that no form of discrimination, if any, is tolerated.
10: Human Dignity	The NCC ensures that prohibited conduct on the part of suppliers of goods and services, as well as the relevant action thereto, does not impair human dignity.
14: Privacy	The NCC ensures that the privacy of persons is protected and furthermore, subscribes to the adoption and application of the Protection of Personal Information Act, 2013
S33: Just Administrative Action	The NCC applies the rules of natural justice and issues reasons to affected parties for its decisions.
Schedule 4 of the Constitution	Consumer protection is an area of concurrent jurisdiction between national and provincial governments. This means that both levels of government assume responsibility in so far as consumer protection is concerned. Section 146 (2) (b) of the Constitution provides that national legislation applies uniformly in the country as a whole and prevails over provincial legislation.

8. ORGANISATIONAL STRUCTURE







PART B

PERFORMANCE INFORMATION



1. OVERVIEW OF THE NCC'S PERFORMANCE

The NCC ensures the protection and economic welfare of consumers by regulating the interaction between consumers and businesses in South Africa. The entity's performance information for the 2022/23 financial year reflects a growing demand for these services and a renewed commitment by the NCC to deliver on its mandate, despite an organisational environment constrained by insufficient human resource funding.

The NCC's primary role is to address consumer complaints within the ambit of its legislative and regulatory framework. In 2022/23, the NCC received a total of 13 340 complaints and queries through various mediums including the dedicated phone line, email, and social media. Accordingly, 3 653 consumer complaints were filed, a 53% increase over the prior year. The steady increase in complaints over the prior three (3) years emphasises the importance of the NCC as a mechanism for redress.

Of the complaints received by the NCC, a total of 357 investigations were conducted in 2022/23. This is a slight decrease from the prior year (412) but is consistent with a growing trend, overall. As a result of these investigations, enforcement action was taken against 85 non-compliant businesses. In total, the NCC obtained redress for consumers in the amount of R6 257 682, administrative fines worth R381,000 and compliances notices in the amount of R21 630 942.

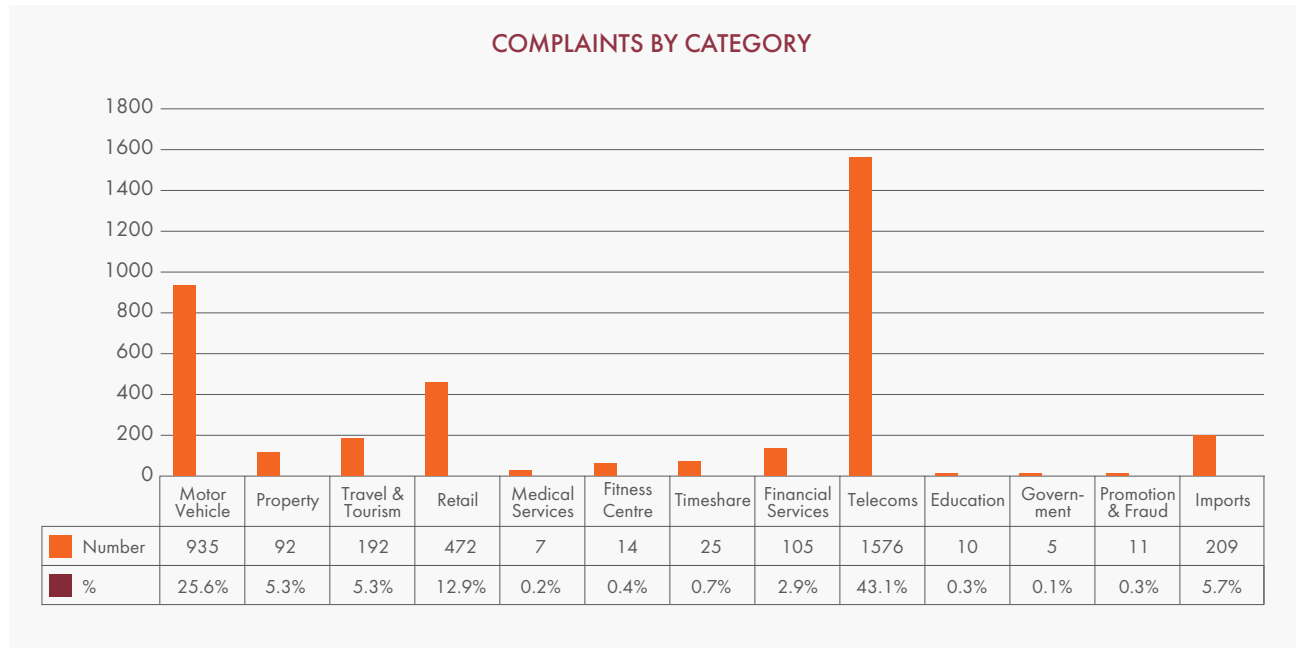
Key accomplishments for 2022/23 include an improved turnaround time for addressing complaints and enforcing decisions, as well as improved client engagement. These achievements were enabled by improvements in the ICT systems, and investments in Education and Awareness, Business Compliance and Enforcement. The NCC also made use of its robust Internship Programme, providing training and career progression for recent graduates, while also filling capacity gaps due to HR budget constraints.

Finally, the NCC leveraged all opportunities to positively engage with the media. This included participating in 173 radio and 20 television interviews, 169 pieces of online media coverage, 97 radio sound bites, 116 newspaper articles, 17 media statements and 1 opinion piece. Overall, these efforts continue to strengthen the NCC's reputation as a responsive and accessible consumer protection agency.

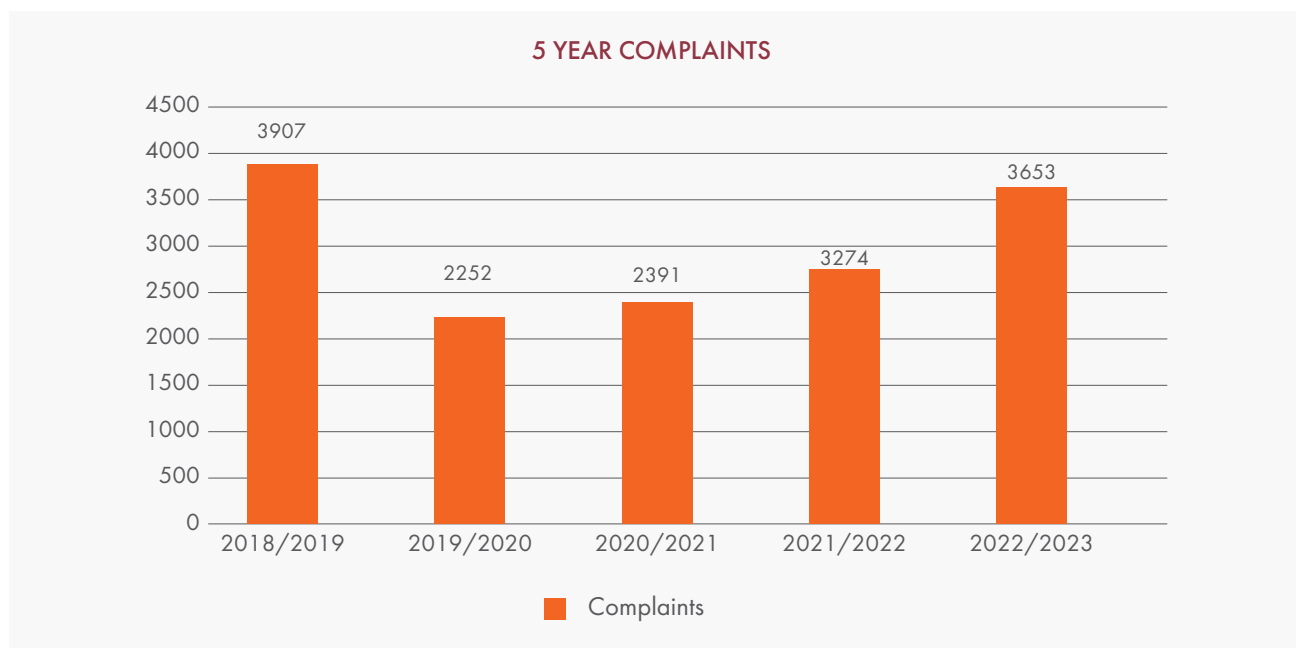
2. SERVICE DELIVERY ENVIRONMENT

2.1. Complaints

The NCC received 3 653 complaints in the 2022/23 financial year. The nature of these complaints is depicted in the graph below:

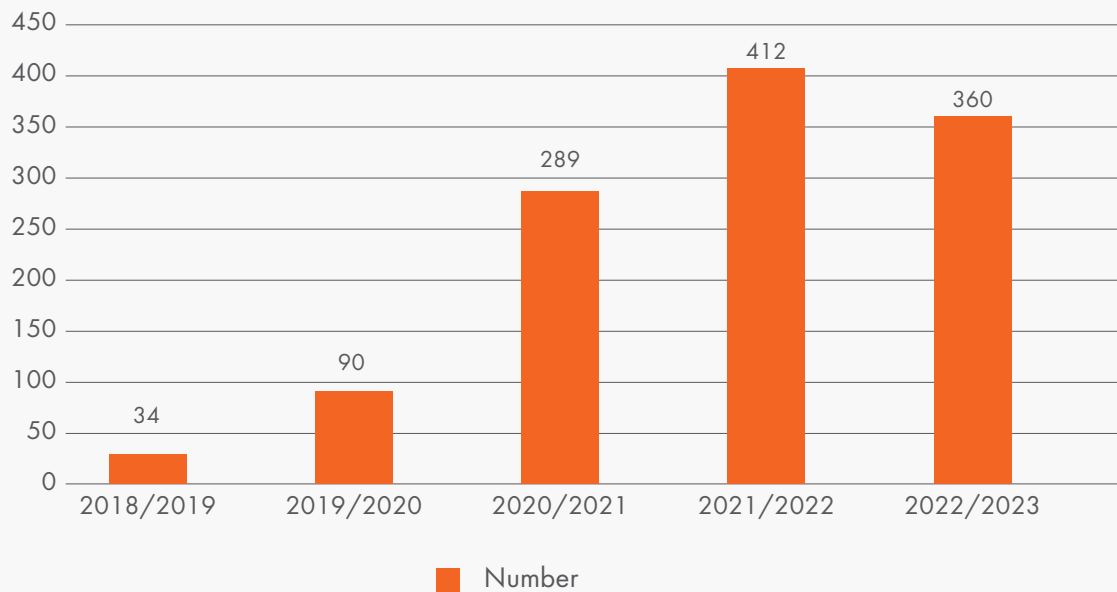


The volume of complaints, which have grown steadily from 2019/20, indicate that demand for the NCC's services is increasing. The following graph shows the number of complaints during each financial year, from 2018/19.



The NCC conducted 357 investigations into complaints lodged during the 2022/23 financial year. The following graph shows the trend in investigations completed over the last five years.

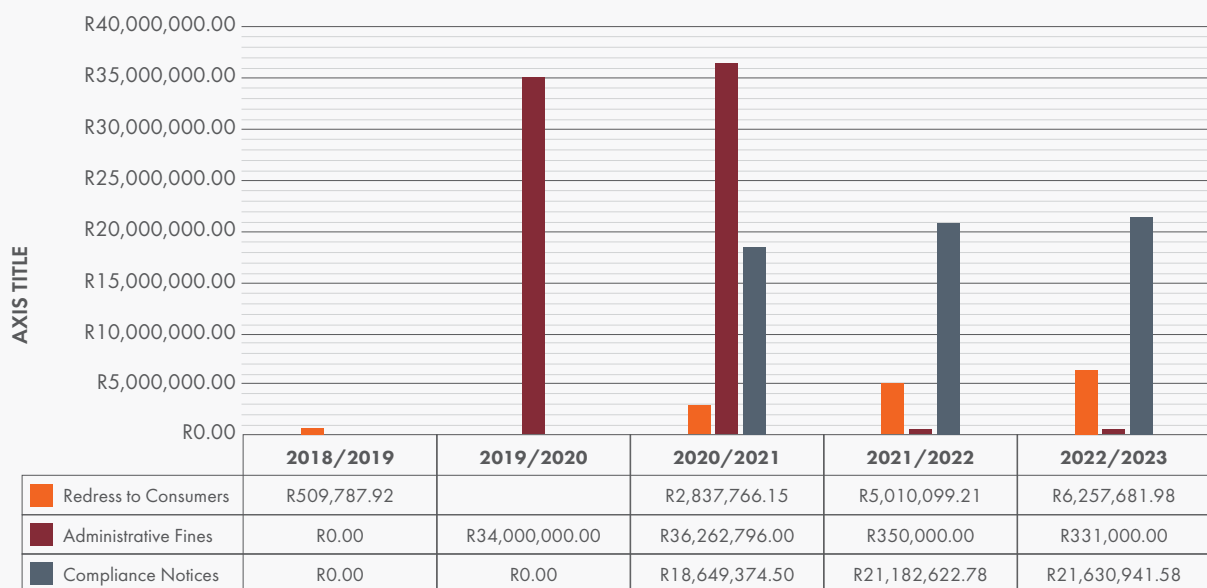
INVESTIGATION IN 5 YEARS



Enforcement action was taken against 85 non-compliant suppliers in 2022/23, as depicted in the graph below. While the number of administrative fines issued by the NCC decreased, the issuing of compliance notices and redress to consumers increased.

In the period under review the NCC, through its enforcement activities, obtained redress to consumers to the value of R6 257 682, administrative fines amounting to R381 000, and compliance notices instructing importers of non-compliant CTFL to destroy or remove those goods from the African continent, amounting to R21 630 942.

FIVE YEAR FURTHER ENFORCEMENT



2.2. Client Engagement

The table below shows the number of calls received on the NCC's client contact channel.

PLATFORM	DESCRIPTION	NUMBER/PERCENTAGE	
Contact Centre	Calls received	12 964	
	Calls answered	12 205	94%
Advisory Email	Queries received	162	
	Queries resolved	162	100%
Facebook	Queries received	40	
	Queries resolved	12	30%
YouTube	Queries received	0	
	Queries resolved	0	0
Twitter	Queries received	174	
	Queries resolved	174	100%

Overall performance with regards to client engagement was positive during the 2022/23 financial year.

The low percentage of Facebook queries resolved by the NCC is attributed to the fact that not all incoming messages necessitate a response.

2.3. NCC Strategies

The improved turnaround time for investigations of consumer complaints and the enforcement process, and improved client engagement are attributed to the NCC's strategies and programmes. These include the Repositioning of ICT as an enabler within the NCC, Education and Awareness, Business Compliance, Media Engagement, Enforcement, and the Internship Programme.

The Repositioning of ICT within the NCC has resulted in an efficient and stable ICT infrastructure that enables operations and services. This includes the capacity to increase storage and backup data and a new modern platform that will allow for process automation within the core mandate and corporate services. This strategy will improve access to NCC services and

minimise the time it takes for consumers to get redress. It also entails the establishment and implementation of the Opt-Out-Registry, the strengthening of online channels including greater stability and revamping the website and upgrading of the Contact Centre to accommodate omni-channels.

The project to establish the Opt-Out-Registry is in the pilot phase. Integration with the CIPC and Home Affairs for records validation was finalised. The integration, verification, and security of payment channels with the banks, to strengthen revenue collection, has been finalised. Digitisation of the complaint resolution process is at an advanced stage and is being piloted in a semi-production environment. It is believed that automation of the complaints-logging process will be the first of many self-service offerings to the NCC's clients.

The Repositioning of ICT Strategy will extend the reach of the NCC and government-integrated services. It will aid in closing the gap for vulnerable consumers, who do not have access to network data and appropriate devices. The NCC will continue operating the Contact Centre and will accommodate communication through the postal service and email.

3. ORGANISATIONAL ENVIRONMENT

3.1 Governance and Compliance

Policies

The following table provides the status of NCC policies per division at the end of the 2022/23 financial year. It shows that 70 of 72 policies are up to date, with two new policies (2) requiring review.

DIVISION	NO OF POLICIES	DUE FOR REVIEW	UP TO DATE	NEW POLICIES
HR	18	0	18	0
FINANCE	17	0	17	0
ICT	10	0	10	1
LEGAL	3	0	3	1
INVESTIGATIONS	3	0	3	0
EDUCATION	9	1	8	0
GOVERNANCE	12	1	11	0
TOTAL	72	2	70	2

Declaration of Interest

The NCC requires that Senior Managers declare all interests which may impact their ability to execute their role with fairness and transparency. Status of compliance by Senior Managers at the end of the financial year, and as outlined in the approved Fraud Prevention Policy, is illustrated below:

Compliance Status	Senior Managers (#)	%
Compliant	13	100
Non-Compliant	0	0

Compliance Management

The status of Senior Management in compliance with the requirements on declaration of interest has improved and the organisation is compliant with the 35 Acts assessed.

Anti-Fraud and Corruption

No fraud allegations were reported during the 2022/23 financial year. The NCC continues to conduct campaigns to educate and raise awareness about fraud and corruption.

Reputation Building

The NCC recognises the importance of strong media relationships and has pursued such relationships with members of the media, across different platforms. As a result, the NCC receives favourable and free publicity and can communicate its messages through the media at no cost. When there is a story to tell, the NCC issues media statements carrying NCT judgments, high-level investigations, consumer alerts for product recalls, and warnings about scams, pyramid schemes, related schemes, and other issues.

The NCC's frequent interactions with media, timeous responses to consumer-related media inquiries, and monitoring of social media trends ensure that the NCC is responsive and accessible. The NCC strives to strike a balance between traditional media, through which the NCC communicates with the country's most vulnerable consumers, and social media, which provides a means of responding quickly to consumer inquiries and has yielded positive results.

Daily media monitoring allows the NCC to track and respond to media coverage across all mediums and to calculate the Advertising Value Equivalent (AVE) of such coverage. The AVE is the equivalent monetary value of the cost of placing your editorial content as an advertisement.

Through its presence on social media, the NCC can follow-up on trending consumer-related issues ranging from price gouging to alleged CPA violations. As a result, several investigations have emerged and the NCC has avoided possible reputational damage. Once an investigation is complete, the NCC issues consumer warnings if it is found that consumers were dealing with a scam. This has earned the NCC trust and promoted transparency, while building clients confidence in the Commission.

During the period under review, the NCC participated in the following media activities:

- 173 radio interviews with various radio stations (most interviews took place around World Consumer Rights Day (WCRD) on 15 March 2023)
- 20 television interviews
- 168 occurrences of online media coverage 97 radio sound bites
- 116 newspaper articles
- 17 media statements
- 1 opinion piece

Media Statement Summary

The following Media Statement Summaries were compiled for the year under review and provide overviews of NCC's media coverage.

- Product Recalls - L'Oréal Dark and Lovely, Mercedes Benz, Knorr-cup-a-soup, Purity's baby powder, and Gizzu portable power supply,

- High Court Judgment in relation to- Platinum Wheels,
- NCT's decision on Mike's Motors,
- My Droom Troue,
- Investment Scams,
- World Consumer Rights Day (WCRD), and
- The NCC's efforts in curbing the proliferation of non-compliant Clothing, Textile, Footwear and Leather goods, liquidation of Comair and other provisions of the CPA.

Human Resources Matters

The tables below provide an overview of Human Resources matters during the year under review. The table depicts that the appointment of staff and interns exceeded the number of resignations and terminations over the period, which is indicative of a strengthened organisation.

Appointments, Resignations, Retirements, and Terminations

DESCRIPTION	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Appointments	0	0	2	1
Appointment of interns	0	0	11	0
Interns Resignations	1	1	0	1
Resignations	1	1	3	0
Retirements	0	0	0	0
Terminations	0	0	0	0

The following table provides a summary of labour disputes involving the NCC during the year under review. **Labour Relations Issues**

Category	Number
Misconduct cases under investigation	0
Misconduct cases at a disciplinary hearing stage	2
Finalised Disciplinary Hearing	1
Warnings issued	4
Grievances finalised	1
Labour disputes at the CCMA	0
Pending Labour disputes at Labour Court	2

4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no new policy developments or legislative changes with relevance to the NCC during the year under review.

5. STRATEGIC OUTCOME ORIENTED GOALS

The following five (5) strategic objectives were pursued by the NCC during the year under review:

- To provide for accessible and coherent consumer protection,
- To promote a fair marketplace;
- To promote the supply of safe goods to consumers;
- To support transformation of the economy by providing guidance to comply with the CPA; and
- To support industrialisation by combating illegal imports related to Clothing, Textiles, Footwear and Leather (CTFL).

6. PERFORMANCE INFORMATION BY PROGRAMME / ACTIVITY / OBJECTIVE

Programme 1: To Promote Accessible Consumer Protection

Programme 1 contributed to the achievement of the NCC's strategic outcomes by facilitating an environment that enables the resolution of disputes between consumers and suppliers in an expedient, cost-effective, fair, and transparent manner. The functions of this objective were performed by the Legal Division and the Education Compliance and Awareness Division and include:

Regularly monitoring accredited ombud schemes, and
Conducting consumer awareness programmes.

Strategic Objective: To promote a fair marketplace							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023	Comment on Deviations
A fair marketplace	Investigations conducted and reports produced	Percentage of investigations finalised within a predetermined period	Achieved Conducted 94.7% (412 of 435) of approved investigations and produced reports in 102 days	80% of approved investigations conducted and reports with recommendations produced within 90 days	Achieved 97.8% (176 of 180) of approved investigations conducted and reports produced in 62 days 4 investigations pending		Improved planning, in line with new APP target Better use of interns
	Took further enforcement action against non-compliant suppliers	Percentage of further enforcement action taken within a predetermined period	Achieved 100% (166 of 166) of further enforcement action taken against non-compliant suppliers in 90% of approved matters within 45 days of approval	Took further enforcement action against non-compliant suppliers in 90% of approved matters within 40 days of approval	Achieved 100% (30 of 30) further enforcement actions taken against non-compliant suppliers within 40 days of approval	10% variation due to the assessment of investigation reports done simultaneously with the drafting of enforcement papers to be filed at the Tribunal	

Strategic Objective: To promote accessible consumer protection							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023	Comment on Deviations
Accessible Consumer Protection System	Accredited Ombud Scheme/s monitored regularly	Assessment reports on accredited Ombud Schemes approved by the Commissioner	Achieved Assessment Reports on two accredited Ombud Schemes (CGSO and MIOSA) drafted and approved by the Commissioner	Submit assessment reports (one per quarter on each accredited Ombud Scheme) to the Commissioner for approval	Achieved Assessment reports on two accredited Ombud Schemes (CGSO and MIOSA) drafted and approved by the Commissioner	None	
	Consumer Education Programmes conducted	Number of Consumer Education Programmes conducted	Achieved 43 Consumer Awareness Initiatives conducted	36 Consumer Education Programmes conducted	Achieved 60 Consumer Education Programmes conducted	24 additional Consumer Education Programmes were conducted, beyond the target. Provincial Footprint: Eastern Cape: 12 KwaZulu-Natal: 6 Free State: 5 Gauteng: 2 Mpumalanga: 7 Northern Cape: 2 North West: 23 Western Cape: 3	World Consumer Rights Day activities in the North West Province were hosted as a build up to the celebrations on 15 March 2023 and led to an increase in the number of Programmes conducted to build awareness on consumer rights.

Programme 2: To Promote a Fair Marketplace

Programme 2 contributed to the achievement of the NCC's strategic outcomes by ensuring compliance with the CPA and influencing the reform of business practices which are inconsistent with the Act.

The functions in this Programme are performed by the Legal Division and the Enforcement and Investigations Division and include:

- Conducting investigations and producing reports, and
- Taking further enforcement action against non-compliant suppliers.

Programme 3: To Promote the Supply of Safe Goods to Consumers

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

The functions of this Programme are performed by the Enforcement and Investigation Division. The main function is to monitor and administer product recalls.

Strategic Objective: To Promote the supply of Safe Goods to Consumers							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023	Comment on Deviations
Safe goods supplied to consumers	Administered and monitored product recalls	Report on all product recalls and monitoring thereof	Achieved Produced 4 quarterly reports on the administration and monitoring of product recalls	Produce quarterly reports on the administration and monitoring of product recalls	Achieved Produced 4 quarterly reports on the administration and monitoring of product recalls	None	None

Programme 4: To Support Transformation of the Economy by Providing Guidance to Comply with the CPA

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

The functions of this Programme are performed by the Legal and Education Compliance and Awareness Divisions.

Strategic Objective: To promote accessible consumer protection						
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
Compliance with the CPA inculcated	Business Guidance Programmes conducted	Number of Business Guidance Programmes conducted	Achieved 24 Business Guidance Programmes conducted	Conduct 18 Business Guidance Programmes	Achieved 24 Business Guidance Programmes conducted	6 Business Guidance Programmes Conducted above the target Provincial Footprint: Gauteng: 6 North West: 2 Western Cape: 5 Eastern Cape: 3 Northern Cape: 1 KwaZulu-Natal: 4 Limpopo: 1 Free State: 1 Mpumalanga: 1
	Issue explanatory notes or non-binding opinions.	Number of explanatory notes or non-binding opinions issued	Achieved Provided 100% (369 of 369) registered requests for explanatory notes and/or non-binding opinions within an average of 5.6 days	8 explanatory notes or non-binding opinions issued	Achieved 8 explanatory notes or non-binding opinions issued, including 2 in Q1, 2 in Q2, 1 in Q3 and 3 in Q4	Conducted 6 additional Business Guidance Programmes as the NCC introduced new CTFL guidelines that necessitated more sessions with the industry

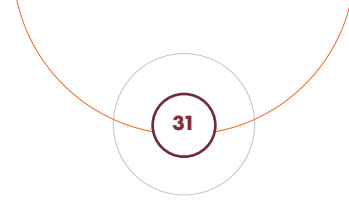
Programme 5: To Combat Illegal Imports Related to CTFL to Support Industrialisation

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 Programme are performed by the Legal Division and the Enforcement and Investigations Division and include:

- Conducting investigations and produce reports, and
- Taking further enforcement action against non-compliant importers.

Strategic Objective: To combat illegal imports related to clothing, textile, footwear and leather (CTFL) to support industrialisation						
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2021/2022	Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement for 2022/2023
The proliferation of illegal exports related to CTFL mitigated	Investigations conducted and reports produced	Percentage of finalised investigations within a predetermined period	N/A	80% of approved investigations conducted and reports with recommendations produced within 20 days	Achieved Conducted 98.4% (181 of 184) of approved investigations and produced reports in 11 days	Import investigations are prioritised and acted on swiftly to mitigate storage costs for importers.
	Took further enforcement action against non-compliant suppliers	Percentage of further enforcement action taken within a predetermined period	N/A	Took further enforcement action against non-compliant suppliers in 90% of approved matters	Achieved 100% (55 of 55) further enforcement actions against non-compliant suppliers were taken within 20 days of approval	Actions against importers are prioritised to mitigate storage costs.



7. REVENUE

The NCC receives its revenue primarily from government grants (84,8%) and services in-kind (15,2%), with most of the remaining income received as interest on investments (2,1%). Revenue in each category for 2022/23 compared to 2021/22 is presented in the table below:

Sources of Revenue	2022/2023		2021/2022	
	Estimate	Actual Amount Collected	Estimate	Actual Amount Collected
Interest received - staff debtors	-	2 027	-	1 463
Other income	-	2 505	-	5 639
Interest received - investment	1 510 154	1 729 524	1 035 000	1 012 341
Government grants	59 388 000	59 388 000	58 505 000	58 505 000
Services in-kind	10 684 018	10 684 018	10 194 674	10 481 197
Total	70 072 018	71 806 074	69 734 674	69 998 538

8. CAPITAL INVESTMENTS

The following table provides an overview of the NCC's capital investments for 2022/23 compared to 2021/22.

Infrastructure projects	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure Error! Bookmark not defined.	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Opt out	1 686 203	1 165 021	521 182	1 925 899	350 000	1 575 899
Total	0	0	0	0	0	0





PART C

GOVERNANCE



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.

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 former Commissioner's term ended on 31 May 2019 and the Deputy Commissioner was appointed to act as Commissioner until a new appointment is made.

The NCC does not have a Board. The Commissioner is the Accounting Authority of the NCC and as such is responsible for all income and expenditure, revenue collected, assets and the discharge of all liabilities, as well as the proper and diligent implementation of the PFMA. Invariably, Parliament, the Executive Authority (the dtic) and the Commissioner are responsible for corporate governance.

The Commissioner may assign management or other duties to employees with appropriate skills to assist 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. Any such delegation, however, does not divest the Commissioner of responsibility for the exercise of any power or performance of any duty.

The Minister of Trade, Industry and Competition, in consultation with the Minister of Finance, determines the Commissioner's and Deputy Commissioner's remuneration, allowances, benefits and other terms and conditions of employment.

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. This is done 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.

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 NCC's annual and quarterly reports. In exercising its oversight function, the Portfolio Committee generally concerns itself with service delivery and enhancing economic growth.

The NCC appeared before the Portfolio Committee and presented its financial and non-financial performance. In all its deliberations with the Parliamentary Committee, the NCC has been open and transparent. In return, the NCC has received substantial guidance and has attended to all concerns raised except for the digitisation of the complaints lodging process. This aspect will be finalised in the first quarter of the 2023/2024 financial year.

3. EXECUTIVE AUTHORITY

Oversight by the Department of Trade, Industry and Competition (Executive Authority) rests by and large, 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.

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 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 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	5
Mr. Ntola Marota	Current	External	MBA, CA (SA), RA, BCom Honours Accounting, B Computations	N/A	14 October 2021	N/A	5
Dr. Adv. Linda Mbana	Current	External	Doctor of Policing, Master Legum in Labour Law, Bachelor of Laws, B-luris	N/A	6 January 2022	N/A	5
Ms. Nontombi Matomela	Current	Ex Officio	BA (Hons) Development Studies	N/A	17 December 2016	N/A	4

5. RISK MANAGEMENT

The NCC has a Risk Management Strategy, Risk Management Policy, Risk Management Implementation Plan and Risk Assessment Methodology. 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. The Strategy and action plans were approved by the Accounting Authority. All risks were entered into a Risk Register and were monitored regularly and reported at the Risk Committee and the Audit and Risk Committee meetings, as well as at management meetings. Significant progress has been made in addressing identified risks. The NCC appointed an independent risk management committee chairperson for the 2022/2023 financial year.

6. INTERNAL CONTROL UNIT

The purpose of NCC's Internal Audit function is to assist the Accounting Authority in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

The NCC has outsourced the Internal Audit function. Internal Audit, in consultation with and the approval of the Audit and Risk Committee, has prepared and submitted the following:

- a rolling three-year strategic Internal Audit Plan based on its assessment of key areas of risk for the institution, having regard to its current operations, those proposed in its strategic plan and its risk management strategy.
- an annual Internal Audit Operations Plan for the first year of the rolling three-year strategic Internal Audit Plan.
- plans indicating the proposed scope of each audit in the Annual Internal Audit plan; and
- reports to the Audit and Risk Committee detailing its performance against the Annual Internal Audit Plan, to allow effective monitoring and possible intervention.

Internal Audit reports administratively to the Accounting Authority and functionally to the Audit and Risk Committee. The function is independent of activities that are audited, with no limitation on its access to information. The controls that were subject to evaluation by Internal Audit encompassed, amongst others, the following activities:

- Human Resource Management
- Information Communication Technology
- Audit of Pre-Determined Objectives
- Legal Services
- Enforcement and Investigations
- Advocacy, Education and Awareness
- Supply Chain Management and Contract Management
- Financial Management (Annual Division of Revenue Audit)

Internal Audit also followed up on (where feasible) previous External Audit findings that were reported by Management as resolved.

7. 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.

8. 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. To promote fraud prevention, a whistleblowing policy is in place which makes provision for employees to make confidential disclosures about suspected fraud and corruption.

9.1. 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 and adjudicating committee meetings.

9.2. 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.

9. 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).

10. COMPANY SECRETARY

Mr. Joseph Velaphi Selolo is the NCC's Company Secretary. He is responsible for strategic planning, monitoring and evaluation, governance, and risk.

11. AUDIT COMMITTEE REPORT

Audit and Risk Committee (ARC) Responsibility

In line with its strategic commitment to be a well-governed entity, the NCC strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit and Risk Committee ("ARC"). We present the ARC report for the financial year ended 31 March 2023.

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 2023, the ARC conducted and/or reviewed the following:

- Separate meetings with all assurance providers;
- Quarterly Financial Statements and Performance Reports;
- Enquired about the capacity and qualifications within the Finance function;
- Unaudited Annual Financial Statements before submission to the External Auditors ("EA");
- The Annual Report and report on predetermined objectives prior to submission to the EA;
- The appropriateness of Accounting Policies and Procedures;
- The 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 strategic three-year plan and annual operational plan;
- The IA reports and outcomes; and
- The EA report and audit opinion.

The ARC held five (5) 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	5
Mr Ntona Marota	External	Member	5
Dr. Adv. Linda Mbana	External	Member	5
Ms Nontombi Matomela	External	the dtic representative	4

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 the previous financial periods. Management is encouraged to maintain and where possible enhance management controls over the internal control, risk, accounting, and compliance functions.

The ARC notes the termination of the previous IA provider and the appointment of the new IA service provider. Further, the ARC has reviewed the NCC's implementation plan for both the IA and EA audit findings previously reported and noted management's implementation plan of mitigating strategies for other reported weaknesses, specifically within the ICT function.

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

- Monitoring of certain projects; and
- Management oversight on certain projects.

Internal Control Weaknesses

The follow-up by IA of internal control processes indicated that management was not timeously implementing corrective action to address all the control weaknesses identified. Also, the speed of implementation and conclusivity of testing of the opt-out register delayed its' productionisation.

The ARC notes the overall and continuous improvement in the implementation of many mitigating strategies and related processes and encourages management to maintain this momentum.

Evaluation of Financial Statements

The ARC reviewed the Annual Financial Statements (AFS) pre and post-external audit and discussed the 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 but broad attention should be focused on the risk management function.

Internal Audit Effectiveness

IA, within the combined assurance framework, forms part of the third line of defence and engages with the first and second lines of defence to facilitate the escalation 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 and Risk management.

The ARC is satisfied with the independence of the IA activity.

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 the implementation of corrective action of previously reported Audit Findings.

Depicted below is a summary of the nine (9) audits completed and the number of related findings reported by IA in the year under review:

Type of Audit	Number
Compliance Audits	4
Performance Audits	0
IT Audits	1
Performance Information Audits (3 divisions)	4
Follow-ups: Compliance Audits, Performance Information Audits, and IT Audits	N/A
Total	9

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 the National Treasury.

Risk Management

An internal Risk Management Committee ("RMC") monitors and oversees the strategic and operational risks throughout the NCC and reports quarterly results at the ARC meetings. The ARC notes that the RMC Chairperson resigned in the financial year and the NCC is in the process of appointing a new chairperson.

Risks, including emerging risks, preventing the NCC from achieving its objectives were identified and prioritised based on their likelihood and impact, both on an inherent and residual basis. Accordingly, mitigation strategies were developed to reduce such risks to acceptable levels. 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

An enquiry on the state of the Finance function indicated that the function needs minor improvement through upskilling for it to remain constant in the application of changes within the classification of some line items.

Conclusion

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

The ARC wishes to express its sincere appreciation to the 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

Date: 18 August 2023

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table provides B-BBEE compliance information as per the reporting requirements set out by National Treasury.


Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	Until 31 January 2023, scores were awarded on the basis on B-BBEE certificates. The policy was reviewed to focus on specific goals from February 2023. The specific goals were developed to promote the spirit of the B-BBEE Act, and Preferential Procurement Regulations, 2022.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	YES	
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for partnering with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	



PART D

HUMAN RESOURCE MANAGEMENT



The following table provides human resource oversight statistics for the NCC during the 2022/23 financial year. Statistics are provided by Programme, employment type and level within the organisation.

1. HUMAN RESOURCES OVERSIGHT STATISTICS (2022/23)

The following table provides human resource oversight statistics for the NCC during the 2022/23 financial year. Statistics are provided by Programme, employment type and level within the organisation.

Personnel cost by programme

Programme	Total Personnel Budget	Personnel Expenditure	Personnel Exp. as a % of Total Exp.	No. of Employees	Average Personnel Cost per Employee
Administration	21 255 539	20 365 720	44%	36	565 714
Programme 1	4 830 805	4 792 365	10%	8	599 046
Programme 2	4 830 805	4 542 767	10%	9	505 752
Programme 3	17 390 896	16 721 760	36%	45	371 595
TOTAL	48 308 045	46 422 611	100%	98	473 700

Personnel cost by salary band level

Level	Total Personnel Budget	Personnel Expenditure	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
Top Management	1 932 322	2 038 996	4%	1	2 038 996
Senior Management	15 941 655	15 520 588	33%	14	1 108 613
Professionally qualified	17 390 896	16 555 535	36%	26	636 751
Skilled	3 864 644	3 707 852	8%	10	370 785
Semi-skilled	8 212 368	7 741 979	17%	32	241 937
(Interns)	966 160	857 660	2%	15	57 177
TOTAL	48 308 045	46 422 611	100%	98	544 976

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

Programme	Total Personnel Budget	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Cost
Administration	21 255 539	0	0	0
Programme 1	4 830 805	0	0	0
Programme 2	4 830 805	0	0	0
Programme 3	17 390 896	0	0	0
TOTAL	48 308 045	0	0	0

Training costs

Directorate/ Business Unit	Total Personnel Budget	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Average Training Cost per Employee
All Directorates	48 308 045	150 230	3,2%	38	3 953
TOTAL	48 308 045	150 230	3,2%	38	3 953

2. EMPLOYMENT AND VACANCIES

Programme	No. of Employees 2021/2022	Approved / Funded Posts 2021/2022	Vacancies 2021/2022	No. of Employees 2022/2023	Vacancies 2022/2023	% of Vacancies
Top Management	1	2	1	1	0	0%
Senior Management	12	13	0	13	0	0%
Professional Qualified	24	25	2	23	1	1,3%
Skilled	9	9	0	9	0	0%
Semi-Skilled	29	30	1	26	2	2,6%
TOTAL	75	79	4	72	3	3,9%

Employment and vacancies by programme

Programme	No. of Employees 2021/2022	Approved / Funded Posts 2021/2022	Vacancies 2021/2022	No. of Employees 2022/2023	Approved / Funded Posts 2022/2023	Vacancies 2022/2023	% of Vacancies
Administration	30	32	2	30	31	1	1,3%
Programme 1 & 4	6	6	0	6	6	0	0%
Programme 2	7	7	0	7	7	0	0%
Programme 3 & 5	31	34	3	29	31	2	2,6%
Total	74	79	5	72	75	3	3,9%

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	1	0	13
Professional Qualified	24	1	3	23
Skilled	9	1	1	9
Semi-Skilled	28	0	1	26
TOTAL	74	3	5	72

Reasons for leaving

Reason	% of Total No. of Staff Leaving	Number
Death	0%	0
Resignation	11%	8
Dismissal	0%	0
Retirement	0%	0
Ill-Health	0%	0
Contract Expiry	0%	0
Other	0%	0
TOTAL	11%	8



PART E

FINANCIAL INFORMATION



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 background features a series of concentric circles and arcs in shades of beige and cream. Scattered around these are several circular icons: a person with a shopping bag, a shopping cart, a credit card, and a shopping bag with a checkmark. The central text is contained within a white circular area.

NATIONAL CONSUMER COMMISSION

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Public Entity established in terms of Section 85 of the Consumer Protection Act No.68 of 2008 Public Entity in terms of Schedule 3A of the PFMA
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	T. Mabuza
Registered office	SABS Campus Building C 1 Dr Lategan Road Groenkloof Pretoria 0027
Business address	SABS Campus Building C 1 Dr Lategan Road Groenkloof Pretoria 0027
Postal address	P.O Box 36628 Menlo Park 0102
Bankers	Nedbank Ltd
Auditors	Rain Chartered Accountants Inc Registered Auditors
Secretary	Joseph Selolo

INDEX

The reports and statements set out below comprise the annual financial statements presented to the Accounting Authority:

	Page
Accounting Authority’s Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8
Accounting Policies	9 - 20
Notes to the Annual Financial Statements	21 - 41

ABBREVIATIONS USED

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent auditor's report to the Parliament of South Africa on the National Consumer Commission

Opinion

1. We have audited the financial statements of the National Consumer Commission set out on pages 58-94, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended 31 March 2023, 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 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (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 public 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)*.

Other matters

5. We draw attention to the matter below. Our opinion is not modified in respect of this matter.

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

6. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in either the annual report or the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 28 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the National Consumer Commission. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of the National Consumer Commission. We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of accounting authority for the financial statements

7. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public 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

9. 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

11. 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.
12. We selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Objective
Programme 1- To promote accessible consumer protection	26-28	To promote accessible consumer protection system
Programme 4- To support the transformation of the economy by providing guidance to comply with the CPA	30	To support transformation of the economy by providing guidance to comply with the CPA

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

Report on the audit of compliance with legislation

17. 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 public entity's compliance with legislation.
18. 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.
19. 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 public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
20. We did not identify any material non-compliance with the selected legislative requirements.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
22. 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.
23. 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.
24. If based on the work we have 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

25. 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.
26. We did not identify any significant deficiencies in internal control.

Auditor tenure

27. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAiN Chartered Accountants has been the auditor of the National Consumer Commission for 5 years.



RAiN Chartered Accountants Incorporated

Chartered Accountants (SA)

Registered Auditor

Per: I.E. Pierce

Johannesburg

31 July 2023



ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public 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 type of public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. 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 public 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 a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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)(a)(iv); 51(1)(b)(i); 51(1)(b)(iii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56(1); 56(2); Section 57(b); Section 66(3)(c'); 66(5)
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 Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A.7.1; 16A.7.3; TR 16A.7.6; TR 16A.7.716A8.2 (1) and (2); 16A 8.3; 16A8.3(d); 16A 8.4; 16A9; 16A9.1 16A9.1 (b)(ii); 16A9.1 (c); 16A 9.1 (d); 16A 9.1 (e); 16A9.1 (f); 16A9.2; 16A 9.2(a)(ii); 16A9.2(a)(iii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.7(a) Regulation 31.2.1; 31.3.3 Regulation 32.1.1 (a); 32.1.1 (b); 32.1.1 (c) Regulation 33.1.1; 33.1.3
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 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 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
Legislation	Sections or regulations
NT instruction note 4 of 2015/16	Paragraph 3.4
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4 (a); 4.4(c); 4.4(d) Paragraph 5.4
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 1 of 2021/22	Paragraph 4.1
Erratum NTI 5 of 2020/21	Paragraph 1 Paragraph 2
Public service regulation	Public service regulation 18; 18 (1) and (2);
PRECCA	Section 34(1)
CIDB Act	Section 18(1)
CIDB Regulations	CIDB regulation 17 & 25(7A)

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.

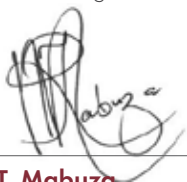
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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 she 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's environment 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 year to 31 March 2024 and, in the light of this review and the current financial position, she 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 page 58, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2023 and were signed on its behalf by:



T. Mabuza
Acting Commissioner

STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

Figures in Rand

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	21,029	82,311
Receivables from non-exchange transactions	4	506,615	1,084,776
Prepayments	5	1,762,326	1,585,175
Cash and cash equivalents	6	16,852,496	13,194,095
		19,142,466	15,946,357
Non-Current Assets			
Property, plant and equipment	7	10,003,527	11,427,411
Intangible assets	8	5,259,344	4,127,641
Prepayments	5	183,884	1,666,760
		15,446,755	17,221,812
Total Assets		34,589,221	33,168,169
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	2,305,755	2,631,565
Provisions	10	1,995,702	1,529,002
		4,301,457	4,160,567
Total Liabilities		4,301,457	4,160,567
Net Assets		30,287,764	29,007,602
Accumulated surplus		30,287,764	29,007,602
Total Net Assets		30,287,764	29,007,602

STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated *
Revenue			
Revenue from exchange transactions			
Interest on debtors		2,027	1,463
Other income		2,505	5,639
Interest received - bank accounts	11	1,729,524	1,012,341
Total revenue from exchange transactions		1,734,056	1,019,443
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	12	59,388,000	58,505,000
Services in kind	13	10,684,018	10,194,677
Total revenue from non-exchange transactions		70,072,018	68,699,677
Total revenue	14	71,806,074	69,719,120
Expenditure			
Employee related costs	15	(47,001,431)	(45,471,679)
Penalties and Interest	16	-	(5,430)
Depreciation and amortisation	17	(1,814,019)	(986,826)
Repairs and maintenance	18	(142,862)	(145,762)
Debt impairment	19	(23,485)	(12,111)
Loss on disposal of assets and liabilities		(10,881)	(76,982)
General expenses	20	(21,533,232)	(24,119,492)
Total expenditure		(70,525,910)	(70,818,282)
Surplus (deficit) for the year		1,280,164	(1,099,162)

STATEMENT OF CHANGES IN NET ASSETS

as at 31 March 2023

Figures in Rand

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	29,576,593	29,576,593
Adjustments		
Prior year adjustments; refer to note 26	530,171	530,171
Balance at 01 April 2021 as restated*	30,106,764	30,106,764
Changes in net assets Surplus for the year	(1,099,162)	(1,099,162)
Total changes	(1,099,162)	(1,099,162)
Opening balance as previously reported	29,493,892	29,493,892
Adjustments		
Prior year adjustments 26	(486,292)	(486,292)
Balance at 01 April 2022 as restated*	29,007,600	29,007,600
Changes in net assets Surplus for the year	1,280,164	1,280,164
Total changes	1,280,164	1,280,164
Balance at 31 March 2023	30,287,764	30,287,764

CASH FLOW STATEMENT

as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated *
Cash flows from operating activities			
Receipts			
Grants		59,388,000	58,505,000
Interest income		1,724,192	1,014,564
		61,112,192	59,519,564
Payments			
Employee costs		(46,663,012)	(46,527,999)
Suppliers		(9,601,065)	(14,727,456)
		(56,264,077)	(61,255,455)
Net cash flows from operating activities	22	4,848,115	(1,735,891)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(367,700)	(10,095,413)
Purchase of other intangible assets	8	(822,014)	(2,450,000)
Net cash flows from investing activities		(1,189,714)	(12,545,413)
Net increase/(decrease) in cash and cash equivalents		3,658,401	(14,281,304)
Cash and cash equivalents at the beginning of the year		13,194,095	27,475,399
Cash and cash equivalents at the end of the year	6	16,852,496	13,194,095

The accounting policies on pages 63-74 and the notes on pages 75-94 form an integral part of the annual financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

as at 31 March 2023

Budget on Accrual Basis

Figures in Rand

	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						
Interest on debtors	-	-	-	2,027	2,027	
Other income	-	-	-	2,505	2,505	
Interest received - bank accounts	2,177,000	(666,846)	1,510,154	1,734,056	219,370	29.1
Total revenue from exchange transactions	2,177,000	(666,846)	1,510,154	1,734,056	223,902	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	59,388,000	-	59,388,000	59,388,000	-	
Services in kind	10,684,018	-	10,684,018	10,684,018	-	
Total revenue from non- exchange transactions	70,072,018	-	70,072,018	70,072,018	-	
Total revenue	72,249,018	(666,846)	71,582,172	71,806,074	223,902	
Expenditure						
Employee related costs	(47,736,240)	(571,805)	(48,308,045)	(47,001,431)	1,306,614	29.2
Depreciation and amortisation	(708,644)	708,644	-	(1,814,019)	(1,814,019)	29.3
Repairs and maintenance	(152,860)	-	(152,860)	(142,862)	9,998	
Debt Impairment	-	-	-	(23,485)	(23,485)	
General Expenses	(22,301,273)	(2,801,459)	(25,102,732)	(21,533,232)	3,569,500	29.4
Total expenditure	(70,899,017)	(2,664,620)	(73,563,637)	(70,515,029)	3,048,608	
Operating surplus	1,350,001	(3,331,466)	(1,981,465)	1,291,045	3,272,510	
Loss on disposal of assets and liabilities	-	-	-	(10,881)	-(10,881)	-
Surplus/ (Deficit) for the year	1,350,001	(3,331,466)	(1,981,465)	1,280,164	3,261,629	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1,350,001	(3,331,466)	(1,981,465)	1,280,164	3,261,629	

The adjustments are a result of a reallocations within the budget and inclusion of items funded through retained surpluses as granted by National Treasury.

ACCOUNTING POLICIES

as at 31 March 2023

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed 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 according 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 receivables, held to maturity investments and loans and 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.

ACCOUNTING POLICIES

as at 31 March 2023

1.3 Significant judgements and sources of estimation uncertainty

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 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 10 - 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.

ACCOUNTING POLICIES

as at 31 March 2023

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	3- 12 years
Office equipment	Straight-line	3- 12 years
Computer equipment	Straight-line	3- 12 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 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.

ACCOUNTING POLICIES

as at 31 March 2023

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.

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.

ACCOUNTING POLICIES

as at 31 March 2023

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

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 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.

ACCOUNTING POLICIES

as at 31 March 2023

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

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
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

Payables from exchange transaction

Category

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.

ACCOUNTING POLICIES

as at 31 March 2023

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.

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 of 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.

ACCOUNTING POLICIES

as at 31 March 2023

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 recognises 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.

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.

ACCOUNTING POLICIES

as at 31 March 2023

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.

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 an NCC has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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.

ACCOUNTING POLICIES

as at 31 March 2023

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 NCC, 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.

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.

Services in-kind

Except for financial guarantee contracts, the NCC recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the NCC and the fair value of the assets can be measured reliably.

ACCOUNTING POLICIES

as at 31 March 2023

Where services in-kind are not significant to the NCC's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the NCC disclose the nature and type of services in-kind received during the reporting period.

1.13 Employee benefits

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

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

Short-term employee benefits include items such as:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the 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; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The 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.

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.

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 01/04/2022 to 31/03/2023.

ACCOUNTING POLICIES

as at 31 March 2023

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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 2023 or later periods:

	Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
ÿ	GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
ÿ	Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact
ÿ	GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
ÿ	iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
ÿ	GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

3. Receivables from exchange transactions

	2023	2022
Accrued interest income	10,928	5,597
Third party receivables	-	73,985
Other debtors	10,101	2,729
	21,029	82,311

4. Receivables from non-exchange transactions

	2023	2022
Services in kind	10,928	5,597
Staff debtors	80,708	46,073
Provision for impairment	(23,485)	-
	506,615	1,084,776

Receivables from non-exchange transactions

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

5. Prepayments

	2023	2022
Prepayments	1,762,326	1,585,175
Prepayment- Non-current	183,884	1,666,760
	1,946,210	3,251,935

Prepayments, both current R1 762 326; (2022: R1 585 175) and non-current R183 884; (2022: R1 666 760) mainly relate to software licenses acquired by the National Consumer Commission to ensure the functioning of the ICT Infrastructure finalised in the 2021/2022 financial year. Most of the software licenses are for a period of three years and are expensed on a monthly basis as the licenses are utilised.

6. Cash and cash equivalents

	2023	2022
Cash and cash equivalents consist of:		
Cash on hand	751	2,182
Bank balances	1,157,577	1,154,208
Short-term deposits	15,694,168	12,037,705
	16,852,496	13,194,095

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

7. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2,497,901	(1,830,294)	667,607	2,497,901	(1,676,231)	821,670
Office equipment	411,819	(334,263)	77,556	411,819	(292,517)	119,302
Computer equipment	13,526,474	(4,268,110)	9,258,364	13,380,905	(2,894,466)	10,486,439
Total	16,436,194	(6,432,667)	10,003,527	16,290,625	(4,863,214)	11,427,411

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	821,670	-	-	(154,063)	667,607
Office equipment	119,301	-	-	(41,745)	77,556
Computer equipment	10,486,439	367,700	(10,882)	(1,584,893)	9,258,364
	11,427,410	367,700	(10,882)	(1,780,701)	10,003,527

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Furniture and fixtures	1,013,874	-	(36,864)	-	(155,340)	821,670
Office equipment	189,411	-	(3,398)	-	(66,711)	119,302
Computer equipment	961,049	330,837	(36,722)	9,962,732	(731,457)	10,486,439
Work in progress	8,331,565	1,631,167	-	(9,962,732)	-	-
	10,495,899	1,962,004	(76,984)	-	(953,508)	11,427,411

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 included in statement of financial performance	1,762,326	1,585,175
Computer equipment - Contact centre system	142,862	145,762

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Intangible assets under development	5,235,021	-	5,235,021	4,070,000	-	4,070,000
Computer software	100,000	(75,677)	24,323	100,000	(42,359)	57,641
Total	5,335,021	(75,677)	5,259,344	4,170,000	(42,359)	4,127,641

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

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	3,720,000	350,000	-	4,070,000
Computer software	90,959	-	(33,318)	57,641
	3,810,959	350,000	(33,318)	4,127,641

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 2023/24 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

9. Payables from exchange transactions

	2023	2022
Trade payables	451,356	937,610
Accrued expense	1,150,272	1,114,493
Salary control account	132,438	105,726
Medical aid control account	14,078	6,114
Third party payments	29,898	5,942
Service bonus	527,713	461,680
	2,305,755	2,631,565

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.

10. Provisions

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

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	1,671,115	4,020,024	(4,213,011)	-	1,478,128
Provision for Workmen's Compensation	57,569	50,874	(37,328)	(20,241)	50,874
	1,728,684	4,070,898	(4,250,339)	(20,241)	1,529,002

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.

11. Interest Received- Bank Accounts Interest revenue

Interest revenue

	2023	2022
Bank accounts and short-term deposits	1,012,341	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

12. Government grants & subsidies

Operating grants

Department of Trade, Industry and Competition

2023	2022
59,388,000	58,505,000

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 2023 is R59 388 000.

13. Services in kind

South African Bureau of Standards

10,194,677

2023	2022
10,684,018	10,194,677

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, the consideration was paid directly from dtic. The market related value of the accommodation and related cost was R10 684 018 (2022: R10 194 677). The SABS and the NCC are entities within the dtic group.

14. Revenue

Interest on debtors
Other income
Interest received - bank accounts
Government grants & subsidies
Services in kind

2023	2022
2,027	1,463
2,505	5,639
1,729,524	1,012,341
59,388,000	58,505,000
10,684,018	10,194,677
71,806,074	69,719,120

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

Interest on debtors
Other income
Interest received - bank accounts

2023	2022
2,027	1,463
2,505	5,639
1,729,524	1,012,341
1,734,056	1,019,443

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

Transfer revenue
Government grants & subsidies
Services in kind

2023	2022
59,388,000	58,505,000
10,684,018	10,194,677
70,072,018	68,699,677

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

An amount of R2 505 reflected as other income consists mainly of recoveries from staff for excess use of telephone. The NCC also calculates interest on some of the outstanding debts. Interest to the value of R2 027 was accrued in the 2022/23 financial year.

The NCC also invests funds not immediately required in the Corporation for Public Deposits and the Current Account. Interest to the value of R1 729 524 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 R59 388 000 was received for the financial year. The NCC also occupies premises which belong to the SABS. The rental is paid directly by the dtic to the SABS. An amount of R10 684 018 (2023; R10 194 677) represents the value of services received from the SABS paid for by the dtic.

15. Employee related costs

	2023	2022
Salaries	39,401,189	37,139,669
Service bonus	2,227,241	2,100,840
Medical aid contributions	373,600	457,030
UIF contributions	162,666	155,306
Discretionary payments	-	1,199,950
Leave pay provision charge	552,969	(192,987)
Leave payout	118,249	402,093
Overtime payments	19,885	36,745
Employer pension contributions	4,102,002	4,142,400
Workmen's compensation contributions	43,630	30,633
	47,001,431	45,471,679

16. Penalties and Interest

	2023	2022
South African Revenue Services	-	5,430

17. Depreciation and amortisation

	2023	2022
Property, plant and equipment	1,780,701	953,508
Intangible assets	33,318	33,318
	1,814,019	986,826

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. Repairs and Maintenance

Contact centre system

2023	2022
142,862	145,762

19. Debt impairment

Contributions to debt impairment provision
Bad debts written off

2023	2022
23,485	-
-	12,111
23,485	12,111

The provision for debt impairment indicates the possibility of non-collectability of the debt. This amount relates to the amount owing by a former employee. The court was approached to grant default judgement on the matter. The judgement has however not been secured.

20. General expenses

Advertising
Auditors remuneration
Bank charges
Cleaning
Computer expenses
Consulting and professional fees
Consumables
Postage & courier services
Office rental
Communication costs
Insurance
Printing and stationery
Audit committee fees
Software expenses
Security services
Subscriptions and membership fees
Training
Travel - local
Publications
Water and electricity
Lease payments: Printers and copiers
Venue and facilities

2023	2022
589,689	1,001,511
1,133,597	1,612,085
33,877	31,196
382,124	364,622
2,807,593	3,632,527
1,371,167	3,436,178
430,038	143,710
25,840	7,586
5,688,837	5,428,280
669,416	640,739
59,643	-
219,679	228,741
415,540	440,079
2,188,479	2,422,965
726,385	693,115
30,107	36,353
201,062	119,460
2,285,368	1,817,647
-	88,436
2,030,356	1,937,363
155,324	36,899
89,111	-
21,533,232	24,119,492

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

21. Auditors' remuneration

	2023	2022
External audit fees	976,847	1,333,634
Internal audit fees	156,750	278,451
	1,133,597	1,612,085

22. Cash generated from (used in) operations

	2023	2022
Surplus (deficit)	1,280,164	(1,099,162)
Adjustments for:		
Depreciation and amortisation	1,814,019	986,826
Loss on disposal of assets	10,881	76,982
Debt impairment	23,485	12,111
Movements in provisions	466,700	(199,682)
Changes in working capital:		
Receivables from exchange transactions	61,282	(15,267)
Provision for impairment and debts written off	(23,485)	(12,112)
Other receivables from non-exchange transactions	578,161	(195,646)
Prepayments	1,305,725	(2,712,485)
Payables from exchange transactions	(325,810)	(8,810,868)
Adjustment for accrued capital expenditure	(343,007)	10,233,412
	4,848,115	(1,735,891)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

23. Financial instruments

Categories of financial instruments

2023

Financial assets

Cash and cash equivalents
Accrued interest income

At amortised cost	Total
16,852,496	16,852,496
10,928	10,928
16,863,424	16,863,424

Trade and other payables from exchange transactions

At amortised cost	Total
2,305,755	2,305,755

2022

Financial assets

Cash and cash equivalents
Accrued interest

At amortised cost	Total
13,194,095	13,194,095
5,597	5,597
13,199,692	13,199,692

Financial liabilities

Trade and other payables from exchange transactions

At amortised cost	Total
2,631,565	2,631,565

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

24. Commitments

Authorised capital expenditure

Approved or already contracted for

•	Property, plant and equipment
•	Intangible assets

2023	2022
1,244,271	188,737
1,670,766	1,575,899
2,915,037	1,764,636
2,915,037	1,764,636
16,002,271	7,029,597
16,002,271	7,029,597
2,915,037	1,764,636
16,002,271	7,029,597
18,917,308	8,794,233

Total capital commitments

Approved or already contracted for
Authorised general expenditure

Already contracted for

- General Expenditure

Total operational commitments

Approved or already contracted for

Total commitments

Total commitments

Authorised capital expenditure
Authorised general expenditure

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

Commitments for general expenditure were previously shown at a figure of R2 343 787 in the 2022 financial statements. The amount has been restated to an amount of R7 029 597. The difference relates to a reclassification of ICT support and maintenance costs on the back-end infrastructure project which were previously accounted for under capital commitments. A closer review of the contract indicated that part of the costs related to the implementation of the infrastructure and the balance relates to post implementation support.

It was further noted that a commitment for intangible assets was erroneously disclosed as a commitment for items of property, plant and equipment. This error does not affect the total balance for capital commitments. Management has therefore corrected the error by way of a re-classification in the prior year.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

2023	2022
189,811	10,270
126,541	-
316,352	10,270

Operating lease payments represent rentals payable by the NCC for some of its office equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

25. Related parties

Members of Key Management

Department of Trade, Industry and Competition (dtic)
 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
 National Empowerment Fund
 South African National Accreditation System
 Export Credit Insurance Corporation of South Africa
 Competition Tribunal
 Industrial Development Corporation
 Competition Commission
 International Trade Administration Commission
 National Regulator for Compulsory Specifications

Members of Executive Management Relationships

Parent Department
 Member of dtic group
 Member of dtic group
 Member of dtic group
 Member of dtic group
 Member of dtic group
 Member of dtic group
 Member of dtic group
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 Member of dtic group

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 included in Trade Receivable (Trade Payable) regarding related parties

	2023	2022
South African Bureau of Standards	449,392	1,325,223

The NCC has entered into a lease agreement with the SABS for the rental of property and related services. The SABS receives a grant directly from the dtic for funding of property rental and related services. Where the SABS did not provide services equivalent to the grant received, the NCC has the right to receive a cash refund from the SABS.

Related party transactions

	2023	2022
Transfer Payment Received		
Department of Trade, Industry and Competition (dtic)	59,388,000	58,505,000
Services in kind (Revenue)		
South African Bureau of Standards	10,684,018	10,481,193
Services in kind/ transactions not at arm's length (Expenditure)		
South African Bureau of Standards	(10,234,626)	(10,481,193)

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 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. The market related value of the accommodation and related services is R10 234 625.88 (2022: R10 481 193). The SABS and the NCC are entities within the dtic group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Remuneration of key management

Audit and Risk Committee Members

2023

Name	Number of meetings attended	Committee fees	Other benefits received	Total
Ms N. Matomela	5	1	1	1
Mr N. Marota	7	120,388	1,000	121,388
Adv L. Mbana	7	121,883	2,108	123,991
Mr F. Docrat (Chairperson)	8	173,299	3,140	176,439
	-	415,571	6,249	421,819

2022

Name	Number of meetings attended	Committee fees	Other benefits received	Total
Ms S. Sekgobela (Chairperson)*	3	140,358	2,000	142,358
Ms R. Kenosi**	4	88,993	1,500	90,493
Adv S. Kholong*	3	58,276	1,000	59,276
Ms N. Matomela (Ex Officio Member)	5	-	-	-
Mr N. Marota***	2	62,136	1,793	63,929
Adv L. Mbana****	2	23,301	135	23,436
Mr F. Docrat (Chairperson)	2	67,016	1,716	68,732
	-	440,080	8,144	448,224

* Ms S. Sekgobela and Adv S. Kholong's terms of office ended on 6th October 2021.

** Ms R. Kenosi's term of office expired on 19th January 2022.

*** The member was appointed with effect from 14 October 2021

**** The member was appointed with effect from 06 January 2022.

Executive management

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.M. Moshidi – Chief Financial Officer and Head of Corporate	980,091	126,964	308,992	1,416,047
Services				
P. Moilwa – Head Enforcement and Investigations	907,234	108,314	396,063	1,411,611
P. Mlungu – Head Advocacy, Education and Investigations	838,651	108,314	463,838	1,410,803
J. Mbeje – Head of Legal Division	979,875	117,300	218,880	1,316,055
	6,199,559	738,710	1,991,625	8,929,894

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2022

Name	Basic Salary	Pension Contribution	Other payments received	Total
T. Mabuza	1,426,618	155,981	400,009	1,982,608
J. Selolo – Company Secretary	980,244	113,858	302,628	1,396,730
A. Van der Merwe – Chief Financial Officer and Head of Corporate Services*	169,408	22,023	214,812	406,243
P.M. Moshidi – Chief Financial Officer and Head of Corporate Service **	583,886	75,905	195,898	855,689
P. Moliwa – Head Enforcement and Investigations	808,739	105,136	469,241	1,383,116
P. Mlungu – Head Advocacy, Education and Investigations	808,739	105,136	471,225	1,385,100
J. Mbeje – Head of Legal Division	875,828	113,858	300,018	1,289,704
	5,653,462	691,897	2,353,831	8,699,190

* A. Van der Merwe retired on 31 May 2021.*

* P. Moshidi was appointed on 1 August 2021.

There were no bonuses and/or performance related payments during the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

26. Prior period errors

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

Statement of financial position

2022

Note	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions	1,351,961	(267,185)	1,084,776
Property, plant and equipment	11,415,292	12,119	11,427,411
Payables from exchange transactions	(2,400,340)	(231,225)	(2,631,565)
	10,366,913	(486,291)	9,880,622

Statement of financial performance

2022

Note	As previously reported	Correction of error	Restated
Services in kind	10,481,196	(286,519)	10,194,677
Employee related costs	(45,464,544)	(7,135)	(45,471,679)
Loss on disposal of assets	(94,301)	17,319	(76,982)
Depreciation and amortisation	(981,625)	(5,201)	(986,826)
General expenditure	(23,384,565)	(734,928)	(24,119,493)
Surplus for the year	(59,443,839)	(1,016,464)	(60,460,303)

Errors

The following prior period errors adjustments occurred:

Statement of financial position

Receivables from non-exchange transactions

During the year ended 31 March 2023, it was identified that an employee of the organisation was overpaid from assumption of duty. A process is underway to determine the root cause. A portion of the overpayment as it relates to the 2021/22 financial year is an amount of R19,334 and has been recognised as a receivable.

Included in receivables from non-exchange transactions in the 2021/22 financial year was an amount of R1 325 22 which related to services paid for by the dtic on behalf of the NCC but services were not rendered by the SABS. Upon collection of the receivable, the SABS identified some services to the value of R286,519 for services received by the NCC during the 2021/22 financial year which were not part of the transfer made by the dtic. The SABS therefore recouped the value of those services from the receivable and re-imbursed the NCC the remainder of the balance.

Property, plant and equipment

The amount of the adjustment is due to the inclusion in the records of the costs, accumulated depreciation and subsequent depreciation of assets previously disposed but were brought back into use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Payables from exchange transactions

The adjustment of R734 927 was processed to restate the prior year balance for accruals. One of the service providers submits the invoice on a quarterly basis. This resulted in accruals for two months of 2021/22 financial year being omitted as the invoices were only received some time after the end of the 2022/23 financial year.

A reconciliation of the medical aid control account identified an amount of R5 302 to have been overstated in the previous financial year. This was due to medical aid contributions refunded to employees due to various reasons such as a cancellation of medical aid whereas the respective employer contribution was not reversed. The correction led to a reduction in accounts payable.

Staff service bonuses for level 1 to 10 (employees other than management) were previously accounted for as a payable in the statement of financial position. However, employees on salary level 1 to 10 are only entitled to a service bonus when they have completed a period of twelve months within the NCC. An amount of R498 400 was therefore reclassified as contingent liability and removed from accounts payable.

Statement of financial performance

Services in kind

A recoupment or recovery was made by SABS against the balance of the receivable owing to the NCC by SABS. This was due to the fact that the NCC received services that were not covered by the transfer made to the SABS by the dtic. A reduction in the accounts receivable also led to the decrease in revenue (services in kind) previously recognised.

Employee related costs

A net adjustment of R26 469 was processed for employees' service bonuses for employees at level 1 to 10 (employees other than management) due to the reclassification of service bonus from liabilities to contingencies.

As indicated under receivables from non-exchange transactions above, an overpayment of R19 334 pertaining to salaries was discovered and therefore receivables were increased and salaries reduced.

Loss on disposal of assets

The amount of the adjustment is due to the inclusion in the records the costs, accumulated depreciation and of assets previously disposed but were brought back into use.

Depreciation and Amortisation

The amount of the adjustment is due to the inclusion in the records the carrying value of assets previously disposed but were brought back into use, which necessitated that an additional depreciation be provided on those assets.

General Expenses

As explained under payables from exchange transactions above, accruals to the value of R738 779 relating to maintenance of ICT infrastructure were not recognised in the prior year financial statements.

Accrual to the value of R115 relating to postage and courier services was reversed due to the amount not being payable.

Accruals of R3 294 and R443 relating to printing and stationery as well as lease payments were reversed due to duplication in the prior year.

Accumulated Surplus

The effect of the adjustments on the Accumulated Surplus on 31 March 2021 is an increase of R530 171.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2,305,755			
At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2,631,565			

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:

Financial instrument	2023	2022
Receivables from exchange transactions	21,029	82,311
Cash and cash equivalents	16,852,496	13,194,095

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 2023, the NCC had the following balance of cash and cash equivalents:

	2023	2022
Cash and cash equivalents	16,852,496	13,194,095

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

28. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure incurred in the current year

2023	2022
47,748	138,826

Details of fruitless and wasteful expenditure	Disciplinary steps taken/criminal proceedings
Missed flights	Resolved
SARS-penalties and interest	Written off in the current financial year
Cancellation and re-advertisement of a tender	Investigation finalised, consequence management underway
Erratum on the advertisement	Under investigation
Salary overpayment	Under investigation

2023	2022
5,170	-
-	37,378
-	34,488
-	7,349
42,578	59,610
47,748	138,825

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 Interest received - bank accounts

The overcollection is due to the fact that actual interest rates earned were higher than the rates used on compilation of the budget. The projection was also based on only the grant from dtic and excluded the possibility of retention of surplus funds for which permission was granted by National Treasury.

29.2 Employee related costs

The saving on employee related costs is as a result of vacant positions during the financial year.

29.3 Depreciation and amortisation

The higher amount is due to the purchase of ICT infrastructure at a cost of R10 million in the prior year.

29.4 General Expenses

Whilst most of the budget has been committed by the end of 2022/23 financial year, the introduction of the new Preferential Procurement Policy Framework Act and its regulations has resulted in lower than expected expenditure.

The final budget indicates a deficit of R1 981 which is funded through retention of surplus as approved by National Treasury in November 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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:

Gugwini vs NCC

The matter is at labour court where the applicant is claiming an amount of R826 442, being damages due to unfair labour practice and unfair dismissal and legal costs of R 250 000.

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 R350 000 in legal costs must be paid to the applicant.

UP Money vs NCC

The matter is at high court where the applicant is reviewing findings of the investigation report. Should the matter be decided against the NCC, an amount of R350 000 in legal costs must be paid to the applicant.

TinTrade Auto

The matter is at high court, applicant is claiming legal costs to the value of R200 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 of R300 000 should the matter be decided against the NCC.

Service Bonus

Staff service bonus was previously accounted for as a payable. Employees on salary level 1-10 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. Management derecognised the previously recognised liability and disclosed a contingent liability for the service bonus. As at 31st March 2023, the estimated amount payable was R474 848.

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 relevant Treasury in terms of section 53(3) of the PFMA; or where no application was made to the relevant 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 2023, the NCC is exposed to a possible surrender of surplus funds to the value of R13 078 683. While the NCC will apply for retention of surplus cash, the surrender is dependent on the decision by National Treasury to grant such an approval.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

31. Change in estimate

Furniture and fixtures

The useful life of furniture and fixtures was estimated to be between 3 to 12 years. In the current period, management have revised their estimate on useful lives of some of furniture and fixtures and have extended them by a maximum of three years. The effect of these revisions have decreased the depreciation charge by R1 039 in the current year. The effect on future periods is an increase in the total depreciation expense on furniture and fixtures by R1 039. The change has been accounted for prospectively.

Office Equipment

The useful life of office equipment was estimated to be between 3 to 12 years. In the current period management have revised their estimate on useful lives of some of office equipment and have extended them by a maximum of three years. The effect of these revisions have decreased the depreciation charge by R25 069 in the current year. The effect of future periods is an increase in the total depreciation expense on office equipment by R 25 069. The change has been accounted for prospectively.

Computer Equipment

The useful life of computer equipment was estimated to be between 3 to 12 years. In the current period management have revised their estimate on useful lives of some computer equipment and have extended them by a maximum of two years. The effect of these revisions have decreased the depreciation charge by R57 690 in the current year. The effect of future periods is an increase in the total depreciation expense on computer equipment by R57 690. The change has been accounted for prospectively.

32. Going concern

We draw attention to the fact that at 31 March 2023, the NCC had an accumulated surplus of R30 287 764 and that the NCC's total assets exceed its liabilities by R30 287 764.

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

Management is not aware of any matters or circumstances after the end of the financial year, not otherwise dealt with in the AFS, that significantly affects the financial position of the NCC or the results of operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Fruitless and wasteful expenditure

	2023	2022
Opening balance as previously reported	151 057	14 795
Fruitless and wasteful expenditure identified in the current year	47 748	138 825
Less: Amounts Written off	- 49 960	-
Less: Amounts Recovered	- 46 221	- 1 278
Transferred to receivables for recovery	- 33 144	- 1 285
	69 480	151 057

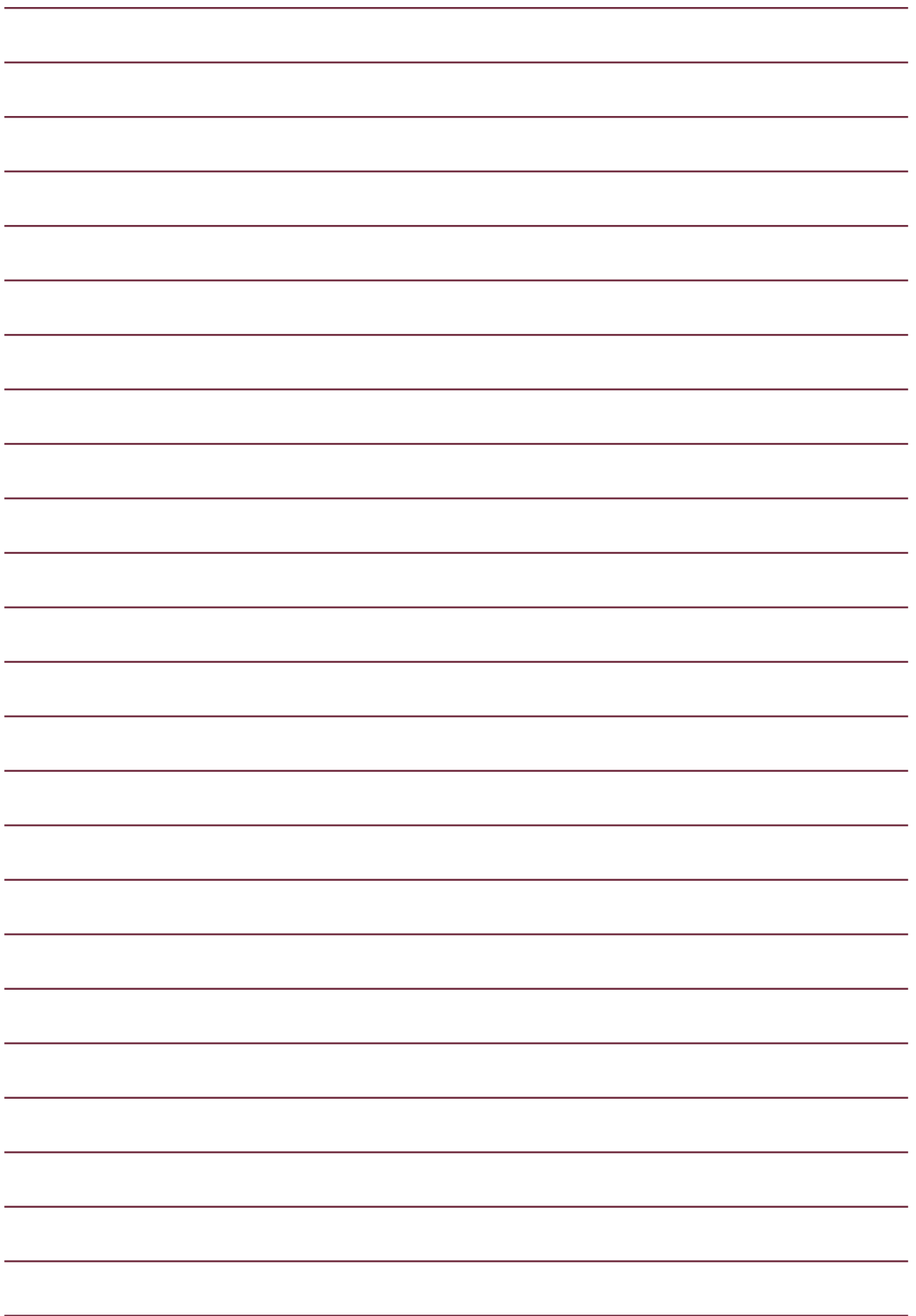
Reconciling notes to the fruitless and wasteful expenditure

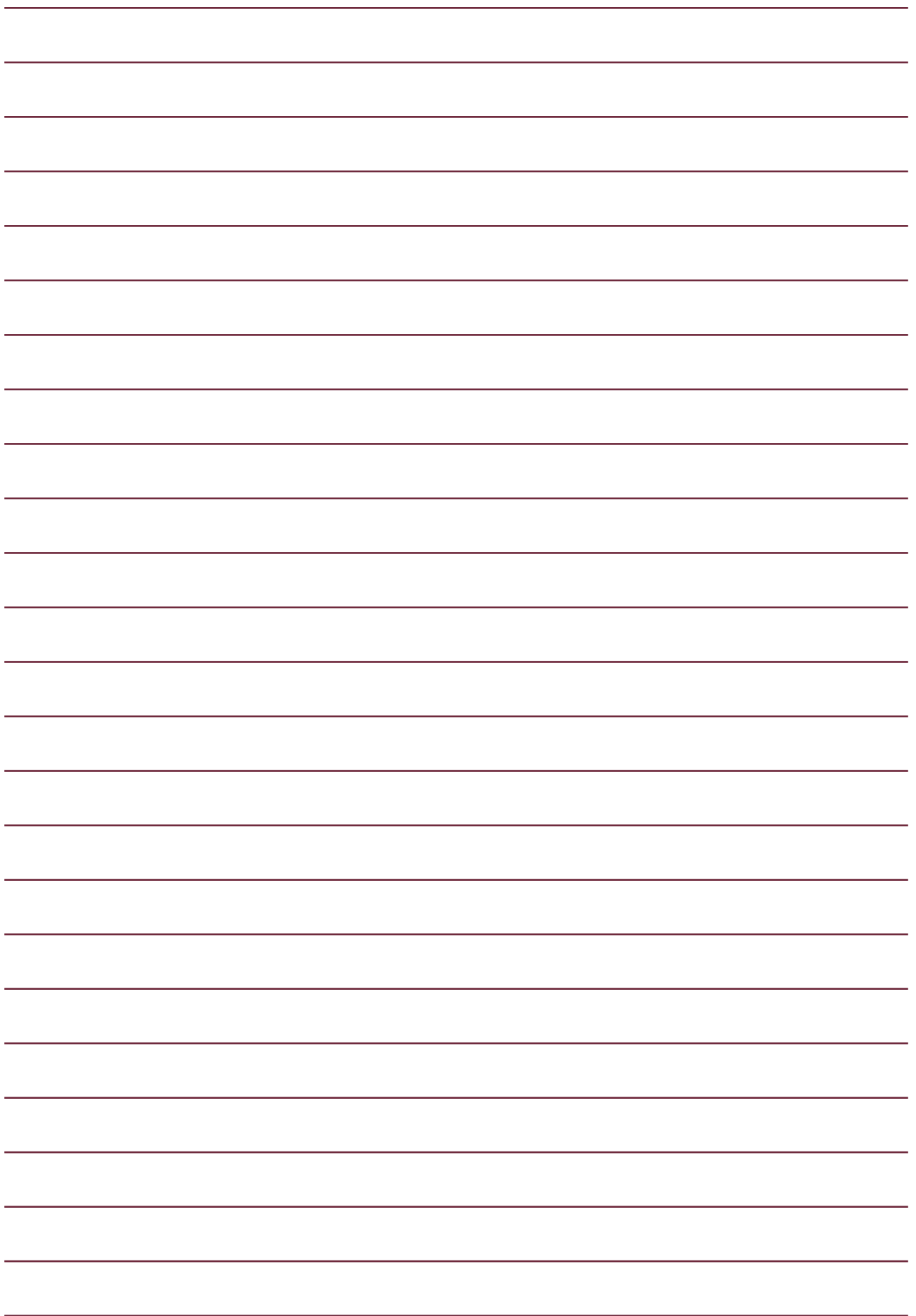
	2023	2022
Fruitless and wasteful expenditure under assessment in 2021/2022		
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/23.		59 610
Fruitless and wasteful expenditure for the current year	47 748	79 216
	47 748	138 826

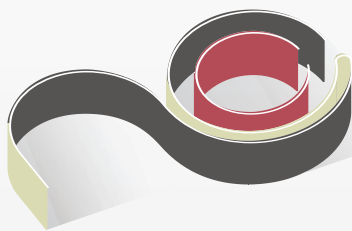
Details of current and previous year fruitless and fruitless and wasteful expenditure (under assessment, determination and investigation)

		2023	2022
Fruitless and wasteful expenditure under assessment			
Fruitless and wasteful expenditure under determination			
Fruitless and wasteful expenditure under investigation		35 342	57 309
South African Revenue Services- Penalties and Interest	Written-off	-	49 960,00
Cancellation and re-advertisement of tender	Investigation finalised, consequence management underway	34 488,00	34 488,00
Erratum on the advertisement	Under investigation	7 349,00	7 349,00
Salary Overpayment	Under investigation	27 993,00	-
		69 830,00	91 797,00

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.







NATIONAL CONSUMER COMMISSION

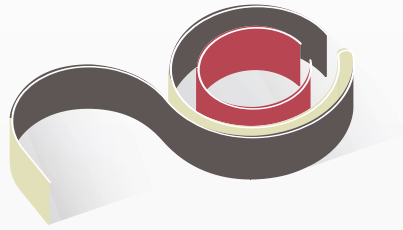
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